

NEWS RELEASE

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Community Telco dividends demonstrate community model at work

The Board of Bendigo Community Telco today declared a final dividend for the 2006 year of 4 cents per share fully franked with a declaration date of 24 August 2006 and record date of 8 September 2006. This follows the interim dividend of 4.5 cents per share (again fully franked) paid in April 2006 thus providing a total dividend for the year of 8.5 cents per share. This represents \$474,765 in total dividends returned to the Bendigo community.

Commenting on the dividend, Chairman Rob Hunt said, "We are extremely proud to be able to make a second strong dividend payment that will reach investors right across Bendigo. Bendigo Community Telco was established to ensure that the wealth this region generates stays in the local community. The support our community has given to Bendigo Community Telco has helped us build a strong and sustainable company. It is very pleasing that we can return these dividends to local people who have shown so much support for the community enterprise concept."

Explaining why Directors had supported such a strong dividend, Mr Hunt said, "Bendigo Community Telco has continued to grow its revenues and build an imminently investable local company. Directors are confident that the company will continue to grow and sustain its performance. We have a firm commitment to build a great local company that keeps capital in Bendigo and rewards those that support it."

Bendigo Community Telco raised \$1,675,000 in an IPO in mid 2005. The company has begun to invest in core network infrastructure that will provide Bendigo with an enhanced service in the second half of 2006. Bendigo Community Telco CEO, John Warmbrunn said, "We're constantly working with potential suppliers to refine our business case. We need to be very aware of the rapidly changing world of technology and to select the optimum time to introduce the best broadband service possible for Bendigo". From an investor's perspective, Mr Hunt said, "Directors take the trust that local investors have placed in them to generate a return on this investment very seriously. At the same time we are committed to avoiding unnecessary risk with this incredibly valuable local capital".

Bendigo Community Telco provides local calls and line rental, long distance calls, mobile phone services, dial up and broadband internet and many other telecommunication services. It works with both business and households. Its recent advertising campaign starring nationally acclaimed actor, Bud Tingwell, has attracted great interest in its unique proposition of a locally owned company that keeps Bendigo dollars in Bendigo.

Further information:

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Detailed financial statements are available from the company's website:

www.bendigotelco.com.au

