ASIC registered agent number

lodging party or agent name Bendigo Community Telco Limited

office, level, building name **or** PO Box no.

street number & name 5 View Point

suburb/city Bendigo state/territory VIC postcode 355[illegible]

telephone (03) 54 54 5000

facsimile (03) 54 54 5001

DX number suburb/city

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

Australian Securities & Investments Commission

notification of

• Half Yearly Reports

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

form **7051**

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

Disclosing entity

Please complete A, B or C.

A a company

name BENDIGO COMMUNITY TELCO LIMITED

A.C.N. 88 089 782 203

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 1/7/05 to 31/12/05

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

A.C.N

name of person signing (print) MALCOLM BRALING CAMPBELL capacity COMPANY SECRETARY

sign here [signature] date 31/03/06

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

Bendigo Community Telco Limited

Financial Statements

as at

31 December 2005

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

Your Directors submit the financial report of the company for the half-year ended 31 December 2005.

Directors

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

Chairman	Robert George Hunt	Director	Donald James Erskine
Age	55	Age	60
Managing Director - Bendigo Bank Group		Managing Director - Industrial Conveying (Aust.) P/L	
		Managing Director - Bendigo Brick P/L	
Company Secretary	David A. Oataway	Director	Graham William Bastian
Age	46	Age	54
Company Secretary - Bendigo Bank Group		Principal - Bendigo Senior Secondary College	
Director	Leslie Alan Kilmartin	Director	Geoffrey Ralph Michell
Age	62	Age	55
Higher Education Consultant		Chief Executive - Coliban Water	
Director	Andrew Cairns		
Age	44		
Chief Executive Officer - Community Telco Australia Ltd			

Principal activities

The principal activities of the company during the course of the financial period 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: $219,728 (31 December 2004: $227,334).

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. Since the end of the financial period an interim dividend of 4.5 cents per share equating to $251,325 was declared on 23 February 2006 with a date payable of 7 April 2006.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the Directors at Bendigo on 21 March 2006.

Robert Hunt, Chairman

Geoff Michell, Director

partners in success
Chartered Accountants & Business Advisors

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Bendigo VIC 3552
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Phone (03) 5443 0344
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ABN 51 061 795 337

The Directors
Bendigo Community Telco Limited
3 View Point
BENDIGO 3550

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Bendigo Community Telco Limited.

As lead auditor for the review of the financial statements of Bendigo Community Telco Limited for the half-year ended 31 December 2005, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

David Hutchings
Auditor

Andrew Frewin & Stewart

Bendigo VIC 3550

Dated: 28 March 2006

Bendigo Community Telco Limited
ABN 88 089 782 203
Condensed Income Statement
for the half-year ended 31 December 2005

	2005 $	2004 $
Revenue from ordinary activities	8,817,504	7,056,041
Cost of Products Sold	(6,661,720)	(5,096,881)
Other revenue	54,830	25,333
Salaries and employee benefit expense	(845,860)	(721,087)
Occupancy and associated costs	(95,953)	(55,885)
General administration expenses	(379,264)	(267,557)
Depreciation and amortisation expense	(96,501)	(95,482)
Advertising & Promotion Costs	(73,259)	(197,710)
Systems Costs	(391,698)	(323,672)
Borrowing Costs	(14,181)	(19,545)
Profit before income tax expense/credit	313,898	303,555
Income tax expense	(94,170)	(76,221)
Profit for the period	219,728	227,334
Profit attributable to members of the entity	219,728	227,334

Bendigo Community Telco Limited
ABN 88 089 782 203
Condensed Balance Sheet
as at 31 December 2005

