NEXTDC

Annual Report

NEXTDC Limited

For the year 1 July 2011 to 30 June 2012

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ABN 35 143 582 521

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We are enabling the cloud revolution by delivering power-efficient data centres across Australia and New Zealand that provide the highest standards of availability, connectivity, and security that organisations need to transition to cloud computing.

Corporate Directory

Directors

Mr Roger Clarke
Mr Craig Scroggie
Mr Edward (Ted) Pretty
Mr Greg Baynton
Mr Bevan Slattery
Mr Robin Khuda

Company Secretary

Ms Tanya Mangold (appointed 15 October 2012)
Mr Robin Khuda (until 14 October 2012)

Notice of annual general meeting

The annual general meeting of NEXTDC Limited will be held at:

RBS Morgans
Level 29, 123 Eagle Street
Brisbane Qld 4000

2:00 PM (Brisbane time)
Friday, 30 November 2012

Principal registered office in Australia

Level 4, 88 Creek Street
Brisbane Qld 4000

Website address

www.nextdc.com

Share and debenture register

Link Market Services
Level 15, 324 Queen Street
Brisbane Qld 4000

Auditor

PricewaterhouseCoopers
Level 15, Riverside Centre
123 Eagle Street
Brisbane Qld 4000

Solicitors

Clayton Utz
Level 28, Riparian Plaza
71 Eagle Street
Brisbane Qld 4000

Stock exchange listings

NEXTDC Limited shares are listed on the Australian Securities Exchange (ASX) under ticker code NXT.

Letter from the Chairman

Dear Shareholder,

On behalf of the board of directors of NEXTDC Limited, it is my pleasure to present NEXTDC Limited's (the "Company") second annual report and to invite you to join us at the Company's upcoming Annual General Meeting. The full 2012 Annual Report and all market releases are available for download from the investor section of the Company's website (www.nextdc.com).

I am pleased to advise that the Company has made significant progress in achieving its key milestones over the past twelve months. These include successful launches of our first three facilities in Brisbane, Melbourne and Canberra respectively and release of our revolutionary customer portal, ONEDC®. The CEO's report provides detail on these and other milestones achieved during the past financial year.

The 2012 financial year saw NEXTDC make a number of strategic decisions which will further position the Company for success and provide a platform for NEXTDC's future prosperity.

Craig Scroggie was appointed to the role of Chief Executive Officer and executive director of NEXTDC during June this year. As you may be aware, Craig was previously a non-executive Director on the Company's board. His enthusiasm, experience and extensive contacts throughout Australia and Asia will be a boon to the Company's existing sales and strategic development plans. Craig's appointment has allowed the Company's founder and former CEO, Bevan Slattery, to take the role of Deputy Chairman and non-executive director which has allowed the Board to enhance the Company's corporate governance. Mr Slattery will continue to play a close and important role as Founder and Deputy Chairman as the Company executes its growth strategy.

The Board has prioritised the establishment of a nationwide footprint and creation of a unique customer ecosystem within its data centre facilities. With its well-funded balance sheet, the Company is well positioned to progress with its expansion plans, and has a degree of flexibility in acquiring and managing new resources to meet customer demand.

NEXTDC intends to further enhance its balance sheet by establishing Australia's first listed data centre property fund to be known as the Asia Pacific Data Centre Trust ("APDC"). APDC will be designed to offer investors an attractive yield with the benefit of an asset backed investment through a single landlord and tenant arrangement in the growing data centre market.

The future remains bright for NEXTDC. The Company continues to develop its national footprint of data centres and will consider new growth opportunities. Over the coming year, NEXTDC will continue to strengthen its presence in the Australian ICT landscape with the aim of being Australia's premier data centre provider. On behalf of the Board, I thank our new CEO Craig Scroggie, his senior management team and all of our employees for their tireless contributions over the past twelve months.

