2008 AGM

Melbourne - May 2008

Board of Directors

Robert Stewart

Chairman, Non-Executive Director

Dr Mark Toner

Deputy Chairman, Non-Executive Director

Theo Hnarakis

Managing Director

Professor Iain Morrison

Non-Executive Director

Tom Kiing

Non-Executive Director

Simon Jones

Non-Executive Director

Lucy Turnbull

Non-Executive Director







Auditors

Agenda

- Chairman’s Address
- CEO’s Address
- Q&A
- Formal Business
- Q&A
- Morning tea

Chairman’s Address

Rob Stewart

2007 – The Year in Review

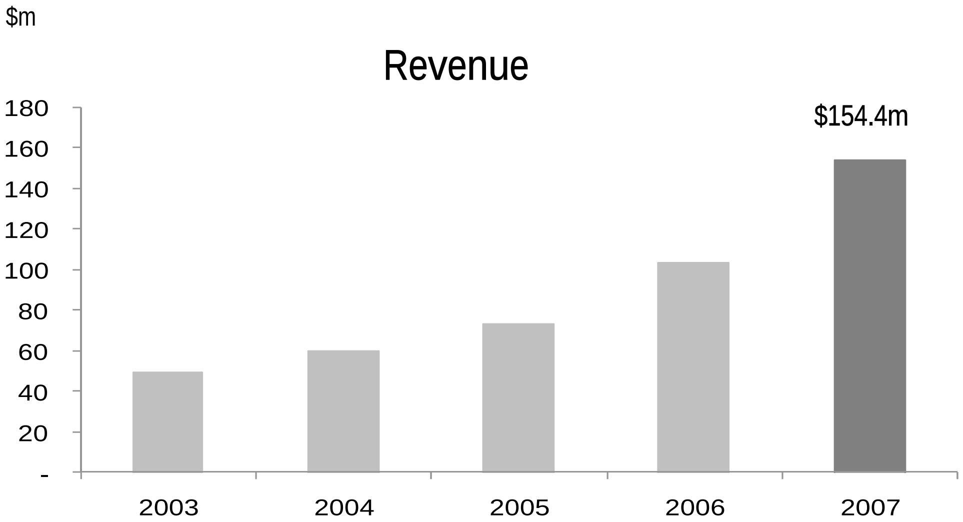
Strong Financial Performance in 2007

Full Year ended 31 Dec 2007 (A$)	FY 07	FY 06*	⇕%
Revenue	$154.4m	$103.8m	↑ 49%
EBIT	$20.1m	$8.3m#	↑ 141%
NPAT	$13.9m	$6.4m#	↑ 118%
Basic EPS	18.15¢	10.47¢#	↑ 73%
Operating Cash	$24.6m	$11.3m	↑ 117%
Final Dividend (Fully franked)	7.0¢	4.5¢	↑ 56%
Deferred Gross Margin	$21.8m	$21.0m	↑ 4%

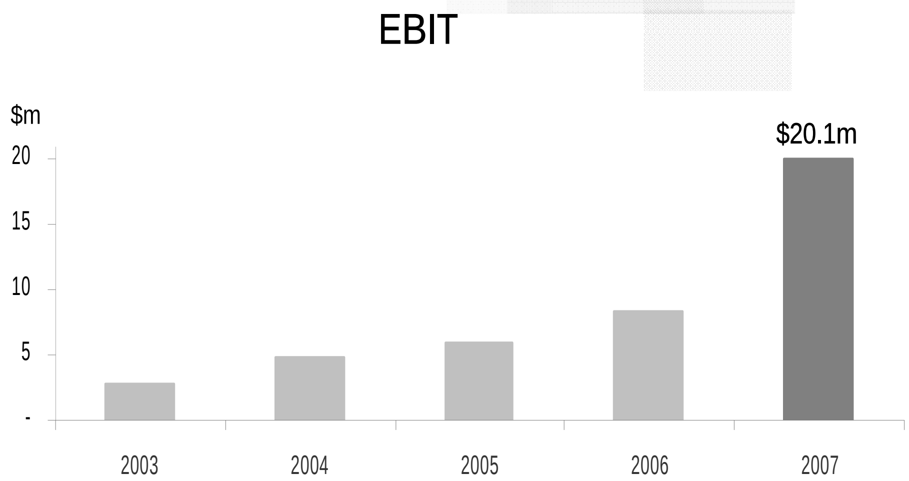
** FY 06 figures only include WebCentral contribution from 11 September 2006*

