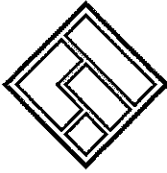


**lodging party or agent name** BENDIGO COMMUNITY TELLO  
**office, level, building name or PO Box no.** PO BOX 1062  
**street number & name**  
**suburb/city** BENDIGO **state/territory** VIC **postcode** 3582  
**telephone** (03) 54545000  
**facsimile** (03) 54545001  
**DX number** \_\_\_\_\_ **suburb/city** \_\_\_\_\_

ASS. ☐ REQ-A ☐  
 CASH. ☐ REQ-P ☐  
 PROC. ☐



Australian Securities &amp; Investments Commission

notification of

form **7051**

## • Half Yearly Reports

(ASX Form 1001)  
 Corporations Act 2001  
 285(2), 286(1), 320

(to be lodged within 75 days of the end of the accounting period)

### Disclosing entity

Please complete A, B or C.

**A a company**

**name** BENDIGO COMMUNITY TELLO  
**A.C.N.** 089 782 203

**B a body (other than a company)**

**name** \_\_\_\_\_  
**A.R.B.N. (if applicable)** \_\_\_\_\_

**C a registered scheme**

**name** \_\_\_\_\_  
**A.R.S.N.** \_\_\_\_\_

### Financial period

**from** 1 / 7 / 2008 **to** 31 / 12 / 2008

### Certification

*I certify that the attached documents comprise the half yearly reports together with every other document that is required to be lodged with the reports by a disclosing entity under the Corporations Act 2001.*

### Signature

This form is to be signed by:

if a company or a body a director or secretary or the equivalent  
 if a registered scheme a director or secretary of the responsible entity acting in that capacity

**name of responsible entity** BENDIGO COMMUNITY TELLO  
**A.C.N.** 089 782 203  
**name of person signing (print)** MALCOLM CAMPBELL **capacity** COMPANY SECRETARY

sign here

date 26 / 3 / 08

Small Business (less than 20 employees), please provide an estimate of the time taken to complete this form

**Include**

- The time actually spent reading the instructions, working on the question and obtaining the information
- The time spent by all employees in collecting and providing this information

hrs mins

# HALF YEARLY REPORTS



# Financial Report

for the half year ended

31 December 2007

This is annexure A of 9 pages referred to in form 7051 Half Yearly Reports  
signed by Malcolm Campbell and dated 26 March 2008.

A handwritten signature in black ink, appearing to read "Malcolm Campbell".

**Bendigo Community Telco Limited**  
**ABN 88 089 782 203**  
**Condensed Financial Report**  
**Directors' Report**

Your Directors submit the financial report of the company for the half year ended 31 December 2007.

**Directors**

The names of directors who held office during the half year and until the date of this report are as below:

Robert George Hunt – Chairman  
Age – 57  
Managing Director – Bendigo Bank Group

Graham William Bastian – Director  
Age - 56  
Consultant

Andrew Cairns - Director  
Age - 46  
Chief Executive Officer – Community Telco  
Australia Pty Ltd

Donald James Erskine - Director  
Age - 62  
Managing Director – Industrial Conveying  
(Aust.) P/L

Leslie Alan Kilmartin – Director  
Age – 64  
Higher Education Consultant

Geoffrey Ralph Michell - Director  
Age – 57  
Chief Executive – Coliban Water

Margot Spalding – Director  
Age - 54  
Owner & Director – Jimmy Possum Furniture  
(appointed 28 August 2007)

Malcolm B. Campbell - Company Secretary  
Age - 66  
Solicitor

**Principal activities**

The principal activities of the company during the course of the half year were the provision of telecommunications services. There were no significant changes in the principal activities of the Company in the course of the financial period.

**Review and results of operations**

Operations have continued to perform in line with expectations. The net profit of the company for the financial period was \$417,529 (31 December 2006 \$362,476).

**Matters subsequent to the end of the reporting period**

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

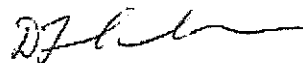
**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Signed in accordance with a resolution of the Directors at Bendigo on 4 March 2008.



