

N E X T D C

**Interim Financial Report
For the Period 11 May 2010 to 31 December 2010**

Contents

| | |
|---|----|
| Directors' Report | 1 |
| Auditor's Independence Declaration | 3 |
| Results for Announcement to the Market | 4 |
| Condensed Statement of Comprehensive Income | 5 |
| Condensed Statement of Financial Position | 6 |
| Statement of Changes in Equity | 7 |
| Statement of Cash Flows | 8 |
| Notes to the Financial Statements | 9 |
| Directors' Declaration | 12 |
| Independent auditor's review report | 13 |



Directors' Report

The directors of NEXTDC submit the interim financial report of the Company for the period 11 May 2010 to 31 December 2010.

Directors

The names of directors who held office during or since the end of the period:

- | | |
|---------------------|-----------------------------------|
| > Mr Roger Clarke | Chairman, Non-Executive |
| > Mr Bevan Slattery | CEO, Managing Director, Executive |
| > Mr Craig Scroggie | Non-Executive |
| > Mr Greg Baynton | Non-Executive |
| > Mr Robin Khuda | CFO, Company Secretary, Executive |

Review of Operations

The Directors of NEXTDC Limited ("the Company" or "NEXTDC") are pleased to present its first interim financial report for the period ended 31 December 2010.

EBITDA loss of \$536,832 and NPAT loss of \$697,585 for the period ended 31 December 2010 are in line with the Company's internal estimate and reflective of the start-up nature of the business as it constructs a number of data centres in Australia.

Since its successful listing on the Australian Stock Exchange on 13 December 2010, the Company has made considerable progress in developing its Brisbane and Melbourne data centre facilities, and setting up a highly experienced operational and sales team in accordance with its plans.

Brisbane Data Centre Facility Update

As disclosed in its ASX announcement on 11 February 2011, the Brisbane Facility "B1" refurbishment program is progressing well and in accordance with our internal timeframe. B1 is expected to go live at the end of May. All major infrastructure items have been ordered and much has already arrived.

The Development Application for the standby generator installation has now finished advertising and it has been confirmed that there were no objections to the Application. Council is now going through a decision process which will take up to 20 business days.

Melbourne Data Centre Facility Update

NEXTDC has now engaged FDC Construction and Fitout Pty Ltd for the construction and initial Fitout of the Melbourne data centre facility. As per its ASX announcement on 11 February 2011, NEXTDC expects to receive formal Development Approval in the next few weeks. The current draft terms and expected timing of the approval are consistent with NEXTDC's overall project schedule for the Melbourne facility.

Sydney Data Centre Facility Update

NEXTDC is working towards the planned announcement of its Sydney site by the end of March 2011.



Operational Update

Through its targeted recruitment campaign, the Company has been able to attract a number of highly talented and experienced resources for both technical and customer facing positions.

As of 24 February 2011, the Company employs 12 full-time equivalent resources, and a further 4 full-time resources to commence within next 4 weeks. Resource breakdown by job functions:

- > Sales 5 resources
- > Technical 6 resources
- > Admin 5 resources

NEXTDC expects to employ additional customer-facing sales resources over the coming months to address market demand and to secure new customers.

In addition to finalising binding Heads of Terms with Harbour MSP Pty Ltd for a dedicated 1,000m² data hall in Melbourne, the Company is currently actively pursuing a number of sales opportunities. Given the level of ongoing enquiry from potential customers supported by a highly successful sales team, NEXTDC remains confident of future sales in Brisbane and Melbourne in coming months.

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 3 for the period 11 May 2010 to 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors.

Director

Bevan Slattery

Dated this 24th day of February 2011



Auditor's Independence Declaration

As lead auditor for the review of NEXTDC Limited for the period 11 May 2010 to 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Trevor Mahony', with a long, sweeping tail extending to the right.