Roger Clarke
Chairman

Craig Scroggie - NEXTDC CEO

Letter from the CEO

In this, my first annual report as Chief Executive Officer, I would like to acknowledge the strong support from our shareholders, staff, suppliers and customers throughout the year. The 2011/12 financial year has proven to be a significant milestone in the Company's short history.

In October 2011, our first data centre in Brisbane (B1) went live, with the aim of redefining the Australian data centre market by showcasing technological innovation including efficiency, high availability and superior security. Although B1 is our smallest facility within our planned national portfolio, it showcases a rich ecosystem with customers from various industry verticals on board. I believe B1 demonstrates our commitment and vision to become the most recognised, connected and trusted data centre provider in Australia.

Fast-forward to 4 July, which saw us launch one of the largest data centres in the country and by far the largest independent data centre in Melbourne (M1). Our flagship M1 facility provides world class enterprise data centre space for commercial and government customers of all shapes and sizes.

The first of our customers recently moved into our Canberra facility (C1), where the initial stages of the ex-government data centre re-fit are all but complete. Like our other data centres, C1 showcases high density technical space that will enable federal government agencies to transition to cloud computing. Construction of our remaining two facilities in Sydney and Perth is expected to be completed in the 3rd and 4th quarters of the 2013 calendar year.

The Company recorded a loss of $10.7m for the year 1 July 2011 to 30 June 2012. This loss primarily relates to employee benefits expense of $7.1m, facility related expenses of $2.89m and other costs normally incurred in the start-up of a company. The Company received approximately $3.6 million interest income during that period through efficient cash flow and suppliers' payment term management.

The 2012 financial year was the first year the Company booked revenue from its core operations. With B1 only going live in October 2011, the nominal revenue of $1.2m represents various start dates for foundation customers. It is anticipated, based on existing contracted customers and our Melbourne and Canberra facilities coming online, that revenue will grow considerably in the 2013 financial year.

The other important facet of our business is our customer experience which was bolstered in July 2012 with the launch of our ONEDC® platform. Built in-house, ONEDC® empowers our customers to manage their critical IT infrastructure through internet enabled devices. Customers can access real-time information about their racks and suites, as well as security controls and instant communication with our Service Management Centre (SMC). ONEDC® is a game changer and a revolutionary concept with endless possibilities.

The cloud revolution has already begun. With the strong balance sheet and unique value proposition that has already been established by our experienced management team, NEXTDC has started to deliver state-of-the-art data centres and customer experiences that are transforming the Australian ICT landscape.

I am extremely excited by the journey that we have begun and the opportunities that the next twelve months will present.

Craig Scroggie
CEO

Review of Operations

This review of operations covers the year ended 30 June 2012 which is NEXTDC's second year of operations. During this period, NEXTDC's operations consisted of predominantly construction of facilities and recruiting a high performing team in line with anticipated growth in coming years.

NEXTDC's purpose-built facilities have been designed to address the market's growing appetite for energy-efficient, independent data centres in which organisations can host their critical IT infrastructure and also address the emergence and growth of cloud (internet-based) computing.

NEXTDC offers a range of flexible, scalable colocation solutions to corporate, government and wholesale customers, providing real-time management controls while also addressing the challenges of security, connectivity and availability.

As the only ASX-listed independent data centre operator with a strategic footprint in all major growth markets in Australia, NEXTDC is quickly growing to be Australia's premier data centre provider.

ONEDC®

Over the past twelve months, NEXTDC made significant investment in the development of a revolutionary self-service data centre management portal called ONEDC®. The ONEDC® portal is available through any web-enabled device. Through the ONEDC® portal, NEXTDC provides customers with real-time access to environmental information, security controls and audit information, in addition to an integrated ticketing system and account management functions.

On 11 July 2012, NEXTDC announced the general release of ONEDC® to all customers. The release earmarks a world first development in the data centre industry and highlights one of NEXTDC's many innovations.

ONEDC® sets a new benchmark for customer service in the data centre industry. With ONEDC®, customers have visibility and control of their data centre space at any of NEXTDC's national facilities.