Robert Hunt, Chairman



Don Erskine, Director



PO Box 454  
Bendigo VIC 3552

61-65 Bull Street  
Bendigo VIC 3550

Phone (03) 5443 0344  
Fax (03) 5443 5304

[afs@afsbendigo.com.au](mailto:afs@afsbendigo.com.au)  
[www.afsbendigo.com.au](http://www.afsbendigo.com.au)

ABN 51 061 795 337

***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Bendigo Community Telco Limited***

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2007 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.

**Graeme Stewart**  
**Auditor**

**ANDREW FREWIN & STEWART**  
**61-65 Bull Street**  
**Bendigo, Victoria**

**Dated this 4<sup>th</sup> day of March 2008**

**Bendigo Community Telco Limited**  
**ABN 88 089 782 203**  
**Condensed Income Statement**  
**for the half year ended 31 December 2007**

|                                                                   | <b>2007</b>      | <b>2006</b>      |
|-------------------------------------------------------------------|------------------|------------------|
|                                                                   | <b>\$</b>        | <b>\$</b>        |
| Revenue from ordinary activities                                  | 13,441,202       | 10,731,938       |
| Cost of products sold                                             | (9,598,944)      | (7,612,250)      |
| Other revenue                                                     | 81,752           | 70,926           |
| Salaries and employee benefit costs                               | (1,551,813)      | (1,304,582)      |
| Occupancy and associated costs                                    | (228,515)        | (109,376)        |
| General administration costs                                      | (674,401)        | (459,589)        |
| Depreciation and amortisation costs                               | (155,434)        | (112,452)        |
| Advertising and promotion costs                                   | (149,619)        | (202,150)        |
| Systems costs                                                     | (598,718)        | (496,713)        |
| Borrowing costs                                                   | (40)             | (11,281)         |
| Profit before income tax expense/credit                           | <u>565,470</u>   | <u>494,471</u>   |
| Income tax expense                                                | (147,941)        | (131,995)        |
| Profit for the period                                             | <u>417,529</u>   | <u>362,476</u>   |
| Profit attributable to members of Bendigo Community Telco Limited | <u>417,529</u>   | <u>362,476</u>   |
| <br><b>Overall Operations</b>                                     | <br><b>cents</b> | <br><b>cents</b> |
| Basic earnings per share                                          | 7.47             | 6.49             |
| Diluted earnings per share                                        | 7.47             | 6.49             |

**Bendigo Community Telco Limited**  
**ABN 88 089 782 203**  
**Condensed Balance Sheet**  
**as at 31 December 2007**

|                                      | <b>31-Dec-07</b> | <b>30-Jun-07</b> | <b>31-Dec-06</b> |
|--------------------------------------|------------------|------------------|------------------|
|                                      | <b>\$</b>        | <b>\$</b>        | <b>\$</b>        |
| <b>Current Assets</b>                |                  |                  |                  |
| Cash and cash equivalents            | 3,424,391        | 2,699,589        | 1,347,227        |
| Trade and other receivables          | 3,253,859        | 3,172,186        | 4,156,677        |
| Prepayments                          | 637,616          | 568,842          | 611,188          |
| Other financial assets               | 241,661          | 215,418          | 210,838          |
| <b>Total Current Assets</b>          | <b>7,557,527</b> | <b>6,656,035</b> | <b>6,325,930</b> |
| <b>Non Current Assets</b>            |                  |                  |                  |
| Property, plant and equipment        | 1,356,645        | 1,120,695        | 1,119,179        |
| Intangibles                          | 530,933          | 530,933          | 530,933          |
| <b>Total Non Current Assets</b>      | <b>1,887,578</b> | <b>1,651,628</b> | <b>1,650,112</b> |
| <b>TOTAL ASSETS</b>                  | <b>9,445,105</b> | <b>8,307,663</b> | <b>7,976,042</b> |
| <b>Current Liabilities</b>           |                  |                  |                  |
| Trade and other payables             | 4,330,930        | 3,521,683        | 3,335,811        |
| Borrowings                           | 130,829          | 105,763          | 169,529          |
| Provisions                           | 254,625          | 263,951          | 249,694          |
| Taxation                             | 522,382          | 381,962          | 271,462          |
| <b>Total Current Liabilities</b>     | <b>5,238,766</b> | <b>4,273,359</b> | <b>4,026,496</b> |
| <b>Non Current Liabilities</b>       |                  |                  |                  |
| Borrowings                           | 215,289          | 106,932          | 90,689           |
| Provisions                           | 44,013           | 50,955           | 33,002           |
| <b>Total Non Current Liabilities</b> | <b>259,302</b>   | <b>157,887</b>   | <b>123,691</b>   |
| <b>TOTAL LIABILITIES</b>             | <b>5,498,068</b> | <b>4,431,246</b> | <b>4,150,187</b> |
| <b>NET ASSETS</b>                    | <b>3,947,037</b> | <b>3,876,417</b> | <b>3,825,855</b> |
| <b>EQUITY</b>                        |                  |                  |                  |
| Issued capital                       | 3,366,860        | 3,350,678        | 3,350,678        |
| Retained earnings                    | 580,177          | 525,739          | 475,177          |
| <b>TOTAL EQUITY</b>                  | <b>3,947,037</b> | <b>3,876,417</b> | <b>3,825,855</b> |