	31-Dec 2005 $	30-Jun 2005 $	31-Dec 2004 $
Current Assets			
Cash assets	2,537,079	925,770	943,421
Trade and other receivables	2,859,043	2,527,790	2,427,344
Prepayments	482,985	326,709	265,526
Other financial assets	93,490	263,045	103,341
Total Current Assets	5,972,597	4,043,314	3,739,632
Non-Current Assets			
Property, plant and equipment	700,698	684,408	664,073
Investments	-	250,000	250,000
Total Non-Current Assets	700,698	934,408	914,073
Total Assets	6,673,295	4,977,722	4,653,705
Current Liabilities			
Trade and other payables	2,556,479	2,540,522	2,070,608
Interest Bearing Liabilities	104,622	161,788	156,975
Provisions	81,106	80,164	58,792
Taxation	126,908	38,581	76,221
Total Current Liabilities	2,869,115	2,821,055	2,362,596
Non-Current Liabilities			
Interest Bearing Liabilities	200,709	184,297	230,913
Total Non-Current Liabilities	200,709	184,297	230,913
Total Liabilities	3,069,824	3,005,352	2,593,509
Net Assets	3,603,471	1,972,370	2,060,196
Equity			
Issued capital	3,349,678	1,938,305	1,938,305
Retained earnings	253,793	34,065	121,891
Total Equity	3,603,471	1,972,370	2,060,196

Bendigo Community Telco Limited
ABN 88 089 782 203
Condensed Statement of Changes in Equity
for the half-year ended 31 December 2005

Retained Earnings	2005 $	2004 $
Retained earnings at the beginning of the period	34,065	(49,486)
Net profit attributable to members	219,728	227,334
Adjustment for Impairment of Asset		(55,957)
Retained earnings at the end of the period	**253,793**	**121,891**

Earnings		
Net profit attributable to members	219,728	227,334
Net income/expense recognised directly in equity	-	-
Total recognised income & expense for the period	**219,728**	**227,334**

Share Capital		
Share capital at the beginning of the period (1,955,005 shares (2004: 1,955,005))	1,955,005	1,955,005
Shares issued during period	1,675,000	-
Less Cost of Equity Raising	(280,327)	(16,700)
Share capital at the end of the period (5,585,010 shares (2004: 1,955,005))	**3,349,678**	**1,938,305**

Bendigo Community Telco Limited
ABN 88 089 782 203
Cash Flow Statement
for the half-year ended 31 December 2005

	2005 $	2004 $
Cash Flows From Operating Activities		
Receipts from customers	8,486,252	6,276,170
Payments to suppliers and employees	(8,353,971)	(6,513,008)
Interest paid	(14,181)	(19,545)
Interest received	54,830	25,333
Net cash provided by/(used in) operating activities	172,930	(231,050)
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(182,239)	(114,387)
Proceeds from sale of investment	250,000	-
Proceeds from sale of Property Plant & Equipment	-	58,046
Net cash provided by/(used in) investing activities	67,761	(56,341)
Cash Flows From Financing Activities		
Proceeds from issues of equity securities	1,675,000	-
Cost of Shares Issued	(263,627)	
Repayment of borrowings	(40,755)	(42,566)
Net cash provided by/(used in) financing activities	1,370,618	(42,566)
Net increase/(decrease) in cash held	1,611,309	(329,957)
Cash at the beginning of the financial year	925,770	1,273,378
Cash at the end of the half-year	2,537,079	943,421

1. Basis of preparation of the Half-Year Financial Statements

Basis of accounting

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2005 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in Note 2.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2005 the entity's date of transition. All accounting policies are consistent with those applied in the 30 June 2005 financial statements except as set out below.

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

1. Basis of preparation of the Half-Year Financial Statements (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects. at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they related to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the period</u>

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following depreciation rates are used in the calculation of depreciation:

Office Furniture & Equipment		
	Advertising Collateral	7.50%
	Furniture & Fittings	4.5 - 37.5%
	Office Equipment	7.5 - 40%
	Computer Equipment	37.5 - 40%
	Satellite Equipment	50%
	Software	33 - 40%
	Business Continuity Centre	2.5 - 33%
Motor Vehicles		18.75 - 22.5%
Leashold		4.5 - 11.25%
Telecommunications & Infrastructure		
	Infrastructure	7.59%
	Connectivity Links	20 - 50%

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Impacts of adoption of Australian equivalents to International Financial Reporting Standards

Correction of errors v changes in accounting policies

If the entity becomes aware of errors made under previous GAAP, the reconciliations of equity at the date of transition to A-IFRS and of reported profit or loss for the latest period presented in the entity's most recent annual financial report under Australian GAAP shall distinguish the correction of those errors from changes in accounting policies.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition.