 # Excludes contribution from sale of Neulevel in March 2006

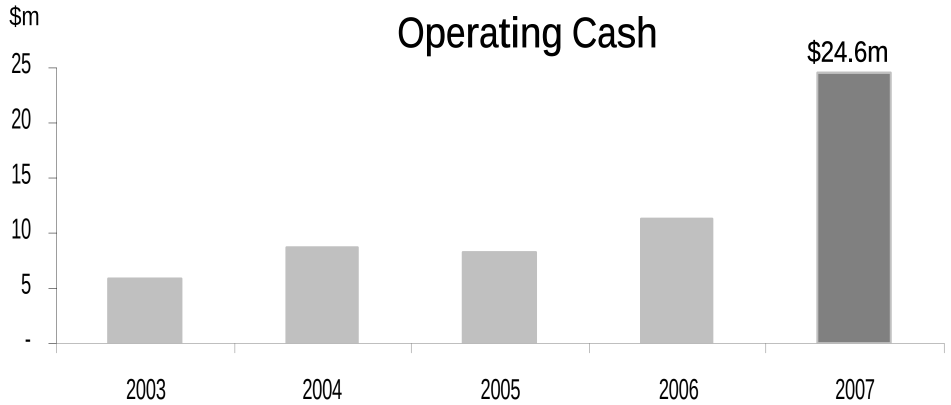
Financial Performance



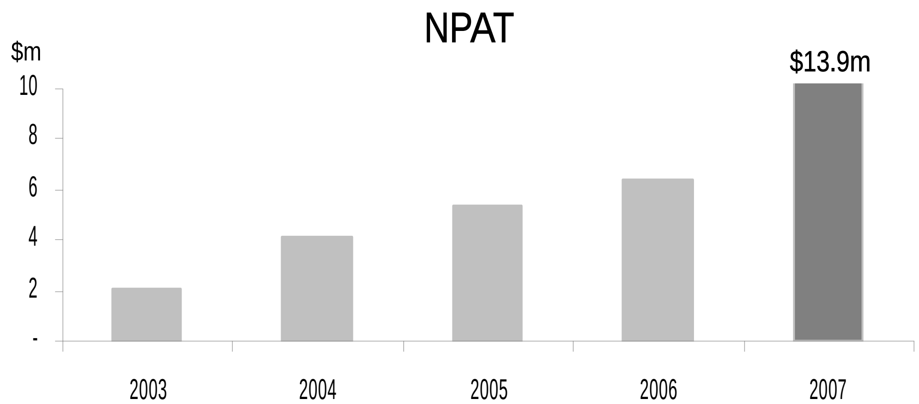
CAGR of 25% over the past 5 years



CAGR of 49% over the past 5 years



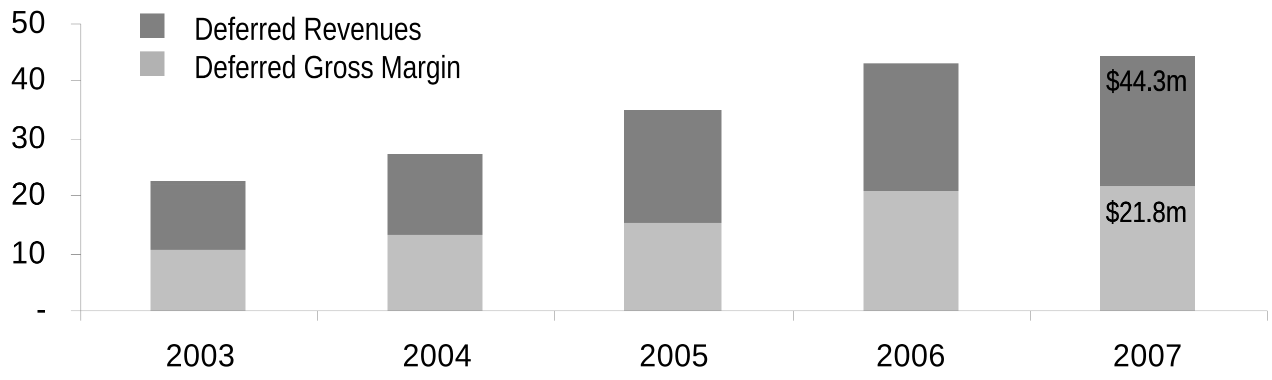
CAGR of 33% over the past 5 years



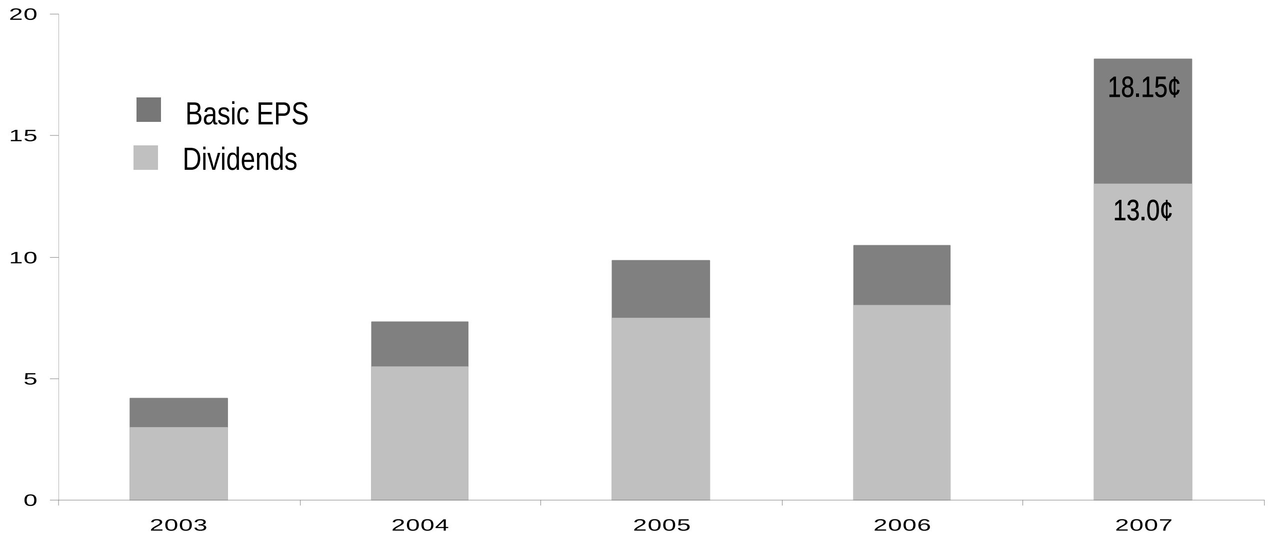
CAGR of 46% over the past 5 years

Financial Performance

Deferred Gross Margin



Basic EPS &
Total 2007 Dividends



	2003	2004	2005	2006	2007
Basic EPS	4.18¢	7.34¢	9.87¢	10.47¢	18.15¢
Dividend	3.0¢	5.5¢	7.5¢	8.0¢	13.0¢

2007 Scorecard

- ☑ 5th year in a row of strong growth in revenue
- ☑ 5th year in a row of strong growth in profit
- ☑ 5th year in a row of strong growth in operating cash
- ☑ 5th year a row of strong growth in fully-franked dividends
- ☑ Paid down and cancelled debt facility
- ☑ Names under management up 16% to more than 5.4 million
- ☑ Business & Consumer, Corporate & Government and Reseller outperform 2006

Capex & Treasury

- Increased capex in 2007 to $6.5m
  - $3.3m was capex related to dedicated customer installations resulting from strong growth in our Corporate & Government division
  - Other capex - $3.2m
  - Reflects investment in enhanced infrastructure capabilities
- 11% growth in average AUD/USD exchange rate in 2007 to $0.84
  - $6m revenue impact year on year
- Continued strong cash generation
  - $17.9m net cash position as at 31 December 2007
- Debt reduction
  - Retirement of $12.0m in debt in FY 07
  - Debt across the group reduced to nil

Investments in Systems & Processes

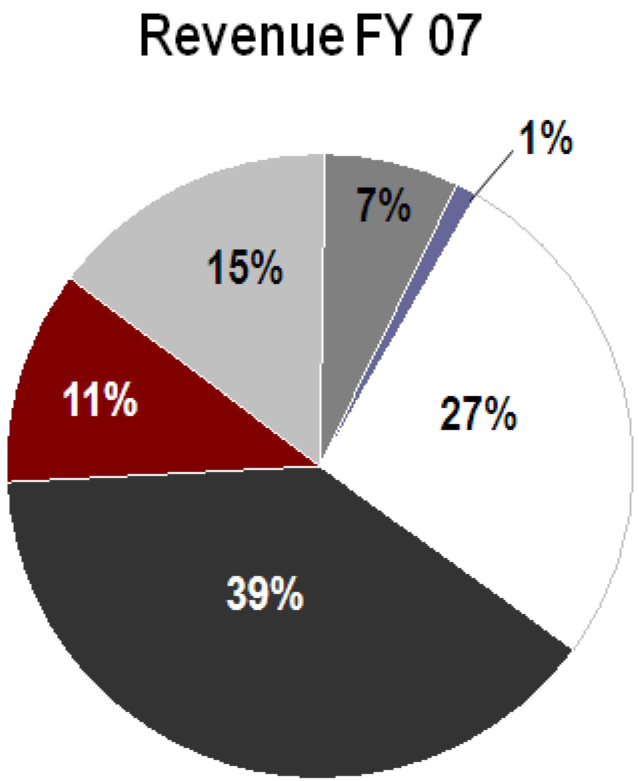
- 2007 business investments position for future growth
  - Invested in Corporate Brand Services to build market share
  - Acquired IDR
  - Launched Copenhagen office
  - Completed integration and restructure of ForTheRecord
  - Consolidated Great Plains implementation in Australia & Europe
  - Launched new order management system – phase 1
  - Enhanced data centre capacity with new facilities in Sydney and Brisbane
  - Progressed consolidation of Melbourne IT & WebCentral systems