Trevor Mahony
Partner
PricewaterhouseCoopers

Brisbane
24 February 2011

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Results for Announcement to the Market

Summary of Financial Information

As this is the first financial reporting period for the Company, there are no comparative amounts or balances.

| | 11-May-10 to 31-Dec-10 | Prior period | \$ Change | % Change |
|--|---------------------------|--------------|-----------|----------|
| Revenue from ordinary activities <i>(Appendix 4D Item 2.1)</i> | 214,534 | N/A | N/A | N/A |
| Profit/(loss) from ordinary activities after income tax for the period attributable to members <i>(Appendix 4D Item 2.2)</i> | (771,507) | N/A | N/A | N/A |
| Net profit/(loss) after income tax attributable to members <i>(Appendix 4D Item 2.3)</i> | (697,585) | N/A | N/A | N/A |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | (536,832) | N/A | N/A | N/A |

| NTA Backing | 31-Dec-10 | Prior period |
|--|-------------|--------------|
| Net tangible assets per share in cents | 71.76 cents | N/A |

| Interim Dividend Distribution | Amount per share |
|--|------------------|
| Current period Interim dividend ** | - |
| Previous period Final dividend | - |
| Interim dividend | - |

** No interim dividend has been proposed or declared in respect of the period ended 31 December 2010

There are no entities over which control has been gained or lost during the period.

Explanation of Revenue from Ordinary Activities *(Appendix 4D item 2.6)*

Revenue from ordinary activities only includes interest income and excludes "other income" relating to rental income as this income is not in the ordinary activities of the Company.

Explanation of Profit/(loss) from ordinary activities after tax *(Appendix 4D item 2.6)*

Profit / (loss) from ordinary activities excludes the revenues and expenses relating to the period which tenants occupied a building owned by NEXTDC. The Directors believe these are not ordinary activities of the Company and thus should be excluded.

**Condensed Statement of Comprehensive Income**

For the Period 11 May 2010 to 31 December 2010

| | Note | 31.12.2010 |
|---|------|------------------|
| | | \$ |
| Revenue | | |
| Data centre revenue | | - |
| Interest income | | 214,534 |
| Other income | 3a | 206,360 |
| | | <u>420,894</u> |
| Expenses | | |
| Employee benefits expense | | 357,663 |
| Depreciation and amortisation expense | | 331,974 |
| Legal and professional fees | | 89,111 |
| Property maintenance expenses | 3a | 132,439 |
| Marketing and advertising | | 87,086 |
| Accounting and audit fees | | 17,000 |
| Finance costs | | - |
| Other expenses | 3b | 59,893 |
| | | <u>(654,272)</u> |
| Profit / (Loss) before income tax | | (654,272) |
| Income tax credit / (expense) | | (43,313) |
| | | <u>(697,585)</u> |
| Profit / (Loss) for the period | | (697,585) |
| | | <u>(697,585)</u> |
| Total comprehensive income / (loss) for the period | | (697,585) |
| | | <u>(697,585)</u> |
| Profit / (Loss) attributable to: | | |
| — members of the entity | | (697,585) |
| — non-controlling interest | | - |
| | | <u>(697,585)</u> |
| Total comprehensive income / (loss) attributable to: | | |
| — members of the entity | | (697,585) |
| — non-controlling interest | | - |
| | | <u>(697,585)</u> |
| | | <u>(697,585)</u> |
| Earnings per share | | |
| From continuing operations: | | |
| — basic earnings / (losses) per share in cents | | (0.87) |
| — diluted earnings / (losses) per share in cents | | (0.87) |