**Bendigo Community Telco Limited**  
**ABN 88 089 782 203**  
**Condensed Statement of Changes in Equity**  
**for the half year ended 31 December 2007**

|                                                                                    | 2007<br>\$       | 2006<br>\$       |
|------------------------------------------------------------------------------------|------------------|------------------|
| Total equity at the beginning of the half year                                     | 3,876,417        | 3,686,820        |
| Net profit/(loss) for the half year                                                | 417,529          | 362,476          |
| Net income/expense recognised directly in equity                                   | (3,872)          | -                |
| Dividends provided for or paid                                                     | (363,091)        | (223,441)        |
| Shares issued during period                                                        | 20,054           | -                |
| Total equity at the end of the financial year                                      | <u>3,947,037</u> | <u>3,825,855</u> |
| <u>Retained earnings</u>                                                           |                  |                  |
| Retained earnings at the beginning of the period                                   | 525,739          | 336,142          |
| Net profit attributable to members                                                 | 417,529          | 362,476          |
| Dividends paid to members                                                          | (363,091)        | (223,441)        |
| Retained earnings at the end of the period                                         | <u>580,177</u>   | <u>475,177</u>   |
| <u>Earnings</u>                                                                    |                  |                  |
| Net profit attributable to members                                                 | 417,529          | 362,476          |
| Net income/expense recognised directly in equity                                   | (3,872)          | -                |
| Total recognised income and expense for the period                                 | <u>413,657</u>   | <u>362,476</u>   |
| <u>Share capital</u>                                                               |                  |                  |
| Share capital at the beginning of the period<br>5,586,010 shares (2006: 5,586,010) | 3,631,005        | 3,631,005        |
| Shares issued during period                                                        | 20,054           | -                |
| Less cost of equity raised                                                         | (284,199)        | (280,327)        |
| Share capital at the end of the period<br>5,602,722 shares (2006: 5,586,010)       | <u>3,366,860</u> | <u>3,350,678</u> |

**Bendigo Community Telco Limited**  
**ABN 88 089 782 203**  
**Cash Flow Statement**  
**for the half year ended 31 December 2007**

|                                                       | 2007<br>\$       | 2006<br>\$         |
|-------------------------------------------------------|------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>           |                  |                    |
| Cash received in course of operations                 | 13,359,529       | 9,370,835          |
| Interest paid                                         | (40)             | (11,281)           |
| Cash paid in course of operations                     | (12,111,570)     | (9,699,886)        |
| Interest received                                     | 81,752           | 70,926             |
| <b>Net cash used in operating activities</b>          | <b>1,329,671</b> | <b>(269,406)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |                  |                    |
| Purchase of property, plant and equipment             | (391,384)        | (560,793)          |
| Purchase of intangible assets                         | -                | (530,933)          |
| <b>Net cash used in investing activities</b>          | <b>(391,384)</b> | <b>(1,091,726)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>            |                  |                    |
| Proceeds from issue of shares                         | 20,054           | -                  |
| Net proceeds of borrowings                            | 133,424          | 31,178             |
| Dividends paid                                        | (363,091)        | (223,441)          |
| Cost of Shares Issued                                 | (3,872)          | -                  |
| <b>Net cash provided by financing activities</b>      | <b>(213,485)</b> | <b>(192,263)</b>   |
| <b>Net increase in cash held during the half year</b> | <b>724,802</b>   | <b>(1,553,395)</b> |
| Cash at beginning of the half year                    | 2,699,589        | 2,900,622          |
| <b>Cash at the end of the half year</b>               | <b>3,424,391</b> | <b>1,347,227</b>   |