Revenue

Under superseded policies, the consolidated entity recognised the gain or loss on disposal of property, plant and equipment on a 'gross' basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a 'net' basis, and is classified as income, rather than revenue.

Income tax

Under superseded policies, the consolidated entity adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustments for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under A-IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

Comparative Information

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial period.

3. Events subsequent to Reporting Date

There have been no events subsequent to reporting date that would materially effect the financial statements at the reporting date, however an interim dividend of 4.5 cents per share equating to $251,325 was declared on 23 February 2006 with a date payable of 7 April 2006.

4. Contingent Assets and Liabilities

There were no contingent assets or liabilities at the date of this report to affect the financial statements.

5. Segment Reporting

The economic entity operates is a carriage service provider and a retailer of mainstream telecommunications products to businesses and residential customers in the Bendigo and surrounding districts.

	2005	**2004**
	$	**$**
Fixed Telephone Services	4,321,376	2,858,534
Data Network Services	2,100,678	1,895,211
Mobile Telephone Services	768,636	628,262
Traditional Internet Services	256,179	429,062
Broadband Services	469,954	288,942
e-Solutions and Services	-	2,597
Inventory & Equipment	140,648	159,927
Satellite Services	2,340	5,031
Business Continuity Centre Services	684,520	662,594
Community Resale Services	38,347	113,273
Other Revenue	34,826	12,608
	8,817,504	7,056,041

6. Dividends Paid	**2005**	**2004**
	$	**$**
Interim fully franked dividends of nil cents per share franked at the tax rate of 30%.	Nil	Nil

7. Effect of A-IFRS on financial statements

Impairment of Asset

The entity has elected to restate the carrying value of an asset due to impairment prior to the date of transition to A-IFRS, and accordingly, the carrying amount of property, plant and equipment at the date of transition has changed. This is shown in the retained earnings, property, plant and equipment and depreciation reconciliations below.

Retained earnings

The effect of the above adjustment on retained earnings is as follows:

	1 July 2004	31 Dec 2004	30 June 2005
Asset Impairment	55,957	55,957	55,957
Total adjustments to retained earnings	55,957	55,957	55,957

Income statement

The effect of the above adjustments on the income statement for the half year ending 31 December and the financial year ending 30 June 2005 is as follows:

	31-Dec 2004 $	Effects of Transition to A-IFRS	A-IFRS 31-Dec 2004 $
Revenue from ordinary activities	7,056,041	-	7,056,041
Cost of Products sold	(5,096,881)	-	(5,096,881)
Other Revenue	25,333	-	25,333
Salaries and employee benefit expense	(721,087)	-	(721,087)
Occupancy and associated costs	(55,885)	-	(55,885)
General administration expenses	(267,557)	-	(267,557)
Depreciation and amortisation expense	(97,969)	2,487	(95,482)
Advertising and promotion costs	(197,710)	-	(197,710)
Systems costs	(323,672)	-	(323,672)
Borrowing costs	(19,545)	-	(19,545)
Profit before income tax expense	301,068	2,487	303,555
Income tax expense	(75,475)	(746)	(76,221)
Profit attributable to members of the entity	**376,543**	**3,233**	**379,776**

	30-Jun 2005 $	Effects of Transition to A-IFRS	A-IFRS 30-Jun 2005 $
Revenue from ordinary activities	15,372,488	-	15,372,488
Cost of Products sold	(11,152,011)	-	(11,152,011)
Other Revenue	51,925	-	51,925
Salaries and employee benefit expense	(1,544,934)	-	(1,544,934)
Occupancy and associated costs	(139,828)	-	(139,828)
General administration expenses	(591,618)	-	(591,618)
Depreciation and amortisation expense	(209,254)	4,934	(204,320)
Advertising and promotion costs	(314,013)	-	(314,013)
Systems costs	(673,558)	-	(673,558)
Borrowing costs	(36,304)	-	(36,304)
Profit before income tax expense	762,893	4,934	767,827
Income tax expense	(214,022)	(1,480)	(215,502)
Profit attributable to members of the entity	**976,915**	**3,454**	**983,329**