Capital Recycling Program

On 25 July 2012, NEXTDC announced its intention to launch Australia's first listed data centre property fund to be known as the Asia Pacific Data Centre Trust ("APDC") that will enable the Company to recycle lower yield assets that will further enhance its balance sheet.

It is proposed APDC would initially acquire the Sydney (S1), Melbourne (M1) and Perth (P1) data centre sites and lease them back to NEXTDC via a triple net lease, similar in structure to existing ASX listed REITs.

While NEXTDC is expecting to initially hold between 25% and 50% equity ownership of the proposed fund, it is planned that APDC will be a separately and independently operated vehicle to NEXTDC, with the responsible entity, Asia Pacific Data Centres Limited, having a dedicated Board with a majority of independent directors, along with a dedicated management team structure.

The planned launch of APDC has followed the Company's first capital recycling initiative announced in December 2011, with the sale-and-lease-back of its B1 data centre facility. Given the successful sale-and-lease-back of B1, APDC is being designed to provide a formalised and long-term vehicle for the Company's capital recycling initiative.

APDC is expected to be launched by the end of the 2012 calendar year.

Facilities and Services

B1 Brisbane

Officially opened on 10 October 2011, B1 was the first of NEXTDC's data centres to go live. B1 showcases a unique combination of the latest technology in data centre design and usability features that make it a premium facility.

The facility is located in the centre of Brisbane's CBD, close to all major transport links through Brisbane.

The original building was a purpose-built concrete bunker owned by Golden Casket and has been upgraded with the latest data centre technology for power, security, and cooling.

This premium facility is Queensland's most fibre connected commercial data centre, benefiting from diverse fibre network infrastructure of the Brisbane CBD.

B1 boasts a total of 1,800m^2 technical space and an IT load of 2.25 MW.

M1 Melbourne

NEXTDC's flagship data centre facility, M1, is located in Port Melbourne and was officially opened on 4 July 2012. M1 is a 17,500m^2 facility delivering a total 12 MW ICT load when fully fitted out.

The facility boasts many security measures including:

- six 1,000m^2 data halls designed as separate concrete bunkers within a large concrete bunker to provide maximum protection
- bulletproof security access throughout the entire lobby security area, and
- the latest dual and triple factor encrypted challenge and authentication systems.

M1 embodies energy efficiency, high availability and superior security levels.

The 400kW solar array due to be installed by the Australian firm Energy Matters will generate 550 MW hours of electricity annually, enough to power a NABERS 4 star rated office space for over 890 people for a year and will offset approximately 670 tonnes of carbon emissions per year, which is equivalent to the emissions from 200 cars.

C1 Canberra

In July 2011, NEXTDC entered into a 15-year operating lease over a purpose-built data centre facility in Bruce, ACT. C1 is designed to a very high level to meet a range of physical security specifications, with complex and specialised engineering services providing high levels of service and reliability including two on-site substations with separate power feeds.

A facility built by government, for government, C1 is now revamped with new technologies to power the cloud in the capital region. Being a former federal government data centre, security at C1 is of a very high level.

This strategically located facility is approximately 6 kilometres north-west of ACT's capital city of Canberra offering excellent access to major public and fibre optic infrastructure. The facility is well connected by Telstra, Optus, Transact, Nextgen, Vocus and PIPE Networks. ICON (Intra Government Communications Network) fibre will also be available which is critical in offering secure and reliable connectivity to both Government and cloud providers.

C1 went live in August 2012 and started welcoming the first customers into the facility. Over the next few months, NEXTDC will continue its modernisation program for this facility including upgrading its power capacity. Upon power upgrade, C1 will provide approximately 4 MW of IT load capacity over 2,000m^2 technical space, of which 1 MW will be fitted out initially. C1 will also provide approximately 90 hot desks for disaster recovery solutions.