**Bendigo Community Telco Limited**  
**ABN 88 089 782 203**  
**Condensed notes to the interim financial report**  
**for the half year ended 31 December 2007**

**1. Basis of preparation of the half year financial statements**

This general purpose financial report for the interim half year reporting period ended 31 December 2007 has been prepared in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of Bendigo Community Telco Limited as at and for the year ended 30 June 2007.

This consolidated interim financial report was approved by the Board of Directors on 4 March 2008.

Except as described below, the accounting policies applied in this interim financial report are the same as those applied in the annual financial report as at and for the year ended 30 June 2007.

**Reporting Basis and Conventions**

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Property Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on either a straight line or diminishing value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:-

| <b>Asset Class</b>                             | <b>Depreciation Rate (%)</b> |
|------------------------------------------------|------------------------------|
| <i>Office Furniture &amp; Equipment</i>        |                              |
| Advertising Collateral                         | 7.5                          |
| Furniture & Fittings                           | 7.5 – 37.5                   |
| Office Equipment                               | 7.5 - 30                     |
| Office Computers                               | 37.5 – 66.67                 |
| Satellite Equipment                            | 50                           |
| Software                                       | 33 – 40                      |
| Business Continuity Centre                     | 2.5 – 50                     |
| Servicing Equipment                            | 11.25 - 30                   |
| Retail/Display Equipment                       | 11.25                        |
| <i>Motor Vehicles</i>                          | 18.75 - 25                   |
| <i>Leasehold</i>                               | 4.5 – 25                     |
| <i>Telecommunications &amp; Infrastructure</i> |                              |
| Computer Networks & Infrastructure             | 37.5 - 50                    |
| Infrastructure                                 | 7.59                         |
| Connectivity Links                             | 7.5 - 50                     |

Changes in the asset classes and rates in this report compared to the 2007 annual report are:

| <b>Asset Class</b>                 | <b>Depreciation Rate (%)</b> |
|------------------------------------|------------------------------|
| Furniture & Fittings               | 4.5 – 37.5                   |
| Office Equipment                   | 7.5 - 40                     |
| Office Computers                   | 30 - 50                      |
| Business Continuity Centre         | 2.5 – 37.5                   |
| Computer Networks & Infrastructure | 37.5                         |
| Connectivity Links                 | 7.5 - 33                     |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### **Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for the business exceeds the fair value attributed to its net assets at date of acquisition and is included in intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

### **2. Events Subsequent to Reporting Date**

There have been no events subsequent to reporting date that would materially affect the financial report at the reporting date.

### **3. Dividends Paid**

A final fully franked dividend of 6.5 cents per share franked at the tax rate of 30% equating to \$363,091 was paid during the half year period (2006 – \$223,441).

### **4. Related Parties**

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the 30 June 2007 annual financial report.

### **5. Employee Share Issue**

During the half year reporting period, Bendigo Community Telco Limited issued 16,712 ordinary shares for \$20,054 (2006: nil) to eligible employees under the Bendigo Community Telco Limited Employee Share Plan. These shares had a fair value at issue date of \$1.20 per share (2006: nil).

### **Directors' Declaration**

The directors declare that:

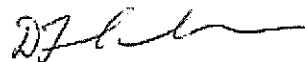
- (a) in the directors opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Robert Hunt, Chairman



Don Erskine, Director

Dated this 4<sup>th</sup> day of March 2008.

## Independent Review Report to the Members of Bendigo Community Telco Limited

### Scope

We have reviewed the accompanying financial report of Bendigo Community Telco Limited comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes 1 – 5 to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2007.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Bendigo Community Telco Limited is not in accordance with *Corporations Act 2001*, including:

- i. giving a true and fair view of the entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Graeme Stewart  
Auditor

ANDREW FREWIN & STEWART  
61-65 Bull Street  
Bendigo, Victoria

Dated this 4<sup>th</sup> day of March 2008