Balance sheet

The effect of the above adjustments on the balance sheet for the half year ending 31 December and the financial year ending 30 June 2005 is as follows:

	31-Dec 2004 $	Effects of Transition to A-IFRS	A-IFRS 31-Dec 2004 $
Current Assets			
Cash assets	943,421	-	943,421
Trade and other receivables	2,427,344	-	2,427,344
Prepayments	265,526	-	265,526
Other financial assets	103,341	-	103,341
Total Current Assets	3,739,632	-	3,739,632
Non-Current Assets			
Property, plant and equipment	717,543	(53,470)	664,073
Investments	250,000	-	250,000
Total Non-Current Assets	967,543	(53,470)	914,073
Total Assets	4,707,175	(53,470)	4,653,705
Current Liabilities			
Trade and other payables	2,070,608	-	2,070,608
Interest bearing liabilities	156,975	-	156,975
Provisions	58,792	-	58,792
Taxation	75,475	746	76,221
Total Current Liabilities	2,361,850	746	2,362,596
Non-Current Liabilities			
Interest Bearing Liabilities	230,913	-	230,913
Total Non-Current Liabilities	230,913	-	230,913
Total Liabilities	2,592,763	746	2,593,509
Net Assets	2,114,412	(54,216)	2,060,196
Equity			
Issued capital	1,938,305	-	1,938,305
Retained Earnings	176,107	(54,216)	121,891
Total Equity	2,114,412	(54,216)	2,060,196

	30-Jun 2005 $	Effects of Transition to A-IFRS	A-IFRS 30-Jun 2005 $
Current Assets			
Cash assets	925,770	-	925,770
Trade and other receivables	2,527,790	-	2,527,790
Prepayments	326,709	-	326,709
Other financial assets	263,045	-	263,045
Total Current Assets	4,043,314	-	4,043,314
Non-Current Assets			
Property, plant and equipment	735,431	(51,023)	684,408
Investments	250,000	-	250,000
Total Non-Current Assets	985,431	(51,023)	934,408
Total Assets	5,028,745	(51,023)	4,977,722
Current Liabilities			
Trade and other payables	2,540,522	-	2,540,522
Interest bearing liabilities	161,788	-	161,788
Provisions	80,164	-	80,164
Taxation	37,101	1,480	38,581
Total Current Liabilities	2,819,575	1,480	2,821,055
Non-Current Liabilities			
Borrowings	184,297	-	184,297
Total Non-Current Liabilities	184,297	-	184,297
Total Liabilities	3,003,872	1,480	3,005,352
Net Assets	2,024,873	(52,503)	1,972,370
Equity			
Issued capital	1,938,305	-	1,938,305
Accumulated losses	86,568	(52,503)	34,065
Total Equity	2,024,873	(52,503)	1,972,370

Bendigo Community Telco Limited
ABN 88 089 782 203
Directors' Declaration

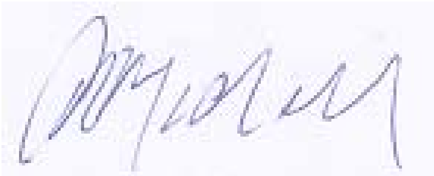
The directors declare that:

(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 s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Robert Hunt, Chairman

Geoff Michell, Director

Dated this 21st day of March 2006

partners in success
Chartered Accountants & Business Advisors

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Independent Review Report to the Members of Bendigo Community Telco Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for the entity for the half-year ended 31 December 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the entity's financial position, and performance as presented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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 Community Telco Limited is not in accordance with:

a) the Corporations Act 2001, including:
   i. giving a true and fair view of the entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
   ii. complying with Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

David Hutchings
Partner
BENDIGO **28 March 2006**