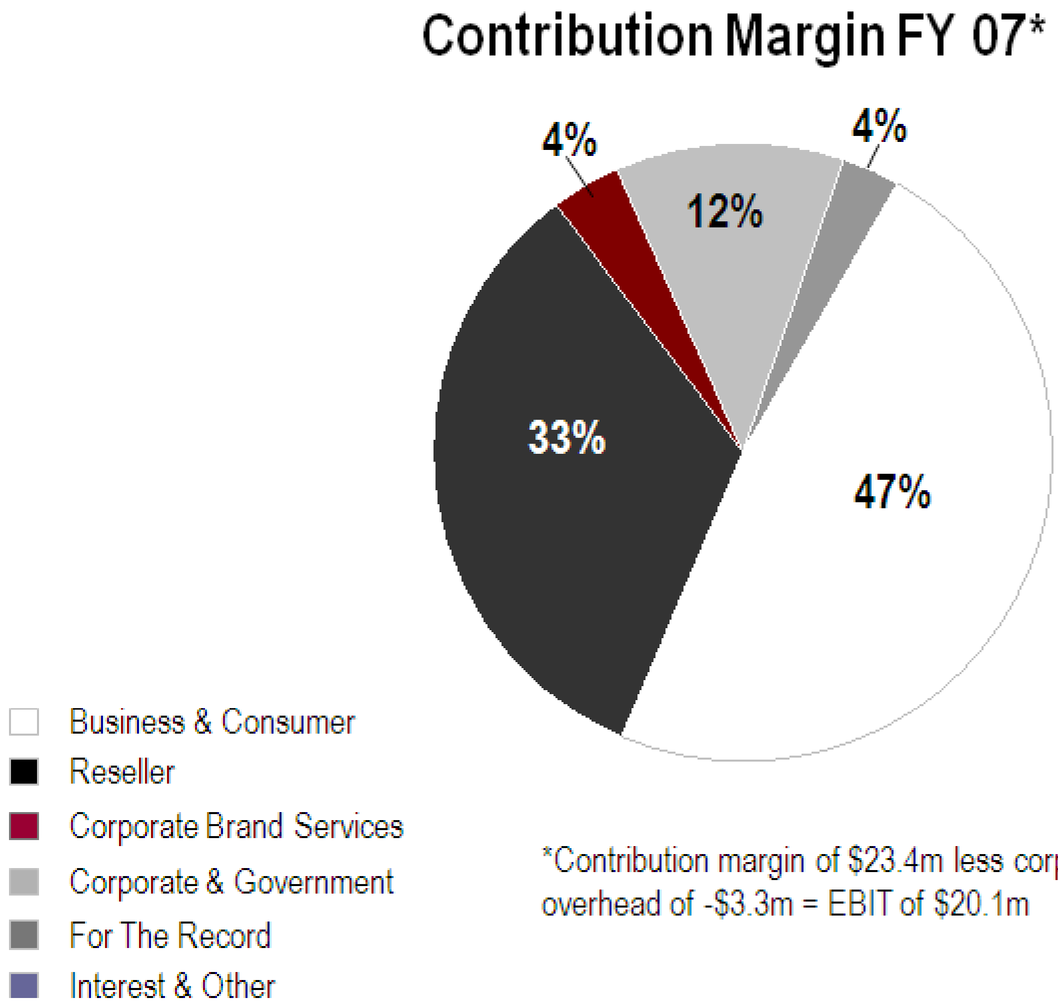
2007 Divisional Performance

MELBOURNE IT

Results by Division

- More than 85% of the group's revenue is from annuity sources





*Contribution margin of $23.4m less corporate overhead of -$3.3m = EBIT of $20.1m

Business & Consumer

A strong result in a competitive & commoditised market due to strong brands, consultative selling and broad product range

	FY 07	FY 06*	Change
Revenue	$41.3m	$30.4m	36%
Contribution Margin	$11.2m	$5.3m	110%
Average Revenue Per User	$303	$237	28%

- Business efficiencies have contributed to profitability
- Renewal rates are consistent at about 70% for major products
- Almost 10% growth in customer base due to focus on new customer acquisition

Business & Consumer

3 market leading brands

325,000+ customers

40,000+ transactions/mth

** FY 06 numbers include WebCentral contribution from 11 September 2006*

Reseller

A pleasing result achieved during a time of strong growth in the AUD/USD exchange rate

	FY 07	FY 06*	Change
Revenue	$60.4m	$49.3m	23%
Contribution Margin	$7.8m	$4.3m	82%
Names Under Management	4.8m	4.1m	18%

- Rising % to $0.84AUD/USD exchange rate is a key challenge
  - USD sales are up 9% year on year
  - AUD/USD average exchange rate in 2007 up 11% to $0.84
- Integration of WebCentral has boosted results
  - Increased product diversity via hosting and other services

Reseller

3,475+ active resellers

3 reseller types

- SMB Partners
- Domain Partners
- Strategic Partners

** FY 06 numbers include WebCentral contribution from 11 September 2006*

Corporate Brand Services

Strong revenue growth and significant investment to grab market share in this important emerging market

	FY 07	FY 06	Change
Revenue	$17.1m	$14.1m	21%
Consulting Revenue (included above)	53%	57%	-4%
Contribution Margin	$0.86m	$0.95m	-9%
Digital Brands Under Management	157,732	106,250	48%
New Clients	140*	119	18%

- Impact of approx. -$400k on EBIT from integration of IDR acquisition, new Copenhagen office, recruitment of sales resources, new finance systems
- 40% increase in speed of consolidation of new domains in 2007

** Includes 36 clients gained through IDR acquisition.*

Corporate Brand Services

500+ clients

99.5% client retention

90%+ client satisfaction

Corporate & Government

A strong performance with technical capabilities, service model and product breadth driving growth

	FY 07	FY 06*	Change
Revenue	$23.3m	$4.8m	390%
Contribution Margin	$2.8m	$0.1m	1910%
New Clients	131	149	-12%
Total Contract Value *(Signed)*	$23.9m	$11.9m	100%

- New sales have been strong, sales pipeline healthy
- Value and scale of client solutions is growing

Corporate & Government

900+ clients

1,300+ servers

75+ TB data transfer/mth

** FY 06 revenue & contribution margin numbers represent contribution from 11 September 2006 only. FY 06 TCV and MRR are WebCentral historical numbers.*

ForTheRecord

Decision to retain ForTheRecord made in May 2007, new Exec VP hired in January 2008 to reinvigorate this division

	FY 07	FY 06*	Change
Revenue	$10.6m	$3.8m	181%
Contribution Margin	$0.7m	$0.4m	94%
Recording Solutions Sold	3,244	2,500	30%

- 2007 has been our most challenging year
- Continued growth in global courtroom and council markets
- Continuing success in law enforcement market

For The Record

14 years' experience

21,500 installed solutions

>12.5m+ hrs recorded/year

250+ global resellers

* FY 06 results include contribution from 11 September 2006 only


Recent Developments

New Business: Advantate

- Joint venture with Fairfax Digital launched on 14 May 2008 to provide Search Engine Marketing services to SMBs
- Leverage our complementary expertise in the digital market and 700,000 strong customer base
- Help SMBs promote their business online & maximise value of their internet presence
  - Australia and New Zealand
  - Possible future development globally

VeriSign DBMS Acquisition

- Melbourne IT acquired assets of VeriSign, Inc.'s Digital Brand Management Services (DBMS) division on 1 May 2008
- Deal specifics
  - Consideration: US$50m
  - Less than 10 times EBITDA for the 12 months to 31 March 2008
  - EPS neutral in 2008
  - Expected to be EPS accretive full year 2009
  - Strong balance sheet maintained to facilitate ongoing growth
  - Fully funded through US$55m low-cost, 5 year USD facility with NAB

VeriSign DBMS Acquisition

- VeriSign's DBMS business will be integrated with Melbourne IT's Corporate Brand Services division

MELBOURNE IT CORPORATE BRAND SERVICES + VeriSign Digital Brand Management Services = MELBOURNE IT DIGITAL BRAND SERVICES

- Creating #1 global digital brand management business
  - 2,500+ premium enterprise clients
  - 450,000+ domains under management for corporate
  - 200+ staff across 14 offices
  - Enhanced product and service capabilities
  - World-class customer portal

Board Changes

- Dr Mark Toner, Deputy Chairman and Chair of the Human Resources, Remuneration and Nomination Committee, retires as a director today. Dr Toner joined the Melbourne IT Board in 2001 when its market capitalisation was about $50m and has made an extremely valuable contribution to Melbourne IT's growth into an ASX300 company, especially in the development of company's HR policies and processes and assisting in introducing new sales methodologies.

- The company will be looking to appoint a new Director in the course of the next few months

- The process of Board renewal is an ongoing matter to which all boards need to pay attention. This includes ensuring that skill sets are relevant to the changing nature of a company and that there is continuity as well as balance and refreshment. In this context I note that during the 2nd half of 2009 I will have served ten years as chairman of Melbourne IT. That is a healthy length of service in such a role and we will be looking over the period leading up to that time to put in place a transition to a new chair.