P1 Perth: Computer-Generated Render of Intended Construction Design

P1 Perth

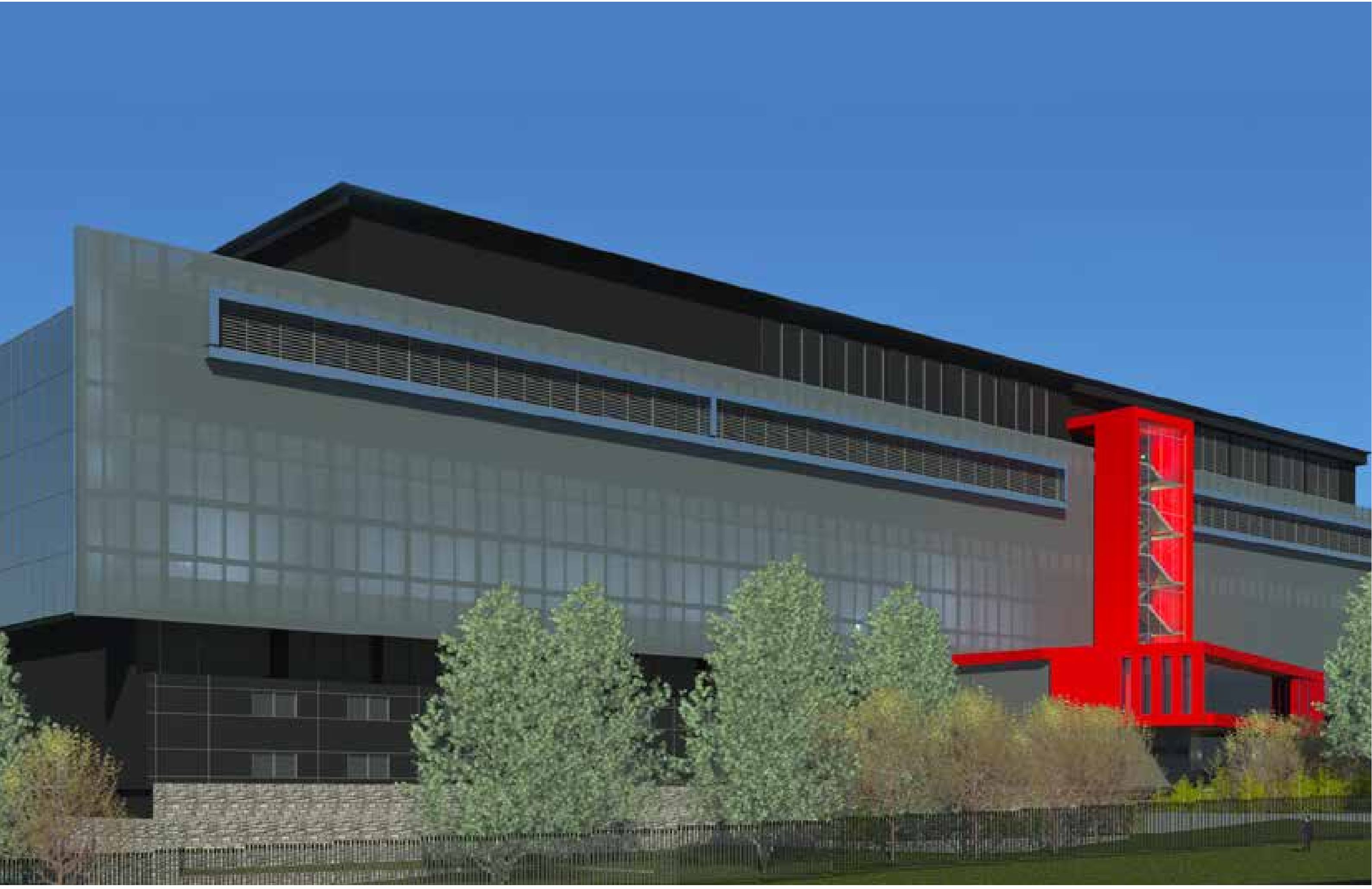
Situated on 8,100m^2 of vacant land in Malaga, Perth, NEXTDC's planned P1 Perth facility is strategically located 11 kilometres north-east of Perth's CBD and also offers excellent access to major public and telecommunications infrastructure.