**Condensed Statement of Financial Position
As at 31 December 2010**

| | Note | 31.12.2010 |
|--------------------------------------|------|-------------------|
| | | \$ |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | | 40,794,306 |
| Trade and other receivables | | 374,073 |
| Other current assets | | 176,485 |
| Financial assets | | 70,000 |
| TOTAL CURRENT ASSETS | | <u>41,414,864</u> |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | | 15,384,654 |
| Capital WIP | | 1,777,630 |
| Deferred tax assets | 6 | 472,658 |
| Intangible assets | | 23,136 |
| TOTAL NON-CURRENT ASSETS | | <u>17,658,078</u> |
| TOTAL ASSETS | | <u>59,072,942</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | | 1,111,250 |
| Other financial liabilities | | - |
| Current tax liabilities | | - |
| Short-term provisions | | - |
| TOTAL CURRENT LIABILITIES | | <u>1,111,250</u> |
| NON-CURRENT LIABILITIES | | |
| Deferred tax liabilities | | 54,505 |
| Long-term provisions | | - |
| TOTAL NON-CURRENT LIABILITIES | | <u>54,505</u> |
| TOTAL LIABILITIES | | <u>1,165,755</u> |
| NET ASSETS | | <u>57,907,187</u> |
| EQUITY | | |
| Issued capital | | 58,538,786 |
| Share-based payment reserve | | 65,986 |
| Retained earnings | | (697,585) |
| TOTAL EQUITY | | <u>57,907,187</u> |



Statement of Changes in Equity
For the period 11 May 2010 to 31 December 2010

| | Notes | Issued Capital Ordinary \$ | Reserves \$ | Retained Earnings \$ | Total \$ |
|---|-------|-------------------------------------|----------------|----------------------------|-------------------|
| Balance at 11 May 2010 | | 100 | | - | 100 |
| Profit / (Loss) | | - | | (697,585) | (697,585) |
| Total other comprehensive income for the period | | - | - | - | - |
| Proceeds from issue of share capital | | 58,538,686 | - | - | 58,538,686 |
| Share options | | - | 65,986 | - | 65,986 |
| Subtotal | | 58,538,786 | 65,986 | (697,585) | 57,907,187 |
| Dividends paid or provided for | 2 | - | - | - | - |
| Balance at 31 December 2010 | | 58,538,786 | 65,986 | (697,585) | 57,907,187 |



Statement of Cash Flows
For the Period 11 May 2010 to 31 December 2010

| | 31.12.2010 |
|---|--------------------------|
| | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from sundry revenue | 220,521 |
| Payments to suppliers and employees | (770,632) |
| Interest received | 34,721 |
| Income tax paid | - |
| Net cash (used in) / provided by operating activities | <u>(515,390)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Payments for property, plant and equipment | (16,674,488) |
| Payments for intangible assets | (23,136) |
| Net cash (used in) / provided by investing activities | <u>(16,697,624)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Proceeds from issue of shares, net of costs | 58,077,320 |
| Payments to establish bank financing facility | (70,000) |
| Dividends paid | - |
| Net cash (used in) / provided by financing activities | <u>58,007,320</u> |
| Net increase / (decrease) in cash held | 40,794,306 |
| Cash and cash equivalents at beginning of period | - |
| Cash and cash equivalents at end of period | <u><u>40,794,306</u></u> |

Notes to the Financial Statements

For The Period 11 May 2010 to 31 December 2010

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim period 11 May 2010 to 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the activities and financial position and performance of NEXTDC Ltd ("the Company"). As such, it does not contain detailed information that would normally be contained in an annual financial report.

As these are the first financial statements prepared by NEXTDC Ltd, there are no available comparative figures.

NOTE 2: DIVIDENDS

The Directors of NEXTDC have not declared or paid any dividends.

NOTE 3: FINANCIAL PERFORMANCE

- (a) Other income and property maintenance expenses relate to rental income earned and costs incurred in relation to operating NEXTDC's building as a rental property when the Company first acquired it in August 2010. As at the date of the report, all tenants had vacated the building.
- (b) Other expenses include miscellaneous costs such as general office administration, share trading costs, insurance expense and travel and accommodation.