CEO's Address

Theo Hnarakis

Introduction

- Three key principles will ensure Melbourne IT's ongoing success

EVOLUTION

OPPORTUNITY

EXECUTION

Evolution

Evolution: From Domains to IT Services

OUR MISSION

"To be a global leader in the provision of internet based IT services via a customer centric culture"

Evolution: Our History

- 1 office
- 118 staff

- 3 offices
- 175 staff

- 13 offices
- 450 staff

- 19 offices
- 640 staff

1999 — Listed on ASX; became ICANN accredited registrar

2001 — Yahoo! Contract signed; international business established

2002 — .com.au registry monopoly ends; evolution to IT services begins

2003 — Acquired Domainz; diversified product suite; IWS intro

2004 — Acquired Cogent IPC; non-domain revenue flows

2006 — Acquired WebCentral

2007 — Acquired IDR

2008 — Acquired VeriSign DBMS

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

Evolution: 5 Year Financial Performance

	FY 03	FY 04	FY 05	FY 06	FY 07	CAGR
Revenue	$50.0m	$60.2m	$73.3m	$103.8m	$154.4m	25%
EBIT	$2.7m	$4.8m	$6.0m	$8.3m	$20.1m	49%
NPAT	$2.1m	$4.1m	$5.4m	$6.4m	$13.9m	46%
Basic EPS	4.2¢	7.3¢	9.9¢	10.5¢	18.15¢	34%
Dividends	3.0¢	5.5¢	7.5¢	8.0¢	13.0¢	34%
Operating Cash	$6.0m	$8.8m	$8.2m	$11.3m	$24.6m	33%

Evolution: 5 Year Key Performance Indicators

	FY 03	FY 04	FY 05	FY 06	FY 07	CAGR
NUM (Names Under Management)	2.3m	2.8m	3.8m	4.7m	5.4m	19%
Customers	150,000	210,000	235,000	300,000	330,000	17%
International Revenue	N/a	65%	68%	62%	50%	N/a
Domains Revenue	99%	90%	85%	69%	49%	N/a
IT Services Revenue	1%	10%	15%	31%	51%	N/a

Evolution: Our Heritage

- Australia's first domain name registry and registrar
  - One of the first 5 global ICANN-accredited registrars
- Continuing to achieve success in this arena
  - Top 5 global registrar – 5.3% market share
  - Strong growth in Names Under Management
    - Up 144% from 2.3m in 2003 to 5.6m in 2008
  - Key strategic relationships in place – e.g. Microsoft, Yahoo!
- In 2002, we expanded our services beyond domains into IT services to drive growth & profitability
  - Australian IT services market to reach $15b by 2011 (ABN Amro April 2008)

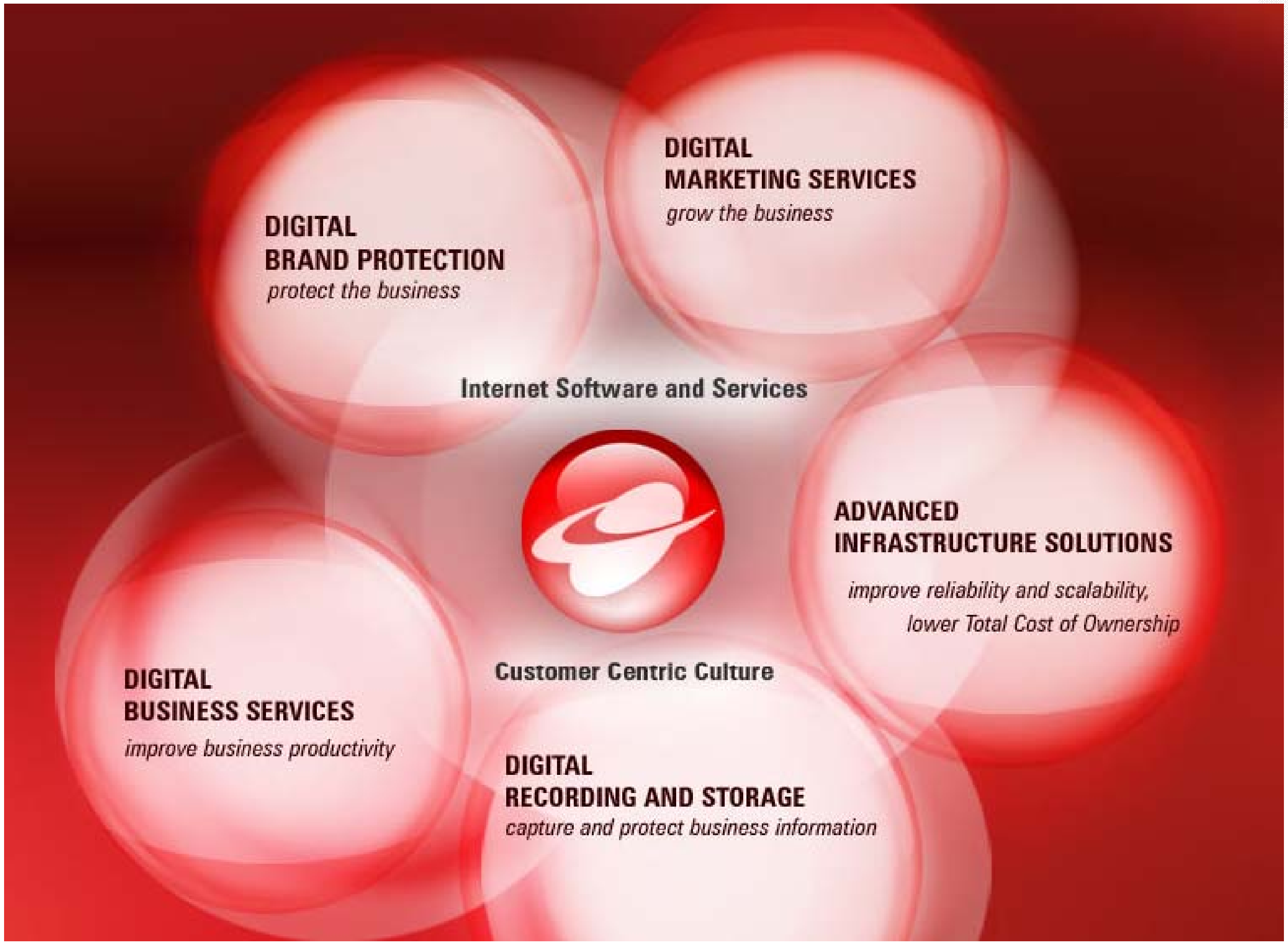
Evolution: Growth Through Acquisitions

- Ability to acquire and integrate has been key to success
  - Delivered several million in synergies
  - Achieved scale & greater global presence
  - Enhanced resources & product suite
  - Diversified revenue & reduced reliance on commoditised domains business

- Sophisticated internal skill set
  - Identify opportunities
  - Integration of large and small acquisitions

- Five acquisitions in 5 years
  - 2003: Domainz
  - 2004: Cogent IPC
  - 2006: WebCentral Group
  - 2007: IDR Management Services
  - 2008: VeriSign DBMS

Evolution: Our Services



Digital Business Services

To improve business productivity

- Industry trends support continued growth in this area
  - Business use of the internet is growing[1]
    - 93% look for product & service information
    - 71% place orders for products & services
    - 68% use a web site to advertise or promote their business
- We want to be the leader in this space in Australia & New Zealand
  - End-to-end solutions for getting your business online
  - One stop shop for Small & Medium Businesses
  - 24x7 support
  - Trusted partner helping SMBs to improve their productivity

Digital Business Services

1: 2007 Sensis e-Business Report

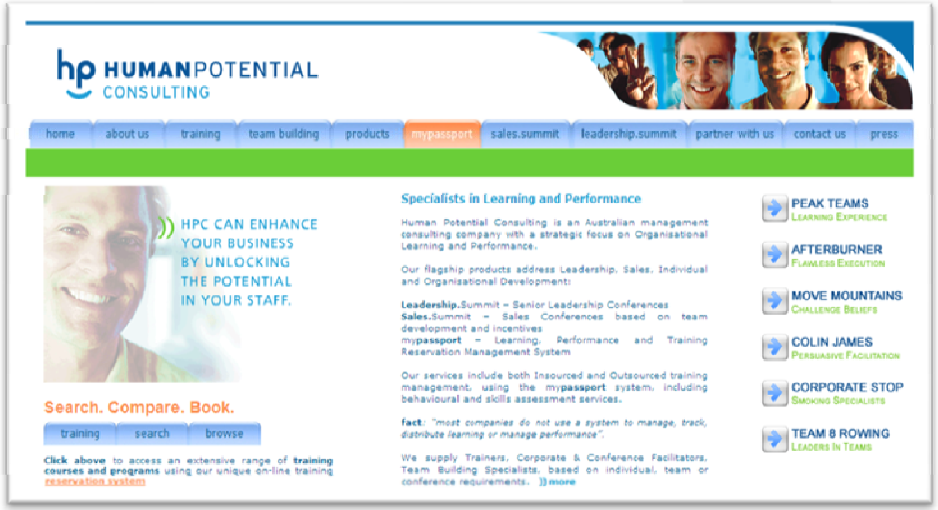
Digital Business Services

www.hpconsulting.com.au

Customer since 2004

Human Potential Consulting

- Multiple products
  - Domain name
  - Web hosting
  - Managed Exchange premium email



"We moved to Managed Exchange after we lost years of data when our computers were stolen. Managed Exchange should be a pre-requisite for all businesses who rely on information and documents transmitted via email."