The facility has proximity to a major electricity substation and has fibre optic infrastructure from Nextgen, Amcom, Optus and Telstra at the street. It will be constructed to a standard that meets high level security and engineering specifications.

NEXTDC received formal development approval from the Western Australian Government on 9 January 2012. As at the date of the report, design of the facility was being finalised and construction is expected to commence in the first quarter of the 2013 calendar year.

Like M1, the P1 facility design incorporates some of the most advanced green initiatives. Additionally, the P1 design will incorporate direct free air cooling technology and has a target PUE of 1.3, which will be one of the lowest in the country.

When fully fitted out, P1 will provide 6 MW of IT load capacity over 3,000m^2 technical space. A unique feature of P1 will be the 2,000m^2 dedicated office space that can be made available for customers to reserve as part of their business continuity planning.



S1 Sydney: Computer-Generated Render of Intended Construction Design

S1 Sydney

NEXTDC's S1 Sydney data centre will represent the second largest of its facilities when fully fitted out. Situated in the Northern Sydney technology hub at Macquarie Park, the S1 facility will boast 11 MW of ICT load when fully fitted out across 5,600m^2 of technical space. The initial power supply allocation has been secured with the relevant utility provider.

This strategically located site is approximately 12 kilometres north-west of Sydney's CBD and is ideally situated adjacent to major public, telecommunications and power infrastructure in a precinct which is recognised as one of Australia's major technology hubs.

Like the M1 and P1 facilities, the S1 facility design incorporates some of the most advanced green initiatives. Additionally, the S1 facility design will incorporate direct free air cooling technology.

Construction works commenced in May 2012. NEXTDC anticipates a go live date of Q4 2013 calendar year.

NEXTDC Services

NEXTDC offers national data centre capability under one simple supply agreement which streamlines the procurement of services regardless of location. Services are scalable, enabling customers to benefit from a solution that can expand as their business grows.

Private Data Suites

Private data suites are solutions aimed at customers with larger space and higher security requirements. Each caged suite is fully secured with its own security access and will have its own power distribution board, enabling customers to monitor their power consumption.

Blocks and Racks

Blocks and racks are aimed at customers with smaller space requirements. Individual racks or blocks of at least 10 contiguous racks provide a flexible option for those seeking to gain access to the cost and convenience benefits associated with colocation data centre infrastructure.

Carrier Racks

In each data centre there is a dedicated data suite for carriers to set up a point of presence in order to provide fibre carriage services to customers. Customers can connect with their preferred carrier, or with each other, through our cross connect service.

Mr Craig Scroggie - NEXTDC CEO

Directors' Report

The directors present their report on the consolidated entity (referred to hereafter as the 'Group') consisting of NEXTDC Limited and the entities it controlled at the end of, or during, the year ended 30 June 2012.

Directors

The following persons were directors of the Company during the whole of the period and up to the date of this report (unless otherwise specified):

- Mr Roger Clarke
- Mr Craig Scroggie
- Mr Edward (Ted) Pretty
- Mr Greg Baynton
- Mr Bevan Slattery
- Mr Robin Khuda

Principal activities

During the period the principal continuing activities of the Group consisted of building and operating independent data centres in Australia.

The following significant changes in the nature of the activities of the Group occurred during the period:

- raising approximately $50 million of equity through an institutional placement in August and September 2011
- successfully completing the sale and leaseback of the land and building of the B1 facility
- raising approximately $41.4 million through an institutional placement in April 2012 and approximately $9.93 million through a shareholder purchase plan in May 2012.

Dividends

Dividends were neither paid nor declared during the period.

