

NEWS RELEASE

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Community Telco Results show Community Model Works

Bendigo Community Telco released its half year results to the BSX today.

After another half year of growth, BCT enjoyed the following results:

- Turnover increased from \$8.817M to \$10.732M (representing 22.2% growth).
- EBITDA rose from \$313,898 to \$494,471
- Net Profit rose from \$219,728 to \$362,476.
- Earnings per share rose from 4.22 cents to 6.49 cents.

All figures point to a continuation of the strong growth story for the local Telco.

The company also announced a final dividend of 5.0 cents per share fully franked with an ex-dividend date of 12 March. This is an increase from previous periods and reflects the growth in profitability of the business,

Board Chairman Rob Hunt said, "These dividends were confirmation of the success of our strategy and the power of capturing capital flows that only a locally-owned and operated company can offer. In terms of return on equity, our profit represents a solid return on the capital employed and the Directors confidence moving forward."

In October 2006 BCT made its first acquisition, buying the business assets of Bendigo Communication. The acquisition increases the company's capacity and is expected to generate further strong growth throughout 2007.

Mr Hunt says, "The merger has brought together two highly complimentary businesses and provides a brilliant platform to continue to grow our business."

"Directors are confident that Bendigo Communications represents a good investment for Bendigo Community Telco," he said.

The investment is a significant step towards BCT's service vision and has extended its capabilities beyond fixed and mobile phone services and broadband to full phone systems and installation and maintenance.

Telco CEO, John Warmbrunn says the investment has already borne positive results.

"Although it is early days, we see the staff have really embraced the new organisation and are excited to be part of the team. We're all working together to create a viable and sustainable future for the company in Bendigo. Where once we employed third parties we can now do the work ourselves," he said.

Growing its customer base and service offering enables the Telco to build a sustainable business based on the capture of local telecommunications spending and passing on the benefits to its customers, shareholders and the broader community.

Customers who chose Bendigo Community Telco for their telecommunications services are supporting local business, local jobs and the local community.

Initiatives such as the Strathfieldsaye Community Enterprise, Mt Alexander Community Grants programme, Echuca Community Enterprise and Empowering Eaglehawk have encouraged these communities to get behind their local Telco with over 500 customers now proudly participating in the enterprises. Overall, the Community Enterprises and other community projects supported by the company returned over \$50,000 to the greater Bendigo Community during the half year.

Chairman, Rob Hunt says, "The communities of the future are being shaped today. Bendigo Community Telco and our Business Continuity Centre are examples of what can be achieved in 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 telecommunications services in the Bendigo district – rather than waiting for such services to be provided by national carriers.

"We at Bendigo Community Telco are interested in the success of our customers and the local economy, not in just being a provider of telco products and services. We believe this makes us unique in the telco market," Mr Hunt said.

Business customers continued to make good use of the company's Business Continuity Centre in Flora Hill, a unique world class community asset for a regional town. The company recently appointed a Business Unit Manager with the mandate to expand the companies operations into the Melbourne market.

Staff numbers have grown to 50, and the company's commitment to providing a genuine personal customer service experience means we stand out from the competition.

"With our shareholder base now around 380, our aim is to continue to generate strong shareholder and community returns to benefit our local economy. Indeed our listing on the Bendigo Stock Exchange was the first for a local company in over 50 years – and demonstrates the importance of having a market place for SMEs and community enterprises across Australia," Mr Hunt said.

Further information:

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

www.bendigotelco.com.au