Geoff Rosamond, Managing Director

Digital Business Services

Advanced Infrastructure Solutions

To improve reliability and scalability, lower Total Cost of Ownership

- Australian IT services market to reach $15b by 2011[1]
  - Outsourcing constitutes 50% of IT services market
- Hosted email poised for strong growth to 2012[2]
  - Start with small companies, move through midsize companies and become an appealing model to the largest enterprises (more than 50,000 seats) by 2012
- Key Services
  - Hosting solutions
  - Enterprise email solutions
  - Data management solutions
  - Capacity on demand services, including virtualisation
  - Secure facilities
  - High service levels

1: ABN Amro, 2008; 2: Gartner, 2008

Advanced Infrastructure Solutions

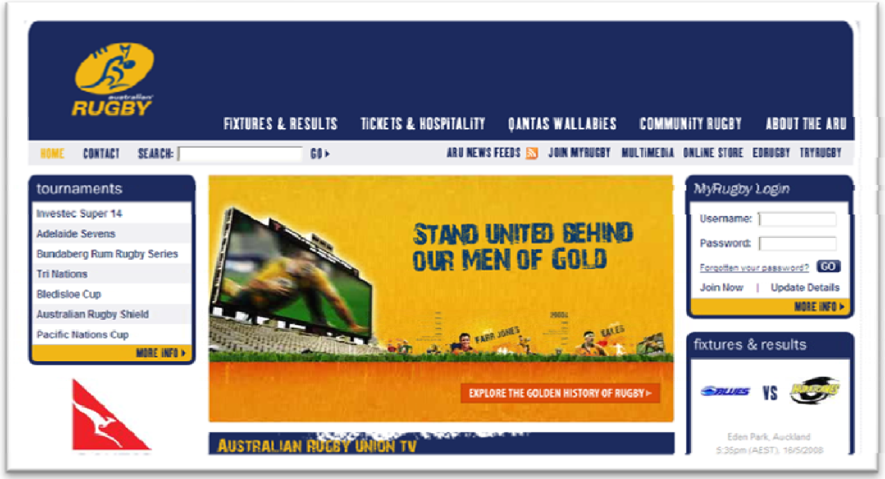
Advanced Infrastructure Solutions

www.rugby.com.au

Customer since 2000

Australian Rugby Union

- Web site hosting
- CRM hosting
- Disaster recovery capability
- Business continuity planning
- Able to grow to meet demand



Advanced Infrastructure Solutions

Digital Marketing Services

To grow your business online

- Search marketing is booming[1]
  - Single largest segment – approx 40% of online advertising spend
  - Almost 30% growth half on half to June 2007
- Services include:
  - Search Engine Optimisation
  - Search Engine Marketing e.g. Pay Per Click advertising
  - New Advantate Joint Venture with Fairfax Digital
  - Web traffic services for corporate clients
- Spanning SMBs through to enterprise and government clients
  - Complex, specialised subject matter
  - Ideal for outsourcing

Digital Marketing Services

1: IAB: Q3 2007 Internet Advertising Revenue Report

Digital Marketing Services

www.garageworks.com.au

Customer since 2004

Garage Works

- Domain names
- Pay Per Click search engine marketing

"Melbourne IT has without any doubt been one of the catalysts to the successful growth of our business and they will continue to be an integral part of our marketing strategy in the future."

Tony Damiano, Garage Works

Digital Marketing Services

Digital Brand Protection

To protect your business identity online

- Vulnerability of brands to malicious attack is rising
  - In 2007, cybersquatting complaints rose 18%[1]
  - More than 320,000 phishing fraud sites reported[2]
  - US$3.2b extorted in 2007 in US alone, up from $2.8b in previous year[3]

- Our clients see Melbourne IT as a trusted partner
  - Following VeriSign DBMS acquisition, we are global #1 in this space
  - Protect existing brands and be proactive around new brands
  - Best practice digital brand security services
  - Sophisticated monitoring and infringement services

Digital Brand Protection

1: World Intellectual Property Org, Mar 2008; 2:Anti-Phishing Working Grp, Dec 2007; 3: Gartner, Dec 2007

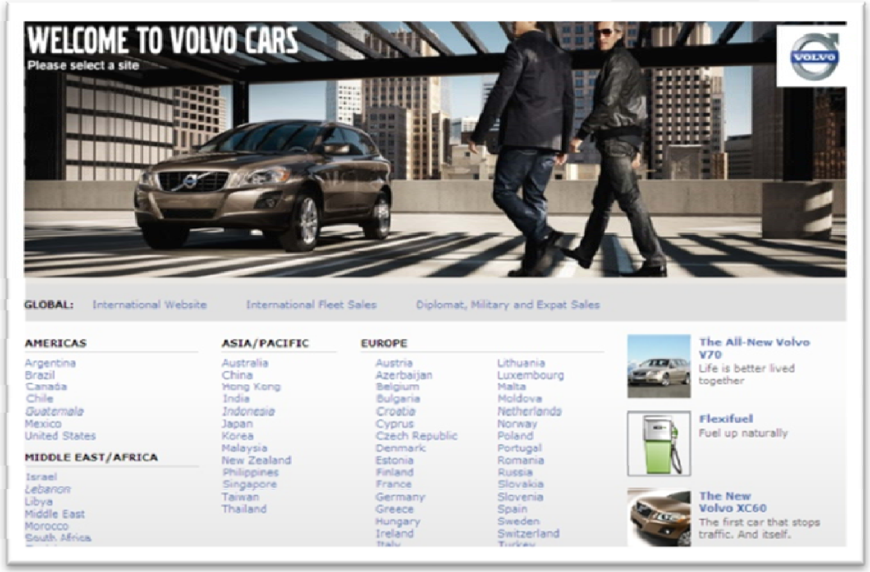
Digital Brand Protection

www.volvocars.com

Customer since 1999

Volvo Car Corporation

- 65 different geographies
- Centrally managed
- Corporate Domain Management
- Online Brand Infringement Services
- Web traffic services to generate visitors to Volvo Car sites
- Digital Certificates



Digital Brand Protection

Digital Recording and Storage

To capture & protect business information

- The burden of increasing corporate governance and risk management is becoming a widespread business challenge

- Global leader in digital recording
  - More than 21,500 solutions in place worldwide
  - Heritage in courtroom market
  - Expansion into law enforcement
  - Other new verticals – hearing rooms, education, community venues

- Management restructure in early 2008 to drive global growth and transformation in ForTheRecord division

- Storage & disaster recovery services

Digital Recording and Storage

Digital Recording & Storage

- New clients signed recently
  - South Australian Courts System
    - FTR's 'TheRecord' suite of digital audio recording, management and transcription products to an initial 36 law courts
  - Attorney General's office in Ontario, Canada
  - Ministry of Attorney General Courts in Victoria, British Columbia, Canada

