

## **NEWS RELEASE**

**20 March 2006**

### **Telco releases a strong mid year result**

After declaring its first dividend to shareholders after its public float on the Bendigo Stock Exchange (BSX) last week, Bendigo Community Telco today announced a strong mid year result for December 2005.

Bendigo Community Telco (BCT) Chairman Rob Hunt said that, "the continued growth and profitability of the company is an endorsement of the Community Business model. The combination of local shareholders and the delivery of real returns to the community are helping us build an exciting and sustainable business"

The company reported sales growth of 25%, an impressive result in an industry sector that experienced little growth in 2005. Net Profit before tax grew by 3.6%. Net profit after tax remained steady at \$220,000 as the company experienced its first full 6 months of company tax.

"The Directors are delighted to produce another strong result" said Mr Hunt. "The business continues to grow profitably as more households and businesses in Bendigo get the message that they can obtain services locally and retain the benefits of capturing some of that local capital in our marketplace".

The company is pleased to see the continued trend of growth in revenues with in a particularly competitive market place for telecommunications.

"Having a commercially successful local company is essential if we are going to reverse the impact of capital flows out of Bendigo" said Mr Hunt. "Just like Bendigo Bank's Community Bank®'s, BCT puts back an enormous amount into our community through

dividends, improved competition, local infrastructure (such as the Continuity centre in Flora Hill) and local jobs”.

The growth has come from an additional 461 customers both from the residential and business markets as well as the introduction of line rentals and local calls to the products and services the company offers.

“We are seeing more and more residential customers joining us” said Chief Executive officer, John Warmbrunn. “The same principles that apply for Bendigo Bank and the Bendigo Healthcare Group are relevant for every household. That is: competitive rates, superior local service and real returns to the community”.

“The communities in Strathfieldsaye and Mt Alexander are good examples of the benefits of households signing up. In Strathfieldsaye, they have been able to secure funding for a new sports ground and in Mt Alexander they are helping ensure more driver training for the region’s youth. And all this by simply redirecting expenditure they were already making on their home and mobile phones”.

The success of the Community Telco in Bendigo has already inspired the establishment of 5 further Community Telco’s around Australia with many more communities keen to enjoy the benefits a locally owned Telco can bring.

Net Equity in the company improved from \$1.97 M to \$3.60 M. The company stated it was taking a prudent stance with its plans for investing in infrastructure. “The uncertainties in the current telecommunications regulatory environment have not changed our viewpoint on the local demand in Bendigo for the next generation of products and services and the need for alternative infrastructure. However we need to ensure that the underlying cost structures (such as the pricing of the final connection to customer premises) is fixed before we deploy valuable local capital.”

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Detailed financial statements are available from the company’s website: [www.bendigotelco.com.au](http://www.bendigotelco.com.au)