Review of operations

Information on the operations of the Group and its business strategies and prospects is set out in the review of operations starting on page 8 of this annual report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial period were as follows:

- Contributed equity increased by $50,000,001 in August/ September 2011 as a result of an institutional placement
- Contributed equity increased by $51,324,800 in April/ May 2012 as a result of an institutional placement and shareholder purchase plan
- In June 2012, Mr Craig Scroggie, who was formerly a non-executive director of the board of NEXTDC, was appointed as an executive director and as the Company's CEO. In order to accommodate this change, Mr Bevan Slattery, the now former CEO, was appointed as Executive Deputy Chairman.

Details of the changes in contributed equity are disclosed in note 21 to the financial statements.

Matters subsequent to the end of the financial period

On 15 October 2012, NEXTDC announced the following:

- Ms Tanya Mangold was appointed as NEXTDC's Chief Legal Officer and Company Secretary
- Mr Paul Jobbins was appointed as NEXTDC's Chief Financial Officer
- Mr Bevan Slattery moved into a non-executive role but remains a director of NEXTDC.

On 25 July 2012, NEXTDC Limited announced plans to launch Australia's first listed data centre property fund to be known as Asia Pacific Data Centre Trust ("the Trust"). The purpose of Trust would be to initially acquire the land and building of NEXTDC's Sydney (S1), Melbourne (M1) and Perth (P1) data centre sites, and lease them back to NEXTDC via a triple net lease arrangement. This arrangement is expected to free-up a significant amount of capital for reinvestment by NEXTDC.

As at the date of this report, the specific details of the Trust and its impact on the Group had not been finalised. Consequently, no financial impact can be disclosed.

Likely developments and expected results of operations

Likely developments in the operations of the Group that were not finalised at the date of this report included:

- The go live date of data centres as outlined in the Review of Operations section starting on page 8
- Capital recycling program including the sale and leaseback of assets
- Financing arrangements
- Expansion program
- Mergers and acquisitions

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is subject to significant environmental regulation in respect of its land and building development activities as set out below.

Land and building development approvals

Planning approvals are required for land and building development at all our facilities including, but not limited to:

- M1: Planning and Environment Act 1987 (Vic)
- C1: Australian Capital Territory (Planning and Land Management) Act 1998 (ACT)
- P1: Planning and Development Act 2005 (WA)
- S1: Environmental Planning and Assessment Act 1979 (NSW)

The relevant authorities are provided with regular updates and, to the best of the directors' knowledge, all activities have been undertaken in compliance with the requirements of the planning approvals.

Greenhouse gas and energy data reporting requirements

NEXTDC is not currently a large consumer of energy or an emitter of greenhouse gases. However, the Group expects in the future that it may be subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 will require the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. When applicable, the Group continues to meet its obligations under this Act.

The National Greenhouse and Energy Reporting Act 2007 will require the Group to report its annual greenhouse gas emissions and energy use. The Group intends to implement systems and processes for the collection and calculation of the data required, and to comply with its obligations under this Act, when applicable.

Information on directors

Mr Roger Clarke

Chairman
Independent Non-Executive Director (since June 2010)

Experience and expertise

Mr Roger Clarke is the Chairman of the board and has over 30 years' commercial experience in the investment banking industry, with responsibilities in fund management, banking and corporate finance.

Other current directorships

He is currently the Chairman of the Board of Advice at RBS Morgans Limited, and in this capacity has been involved in a significant number of initial public offerings, capital raisings and corporate transactions.

Mr Clarke currently serves as the chairman of Tissue Therapies Limited, MTA Insurance Limited and Coalbank Limited. He is also a director of Maverick Drilling and Exploration Limited and Trojan Equity Limited.

Former directorships

Previously Mr Clarke was the Chairman of PIPE Networks Limited.

Special responsibilities

- Chairman of the Board of Directors
- Member of the Audit and Risk Management Committee
- Member of the Remuneration and Nominations Committee

Interests in shares and options

Mr Clarke holds 287,979 fully paid ordinary shares in NEXTDC Limited and 250,000 unlisted options.