- New products to be released in 2008
  - Upgrade to FTR Gold for courts
  - Interrogator 5.1 for law enforcement

Digital Recording and Storage

Evolution: Leadership Positions

- Melbourne IT has grown to become:
  - #1 global digital brand services company
  - Top 5 global hosting company
  - Top 5 global domain registrar
  - Leading global provider of digital recording solutions for courtrooms

Evolution: Our Scale

Each day we:

- Manage more than 5.6 million domain names
- Serve over 100 million web pages
- Take care of more than 350,000 customer accounts
- Deliver more than 6 million emails
- Manage more than 2,200 servers
- Manage more than 500TB of storage
- Answer more than 2,500 customer calls
- Manage more than 10,000 Databases
- Deliver more than 4 Terabytes of traffic to the Internet
- Provide 24x7 phone and online support
- Protect 450,000+ digital brands from online fraud


Opportunity

Opportunity: Agility & Relationships

- We operate in an industry that is dynamic and fast-moving, with low barriers to entry and no geographical boundaries
- Melbourne IT must remain nimble to identify and capitalise on opportunities that will drive growth in our business
- We cannot stand still – continued success & growth depends on:
  - Acting decisively based on careful research & preparation
  - Leveraging key supplier relationships to deliver competitive advantage
  - Maximising value from customer relationships
  - Developing and enhancing our product suite
  - Maintaining a global perspective
- Melbourne IT is well positioned
  - Strong organic growth complemented by growth through acquisitions
  - Established supplier relationships, e.g. IBM, Data#3, Microsoft, VMware
  - 346,000 SMB customers, 4,000 enterprise clients, 3,500 resellers

Opportunity: VeriSign DBMS Acquisition

The internet is a critical medium for business now and in the future – digital brands form the cornerstone of e-commerce transactions and communications strategies

- On 30 April, Melbourne IT announced its acquisition of the assets of VeriSign, Inc.'s Digital Brand Management Services (DBMS) division
- Deal specifics
  - Consideration: US$50m
  - Less than 10 times EBITDA for the 12 months to 31 March 2008
  - EPS neutral in 2008
  - Expected to be EPS accretive full year 2009
  - Commencement on 1 May 2008
  - Strong balance sheet maintained to facilitate ongoing growth
  - Fully funded through US$55m low-cost, 5 year USD facility with NAB

#1 Global Digital Brand Services Company

MELBOURNE IT

Global leader in digital brand services
- 450,000+ domains
- 2,500+ customers

MELBOURNE IT
DIGITAL BRAND SERVICES

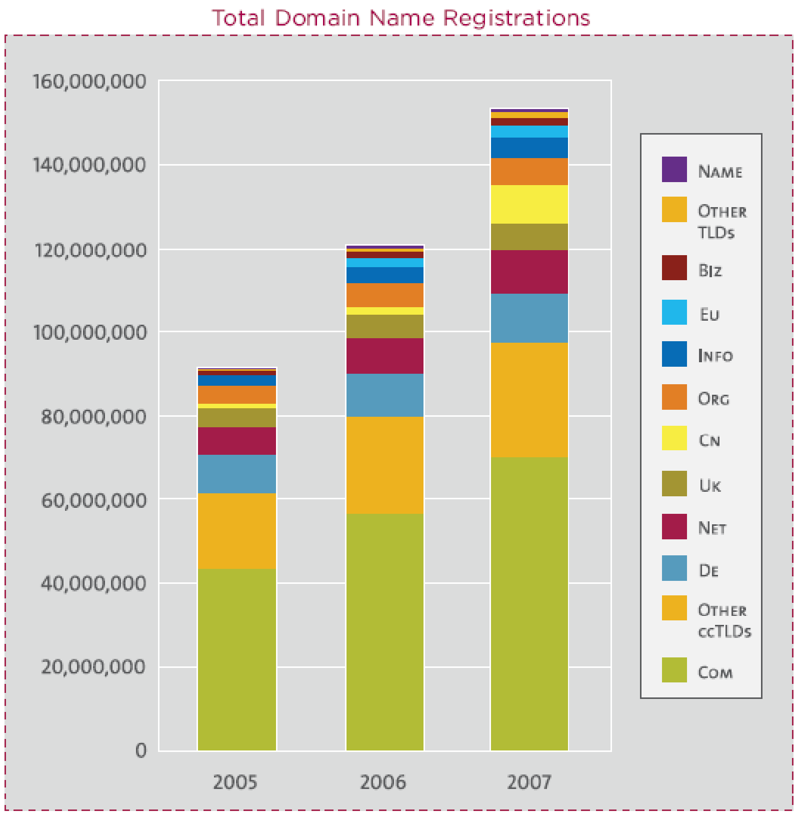
Global leader in monitoring and brand protection

Global leader in web traffic management & optimisation

Digital Brands in Demand

- Digital brand services is an attractive growth segment
  - Strong growth in domains - 28% in 2007
  - 153 million domains worldwide
  - 58 million ccTLDs

- Internationalised Domain Names (IDNs) Growing
  - Ability to use local language characters in domain names
  - Almost 100% growth between Q1 2005 to Q1 2007 to 2.1m names



Source: The VeriSign Domain Report – March 2008

Digital Brands Booming

- Growth of digital brands eclipsing offline brands[1]
  - Some of the fastest growing brand values in 2007 were digital brands:
    - Google – up 44% to US$17.8b
    - Amazon – up 15% to US$5.4b

- E-commerce growth[2]
  - US e-commerce growth in 2007 up 19%+ to $136b

1: Interbrand/BusinessWeek: Best Global Brands 2007; 2: US Census Bureau: Quarterly Retail E-Commerce Sales Q4 2007

Online Business Threats Escalating

- Vulnerability of brands to malicious attack is rising
  - In 2007, cybersquatting complaints rose 18%[1]
  - More than 320,000 phishing fraud sites reported in 2007[2]
    - $3.2b extorted in 2007 in US alone, up from $2.8b in previous year[3]

- Online sales and self-service are growing strongly, but consumers are also becoming wary of trusting corporate identities online

- Enterprises are recognising the need for outsourced solutions to professionally manage, monitor, protect and optimise the performance of their digital brands

1: World Intellectual Property Org, Mar 2008; 2:Anti-Phishing Working Grp, Dec 2007; 3: Gartner, Dec 2007

VeriSign DBMS Acquisition

- VeriSign's DBMS business will be integrated with Melbourne IT's Corporate Brand Services division

- Melbourne IT Digital Brand Services is expected to have:
  - 450,000+ digital brands under management for corporate clients
  - 2,500+ premium enterprise clients including
    - Georgia Pacific
    - NovoZymes

- Truly global coverage, complemented by local service
  - 200+ staff
  - 14 offices
  - Presence in new geographies – Germany, France and South Africa
  - 10 years' experience

Significant Revenue Growth Opportunities

- Brand Protection
  - Brand and fraud protection services
  - Sophisticated monitoring and analysis services
  - Dedicated recovery teams

- Brand Performance
  - Web site performance optimisation services & analysis
  - Digital brand gap analysis
  - Enhanced web site optimisation & performance services
  - Greater range of IDNs & ccTLDs

Financial Contribution to Melbourne IT

- DBMS Contribution in 2008 (8 months)
  - Neutral contribution in FY2008 (after expensing of integration and transition costs)
  - One-off integration & transition costs of approximately US$2.8m
  - Investment in capex of approximately US$1.5m
    - Establishing world class data centre facilities & digital brand support services
  - Integration team established and plan in progress

- Expected DBMS Future Synergies and Benefits in 2009
  - EPS accretive
  - Full year revenue contribution of over US$30m
  - Annualised cost synergies in excess of US$1.5m

DBMS Acquisition Summary

- Positions Melbourne IT as #1 global digital brand services company
- Demonstrated ability to manage, operate and grow within the international environment
- Digital brand management offers an excellent growth trajectory
- Successful track record of acquiring and integrating companies
  - Focus will be on integration for the remainder of the year to achieve results for Melbourne IT and optimise performance of newly acquired businesses

Opportunity: Advantate

Online marketing is growing rapidly with search engine marketing the fastest growing global advertising medium

- Joint venture with Fairfax Digital launched 14 May – www.advantate.com.au
- Leverage combined expertise in the digital market in Australia & New Zealand, future scope for global development
- Help SMBs promote their business online & maximise value of internet presence via simple, cost-effective access to search engine marketing services
- Relationships with range of leading providers:
  - Google
  - Yahoo Search Marketing
  - Ninemsn
  - Fairfax Digital networks

Online Advertising Growing Strongly

- Online advertising[1]
  - US market growth up 25% in 2007 to $21b
- Search engine marketing[1]
  - Single largest segment – approx 40% of online advertising spend
  - Almost 30% growth half on half to June 2007

IAB : 2007 Internet Advertising Revenue Preliminary Report

Advantate will focus on this…

Search Engine Marketing (SEM) - or Pay Per Click (PPC) is where ranking is influenced by size of the $ bid for key words

SEM ?

