

Chairman's Address
Annual General Meeting – 17 October 2006

It is a great pleasure to welcome Shareholders to our first Annually General Meeting as a publicly listed company.

Bendigo Community Telco has enjoyed another year of outstanding growth and in the development of our business.

Growth in our customer base and in the services we offer is essential, in order to build a substantial business based on the principles of capturing local Telco spending and passing on the benefits to our customers, local share holders and the broader community.

Our success in presenting an irresistible proposition to the community and national telecommunications suppliers can clearly be seen in our growth turnover from \$15.372 million to \$18.246 million which is an 18.7 per cent increase.

Importantly, this has also been profitable growth and it has elevated our presence in competition in our local market place.

As a result, we were able to distribute fully franked dividends of approximately \$251,325 to shareholders which equates to 4.5 cents per share in April this year, and a further final dividend of 4 cents per share, or an extra \$223,440 of fully franked payments to our share holders in September. These dividends are confirmation of the success of our business strategies and the power of capturing capital flows that only a locally owned and operated company can offer to the broader community. In terms of return on equity our profit represents a solid return on the capital which has been invested.

With our shareholder base now exceeding 376, our aim is to continue strong shareholder and community returns to benefit our local economy. Indeed our listing on the Bendigo stock exchange as the first local company to do so in over 50 years further demonstrates our commitment to supporting the local economy, as well as the importance of having a market place for SME's and other community enterprises across Australia.

During the year, we expanded our service offerings from our traditional business customers to include all households. The campaign featuring Australian entertainment industry icon, Bud Tingwell, is significant as it completes our promise to the whole community and opens up a new area for further growth of our local business.

As detailed in our prospectus, we are looking forward to further enhancing our competitive advantage through the development and implementation of a number of strategic initiatives. We have taken a cautious approach in investing in telecommunications infrastructure and, rather than take on undue risk, we are waiting till the regulatory environment is more certain. We remain certain in our belief that our customers will be excited by the new services and facilities we will be able to deliver to our market place and the unique value proposition they will represent.

Today is an historic day for Bendigo Community Telco not just because it's our first AGM as a publicly listed company, but because today we also announced our first major acquisition, that of the business assets of central Victoria's leading telecommunications retailer, Bendigo Communications Pty Ltd. This is a very exciting step forward for staff, shareholders, customers and the community and the benefits of this friendly acquisition will help underwrite our commitment to providing even better services, products and value into the future.

It's our aim to become even more relevant to our customer base by realising tangible benefits for the community we serve, such as assisting local projects to become viable, and by increasing our significant positive impact on the local economy.

Communities of the future are being shaped today. Bendigo Community Telco and our Business Continuity Capital Centre are examples of what can be achieved in a regional centre such as Bendigo- if we turn our minds to improving our own prospects by working together as a community. Local ownership effectively gives Bendigo people a chance to set the priorities for the provision of telecommunication services that they want, rather than waiting for these services to be provided by national carriers.

We at Bendigo Community Telco are acutely interested in the success of our customers and the local economy, not in simply being a provider of Telco products and services. We believe this makes us unique in the Telco market.