Mr Craig Scroggie

Chief Executive Officer (from 20 June 2012)
Non-Executive Director (1 November 2010 to 19 June 2012)

Experience and expertise

Craig Scroggie is the Chief Executive Officer and an Executive Director of NEXTDC. He has substantial senior leadership experience within the IT and telco industries.

Prior to joining NEXTDC Mr Scroggie held the position of Vice President & Managing Director of Symantec in the Pacific region where he was responsible for driving Symantec's sales and business development in the region and served as the senior leader for the overall Symantec business in Pacific which hosts more than 700 staff across 10 locations. During his time at Symantec Mr Scroggie previously held the position of senior director of business development for Asia Pacific and Japan, where he was responsible for leading enterprise business development for Symantec's fastest growing region.

Prior to his appointment as Chief Executive Officer, Mr Scroggie served as a non-executive Director of NEXTDC for 18 months, including as Chairman of the Audit and Risk Management Committee. Mr Scroggie has previously held senior leadership positions with Veritas Software, Computer Associates, EMC Corporation and Fujitsu.

Other current directorships

Mr Scroggie currently holds the position of Adjunct Professor in the Faculty of Business, Economics & Law at La Trobe University; where he recently served as Chairman of the La Trobe University Graduate School of Management Board. Mr Scroggie is also the Deputy Chairman of the Foundation for IT Sustainability (FFITS) Board. Mr Scroggie has also recently held a number of industry leadership positions including serving as Chairman of the Storage Networking Industry Association Board, been a member of the international CEO Forum, a Governor of the American Chamber of Commerce in Australia, and a trustee for the Committee for Economic Development of Australia.

Former directorships

Former Managing Director of Symantec in the Pacific Region

Interests in shares and options

Mr Scroggie holds 260,714 fully paid ordinary shares in NEXTDC Limited and 500,000 unlisted options.

Information on directors

Mr Bevan Slattery

Executive Deputy Chairman (from 20 June 2012)
Chief Executive Officer (11 May 2010 to 19 June 2012)

Experience and expertise

Mr Bevan Slattery is the founder and Executive Deputy Chairman of NEXTDC. Until June 2012, he was the CEO of NEXTDC. He comes from a background in building successful Australian IT and telecommunication companies and an earlier career in government.

Prior to establishing NEXTDC, Mr Slattery was co-founder and director of PIPE Networks Limited and iSeek Communications Pty Ltd. PIPE Networks Limited is one of Australia's leading telecommunications infrastructure providers. It was listed on the ASX in May 2005 raising $3.5 million at 40 cents per share, and was acquired by TPG Telecom Limited in March 2010 for $6.30 per share, valuing the equity at $373 million.

In August 2009, Mr Slattery was awarded the ACOMM Australian Telecommunications Ambassador of the Year Award in recognition of his contribution as a visionary in the telecommunications industry and his personal quest to advance Australia's access to technology and promote progress in the telecommunications industry.

In March 2010, Mr Slattery was also awarded the ATUG's Charles Todd Medal for his contribution to the Australian telecommunications marketplace including the construction of the $200 million PPC-1 submarine cable system connecting Sydney to Guam.

Mr Slattery holds a Masters in Business Administration (Hon.) from Central Queensland University.

Other current directorships

Nil.

Former directorships

Previously, Mr Slattery was a director at PIPE Networks Limited and iSeek Communications Pty Ltd.

Interests in shares and options

Mr Slattery holds 40,158,510 ordinary shares in NEXTDC Limited and no options.

On 15 October 2012, Mr Slattery moved into a non-executive role. For more information, refer to page 17.

Mr Greg Baynton

Independent Non-Executive Director (since June 2010)

Experience and expertise

Mr Greg Baynton is the founder and Executive Director of Orbit Capital, a boutique investment and advisory company. He comes from a background in merchant banking and Queensland Treasury, and has experience in infrastructure investment, project origination, capital raisings, IPOs, pre-IPO funding, corporate structuring and corporate governance.