What are we talking About?

Organic Search Results – Ranking is influenced by organic factors in your website content and through Search Engine Optimisation (SEO) – active manipulation of content , NOT $ bids for key words

Advantate Services

- The approach is search-engine ‘agnostic’ – the company will source clicks (leads) for SMBs in a range of search engines
- Broad base offering will be underpinned by a highly efficient, effective and value-sustaining ‘de-skilled’ platform that maximises automation
- Existing market is largely unconsolidated
- Over time Advantate may engage SMBs with a range of other products and services

Opportunity: Product Development

- New products launched in 2007
  - Corporate Exchange 2007
  - Managed SharePoint 2007
  - Corporate SharePoint 2007
  - Managed Campaign Services
  - Premium domain names
  - Enhanced management services for critical domain names
  - .asia launch for trademark holders
  - Premium DNS services with 99.999% availability
  - 8MB ADSL Products

Opportunity: Product Development

- Key products & services planned for 2008 include:
  - Growth of domain name spaces in Asia e.g. .asia, .in (India), .com.hk (Hong Kong)
  - Growth of re-purposed domain name spaces such as .tv and .me
  - Wider range of digital certificates
  - Range of ‘green’ products utilising blade servers and virtualisation
  - Upgraded email services
  - Upgraded web hosting to support new technologies
  - New storage services for SMBs and enterprises
  - Upgrade to FTR Gold for courts
  - Release of Interrogator 5.1 for law enforcement
  - Upgrades to Digital Brand Services portals

Opportunity: Organic Growth

- Melbourne IT is well positioned to continue to deliver strong organic growth from its existing business:
  - Extensive customer base that values Melbourne IT as a trusted provider
  - Consistent growth in Average Revenue Per User year on year
  - Diverse array of products & services, making us a ‘one stop shop’ for IT services
  - Increase in demand for Software as a Service products such as Managed Exchange, Managed SharePoint & Promotions Manager


Execution

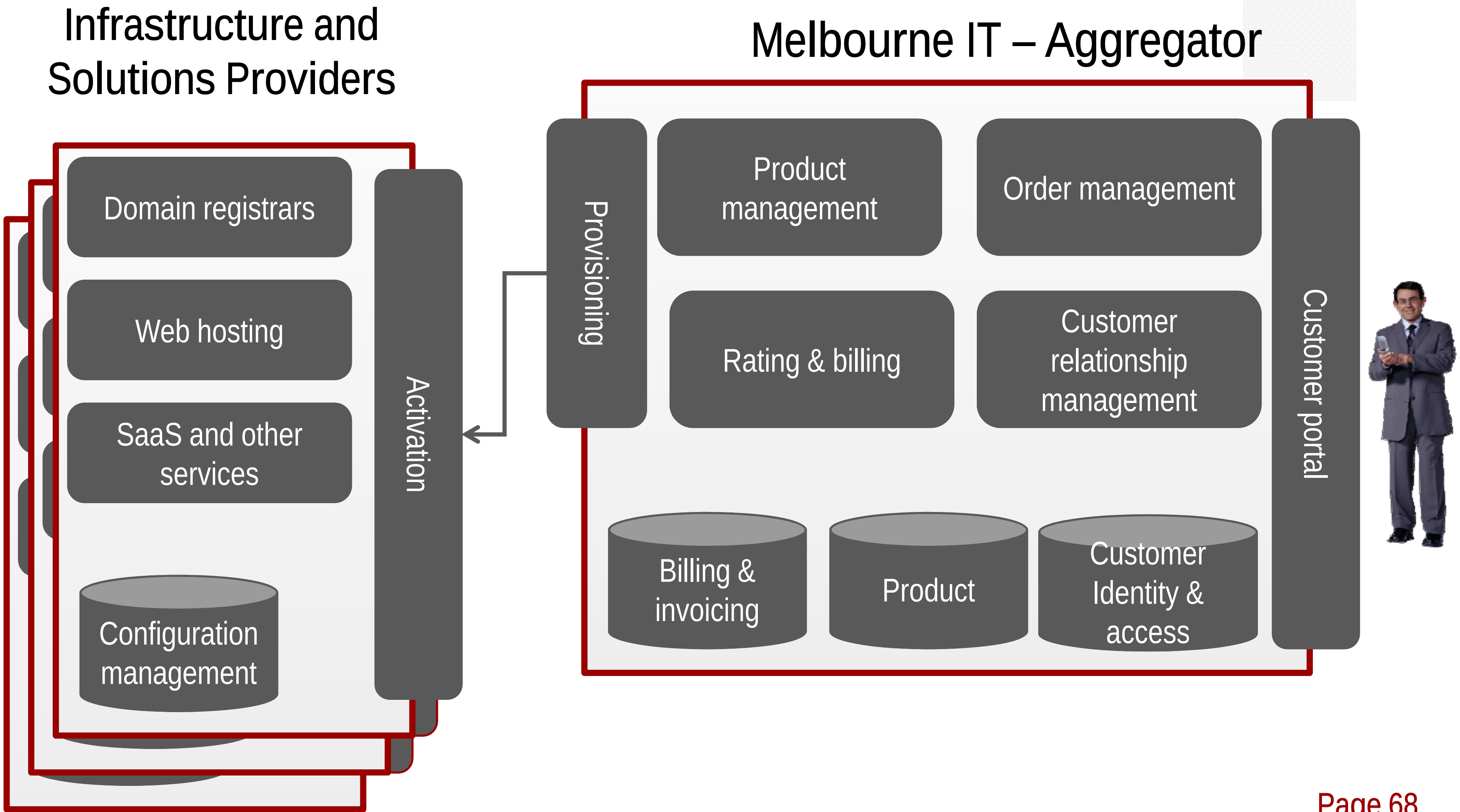
Execution

- Our ability to execute on key initiatives and manage risk will underpin our success in the future
  - Continue IWS Strategy
  - Ongoing focus on Mergers & Acquisitions, including integration
  - Commitment to customer experience
  - Investments in staff retention & development
  - Corporate responsibility

IWS Strategy

- Continuously re-engineering and improving our core systems is critical to our success
- Simplicity in IT systems, infrastructure and business services also deliver significant operational benefits and cost savings
- Transformation of our IT Systems will provide us with:
  - A single view of the customer and their complete relationship with Melbourne IT
  - A single view of Products, and the management of the product life-cycle
  - A platform to automatically provision and activate services for a range of supplier partners seamlessly and transparently for customers
  - Consolidated, single bills for customers for all services offered
  - An enhanced platform for cross-selling
  - Improvements in speed of processing
  - Greater flexibility and customer choice

IWS Architecture



Successfully Integrating Acquisitions

- We have undertaken five acquisitions in the past five years to accelerate growth in our business
  - Three have been integrated already – Domainz, Cogent, IDR

- Focus in the next 12 months will be:
  - Continuing WebCentral Group integration, which to date has exceeded expectations
  - Integrating the DBMS acquisition & optimising this investment

- Each acquisition brings its own unique challenges and complexities
  - Important to also maintain focus on existing business operations

