

ASX ANNOUNCEMENT

Market Update

Melbourne, 26 October 2010 – The continuing strength of the Australian Dollar against the US Dollar and major European currencies will impact Melbourne IT's second half performance and full year results more than previously predicted. More than half of Melbourne IT's revenues are derived from markets outside of Australia.

Management projects that 2010 full year operating profits may be 5%-10% lower than the full year 2009 profit.

Melbourne IT's Digital Brand Services (DBS) unit in particular continues to be impacted by the strong Australian Dollar and the health of economies in the Northern Hemisphere. Although we expect DBS's full year profit to outperform 2009, the growth will not be as great as initially anticipated.

ForTheRecord's full year performance will be down against 2009 profit levels. Given the current tightening of US government spending in the court room market and the strength of the Australian Dollar, we expect ForTheRecord's profitability to be down \$700,000 on last year's result.

Melbourne IT's small business divisions, GPS and SMB, are currently trading at slightly lower profit levels than last year.

The company expects the Enterprise Services division to maintain its solid growth as previously indicated to the market.

Finally, the transformation project continues to be rolled out in line with expectations, with New Zealand to be our first site integrated by the end of Q1 in 2011.

ENDS.

About Melbourne IT

Melbourne IT (ASX: MLB) helps organisations of all sizes to successfully do business online. Our complete portfolio of Internet-based technology services drives business effectiveness and profitability for more than 350,000 customers around the world.

The breadth of Melbourne IT's offering extends from helping small businesses build an online presence through to managing the complex technology environments of large enterprises and governments – including Internet domain name services, web hosting, online brand protection and promotion, video content delivery, managed IT services and more.

Melbourne IT's culture of integrity, innovation, collaboration and customer centricity has been built by more than 700 employees spread across 18 offices in 10 countries. Our customers include Volvo, GlaxoSmithKline, Lego, Queensland Department of Education and Training, Société Générale, Aurecon Asia-Pacific, Coca-Cola Amatil and Twitter. For more information, visit www.melbourneit.info

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