NOTE 4: ISSUED AND QUOTED SECURITIES

| | 31 December 2010 | |
|---|-------------------|-------------------|
| | No. shares | \$ |
| Ordinary securities | | |
| Balance at beginning of financial period | - | - |
| Issued during the period | | |
| — At establishment of the Company | 40,000,000 | 20,000,100 |
| — Initial public offer | 40,000,000 | 40,000,000 |
| — Less transaction costs on shares issued | - | (1,461,314) |
| Balance at end of the financial period | 80,000,000 | 58,538,786 |



Notes to the Financial Statements
For The Period 11 May 2010 to 31 December 2010

NOTE 5: OPERATING SEGMENTS

(i) Segment performance

| | Data Centre \$ | Total \$ |
|---|-------------------|-------------|
| 11 May 2010 to 31 December 2010 | | |
| Revenue | - | - |
| External sales | - | - |
| Inter-segment sales | - | - |
| Interest revenue | - | - |
| Total segment revenue | <u>-</u> | <u>-</u> |
| Segment net profit/(loss) before tax | | <u>-</u> |

Reconciliation of segment result to Company net profit/(loss) before tax

Amounts not included in segment result:

| | |
|--|------------------|
| — depreciation and amortisation | (331,974) |
| — sundry revenue | 420,895 |
| — salaries and wages | (349,440) |
| — finance costs | - |
| — other | (393,753) |
| Net profit/(loss) before tax from continuing operations | <u>(654,272)</u> |

(ii) Segment assets

| | Data Centre \$ | Unallocated \$ | Total \$ |
|---|-------------------|-------------------|-------------------|
| Opening balance 11 May 2010 | - | - | - |
| Additions | 17,073,116 | 41,999,826 | 59,072,942 |
| Disposals | - | - | - |
| Closing balance 31 December 2010 | <u>17,073,116</u> | <u>41,999,826</u> | <u>59,072,942</u> |



Notes to the Financial Statements
For The Period 11 May 2010 to 31 December 2010

NOTE 6: DEFERRED TAX ASSETS

An amount of \$472,658 has been recognised as a deferred tax asset in relation to temporary differences arising from employee entitlements and IPO costs incurred during the year.

The Company potentially has access to further deferred tax assets in the future as follows:

| | 31.12.10 |
|---|-----------------|
| | \$ |
| Unused tax losses for which no deferred tax asset has been recognised | 1,068,569 |
| Potential tax benefit @ 30% | 320,571 |

This benefit of tax losses will only be realised if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- the Company continues to comply with the conditions and deductibility imposed by tax legislation; and
- there are no changes in tax legislation that adversely affect the Company in realising the benefit.

NOTE 7: RELATED PARTIES TRANSACTIONS

During the period ended 31 December 2010, NEXTDC Limited entered into an agreement with RBS Morgans Corporate Limited to act as Joint Lead Manager and Underwriter to NEXTDC Limited's Initial Public Offering (IPO). Mr Roger Clarke is the Chairman of the Board of Advice at RBS Morgans Limited, a broker to the offer, which is also related entity of RBS Morgans Corporate Limited. The contract is for an underwriting fee of 3% of the total amount raised under the Offer and a management fee of 1% for management services in respect of the Offer. The agreement is based on normal commercial terms and conditions.

NOTE 8: CONTINGENT LIABILITIES

The Company is not aware of any contingent liabilities.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events subsequent to the reporting date.



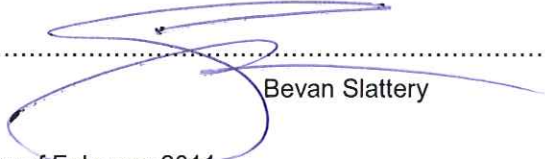
Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the period 11 May 2010 to 31 December 2010.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director


Bevan Slattery

Dated this 24th day of February 2011



Independent auditor's review report **To the members of NEXTDC Limited**

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of NEXTDC Limited, which comprises the balance sheet as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, selected explanatory notes and the directors' declaration for NEXTDC Limited (the Company).

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2010 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NEXTDC Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the period ended 31 December 2010 included on NEXTDC's web site. The Company's directors are responsible for the integrity of the NEXTDC Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of NEXTDC Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the period 11 May 2010 to 31 December 2010; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Trevor Mahony
Partner

Brisbane
24 February 2011

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