Customer Experience

- Customer experience is paramount and a key competitive advantage in a commoditising market

- We are committed to investing in a range of new & existing initiatives:
  - New storage infrastructure
  - Call monitoring and performance management system
  - Billing and provisioning system improvements
  - Email system enhancements
  - Investment in eBusiness Centre expertise
  - Customer Service staff training initiatives
  - Regular customer feedback, such as surveys
  - Delivering enhanced flexibility and customer choice
  - Providing 24x7 support

Staff Retention & Development

- Melbourne IT's staff are central to our success & growth
- We are committed to recruiting, retaining, developing & rewarding high calibre employees
- Comprehensive staff benefits package
- Training & career development opportunities
  - Study assistance program for tertiary and post-graduate qualifications
  - Regular external project management & sales training program
  - Information Technology Infrastructure Library (ITIL) certifications
  - Confident Managers' Program
  - Preparation for Management
  - Executive Coaching
  - Adoption of online learning management system to facilitate global training

Corporate Responsibility

- IT and data centres in particular are resource intensive
- Addressing our environmental sustainability is important
- In 2007, we established a Sustainability Steering Group
  - Oversee and implement a strategy for carbon neutrality
  - Benchmark and validate the results of green initiatives
  - Prepare policies and guidelines for global operations
- In May 2008, a carbon audit of our Australian operations undertaken to set a benchmark for future activities
- In 2007, new technologies such as virtualisation reduced our CO_2 output by about 20% or 1,700 tonnes


Outlook

Outlook

- We are very proud of Melbourne IT's successful evolution from a domain name registrar into a global IT services company

- There are opportunities and challenges ahead
  - AUD/USD exchange rate
  - Managing & motivating staff in a global business
  - Developing a consistent corporate culture
  - Continuing commoditisation of domain names & low-end hosting
  - Ongoing development of products & services to meet escalating customer needs

- We are not complacent and will not stand still

2008 Group Guidance

- For the full year 2008, the DBMS acquisition and the Advantate joint venture are expected to have minimal impact on earnings
- In 2009, both DBMS and Advantate are expected to be EPS accretive
- All divisions have excellent growth prospects in 2008 and beyond
- In the first half of 2008, Melbourne IT expects to outperform the 1st & 2nd halves of 2007
- In the first half of 2008, Melbourne IT expects to report EBIT in excess of $11m
- Furthermore, we expect to outperform this result in the second half of 2008
- Given continued growth in cash flow and profit performance, our Board's expectation is to continue strong dividend payments in the future

Future Acquisition Strategy

- Accelerating growth through Mergers & Acquisitions is still on our agenda
- Melbourne IT will continue to evaluate opportunities that arise to consolidate and strengthen our position as a leading global provider of hosting and digital brand services
- However, in 2008 we recognise our focus must be on effectively integrating the recent DBMS acquisition and continuing the WebCentral integration process

Summary

EVOLUTION

OPPORTUNITY

EXECUTION

To achieve ongoing success for our shareholders, clients & staff, Melbourne IT will:

- Continue to evolve our business towards our goal of becoming a leading global IT services company
- Continue to pursue opportunities to deliver growth & success through M&A, product & service development and by leveraging our key relationships
- Focus on quality execution and managing risk in all aspects of our business operations

Thank You

- To our Board for their commitment, guidance and outstanding contribution
- To our global management and staff for their loyalty, effort and dedication that help drive our success
- I would like to personally thank Dr Mark Toner for his extremely valuable contribution to Melbourne IT’s growth into an ASX300 company over the last seven years


Questions?

Business of the Meeting

Financial Statements and Report

- To receive and consider the Annual Report, Financial Statements and the reports of the Directors and the Auditor for the year ended 31 December 2007

Resolution 1 - Re-election of Directors

a) Mr Simon Jones retires by rotation in accordance with rule 9.3 of the Company's Constitution and, being eligible, offers himself for re-election

b) Mr Tom Kiing retires by rotation in accordance with rule 9.3 of the Company's Constitution and, being eligible, offers himself for re-election

Resolution 2 - Adoption of Remuneration Report

- To adopt the Remuneration Report for the year ended 31 December 2007

Remuneration Report

- Philosophy
  - The performance of the company depends on the quality of its Directors, Executives and Staff
  - The company must therefore attract, motivate and retain highly skilled people
  - The Human Resources, Remuneration and Nomination Committee (HRRNC) is responsible for determining and reviewing remuneration for Directors, Executives and Staff

- Structure
  - In accordance with best practice governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct

Executive & Senior Manager Remuneration

- The Company rewards Executives and Senior Managers with a level and mix of remuneration commensurate with their position and responsibilities so as to:
  - Provide competitive rewards to attract high calibre Executives
  - Link Executive rewards to shareholder value
  - Have a significant portion of Executive remuneration "at risk", dependent upon meeting pre-determined financial and operational performance benchmarks (KPIs)
  - Establish appropriate, demanding performance hurdles for variable Executive remuneration

Executive & Senior Manager Remuneration

- Remuneration consists of two key elements:
  - Fixed remuneration (salary)
  - Variable remuneration
    - Short-Term Incentive (STI) – based on performance against company, business unit and personal performance KPIs
    - Long-Term Incentive (LTI) – share options with a performance hurdle
      - Pre 21 April 2006 – performance hurdle based on Earnings Before Interest and Tax (EBIT)
      - Post 21 April 2006 – performance hurdle based on Earnings per Share (EPS)

General Staff Remuneration

- Remuneration consists of two key elements:
  - Fixed remuneration (salary)
  - Variable remuneration
    - Long-term incentive (LTI) – options where the only performance hurdle is the effluxion of time. The exercise price of the options is based on the share price at the date of issue of the options

Non-Executive Director (NED) Remuneration

- Objective
  - The board seeks to set aggregate remuneration at an appropriate level to attract & retain Directors of the highest calibre at an acceptable cost

- Structure
  - Each NED receives a fixed fee and sits on at least one Board committee (ARMC or HRRNC).
  - An additional fee is paid for chairing a Board committee, in recognition of the additional time commitment and responsibility required
  - NEDs are encouraged to hold shares in the Company (purchased by them on market)
  - NED fees are reviewed every two years

Non-Executive Director (NED) Remuneration

- To align NED rewards with shareholder returns, prior to 2006 options were used as long-term incentives (LTIs), with a performance hurdle based on EBIT growth
- In 2006, no options were granted to directors as part of a transition to a new LTI scheme in 2007, which is a Deferred Share Plan.
  - Directors purchase shares on-market using at least 15% of their annual fees
- To compensate for loss of the LTI Option Plan, Directors' fees were increased in Jan 2007 as part of the bi-annual review
- For 2008, the NED base fee is $72,000 with an additional $10,000 for Board Committee Chairs (unchanged from 2007)
- The Board Chairman's fee is set at 2.3 x NED base fee.

Resolution 2 - Adoption of Remuneration Report

- Questions?

- Resolution: To adopt the Remuneration Report for the year ended 31 December 2007

Resolution 3 – Approval of Options to MD

MELBOURNE IT

- That the directors of Melbourne IT Limited be authorised at their discretion, to issue 600,000 options to subscribe for fully paid shares in the Company in accordance with the Melbourne IT Employee Option Plan Rules to the Managing Director, Mr Theo Hnarakis, and for these securities to be an exception to Australian Securities Exchange Listing Rule 7.1

Resolution 4 – Directors' Remuneration

- That approval be given to increase the maximum total remuneration payable to non-executive directors under rule 48 of the Company's Constitution from $700,000 to $1 million

Resolution 5 –Options under Employee Option Plan

- That approval be given to the issue of securities under the Company Employee Option Plan as an exception to Australian Securities Exchange Listing Rule 7.1 (last approved by shareholders at the 2006 AGM).

Resolution 6 - Renewal of Partial Takeover Provision

- That approval be given to renew rule 5.10 of the Company's Constitution on expiry (last approved by shareholders at the 2005 AGM).

Questions?