Mr Baynton holds a Bachelor of Business (Accountancy), a Master of Economic Studies (UQ), a Post-graduate Diploma in Applied Finance & Investment (SIA), and a Master of Business Administration (QUT). Mr Baynton is a Fellow of the Financial Services Institute of Australasia.

Other current directorships

Mr Baynton is currently Deputy Chairman of Coalbank Limited.

Former directorships

Previously Mr Baynton was a Director of PIPE Networks Limited.

Special responsibilities

- Chairman of the Remuneration and Nominations Committee
- Member of the Audit and Risk Management Committee

Interests in shares and options

Mr Baynton holds 268,693 fully paid ordinary shares in NEXTDC Limited and 250,000 unlisted options.

Mr Edward (Ted) Pretty

Independent Non-Executive Director (since April 2011)

Experience and expertise

Mr Pretty is a leading business executive and director with significant experience particularly in telecommunications and information technology innovation and product development. His depth of understanding across a broad range of business sectors is well known. He has a Bachelor Degree in Arts (Economics) and First Class Honours Degree in Law.

Other current directorships

Mr Pretty is Australian and New Zealand Advisory Chairman of Tech Mahindra and Mahindra Satyam (part of the Indian headquartered $14 billion diversified Mahindra Group).

Former directorships

He spent two years in the Middle East during his tenure at Gulf Finance House as its Group Chief Executive Officer. Prior to his time at Gulf Finance, Mr Pretty was Chairman of Fujitsu Australia Limited, Chairman of then ASX listed RP Data Limited, an Executive Director at Macquarie Capital Advisers and a member of the Visy Industries Advisory Board.

Prior to those roles, he was an Executive at Telstra Corporation Limited, in a number of Group Managing Director positions including Technology Innovation and Product. Mr Pretty has also served as an adviser to and director of Optus Communications and Optus Vision and as a Partner at Media and Telecommunications Law Firm, Gilbert & Tobin prior to joining Telstra.

Special responsibilities

- Chairman of the Audit and Risk Management Committee
- Member of the Remuneration and Nominations Committee

Interests in shares and options

Mr Pretty holds no shares in NEXTDC Limited and holds 750,000 unlisted options.

On 3 September 2012, Mr Pretty was appointed Group Managing Director and CEO of ASX Listed Hills Holdings Limited and Korvest Limited.

Mr Robin Khuda

Deputy CEO, CFO and Company Secretary
Executive Director (since May 2010)

Experience and expertise

Mr Robin Khuda is the Deputy Chief Executive Officer, Chief Financial Officer and Company Secretary of NEXTDC and is responsible for the Company's finance and administration, company secretarial, investor relations and corporate strategy functions.

Mr Khuda brings experience and success in managing large and high growth IT & telecommunications companies. Prior to joining NEXTDC, Mr Khuda was the Group Chief Financial Officer with PIPE Networks Limited where he played a key role in the $373 million merger between PIPE Networks Limited and TPG Telecom Limited.

He has also held senior financial, commercial and operational positions with Fujitsu Australia and New Zealand, SingTel Optus and Cheung Kong Communications Group.

Mr Khuda is a Certified Practising Accountant with a Bachelor of Business in Accounting from the University of Technology Sydney, Australia and an MBA in Finance from the Manchester Business School, UK. He is a Member of the Australian Institute of Company Directors and the Australian Institute of Management.

Mr Khuda has undertaken senior executive programs at the Harvard Business School, USA and the Wharton School, USA specialising in Corporate Strategy and Mergers & Acquisitions.

Other current directorships

Nil.

Former directorships

Nil.

Special responsibilities

- Chief Commercial Officer

Interests in shares and options

Mr Khuda holds 808,443 fully paid ordinary shares in NEXTDC Limited (571,428 by way of loan funded share plan) and 1,000,000 unlisted options.

On 15 October 2012, NEXTDC appointed a new CFO and Company Secretary. For more information, refer to page 17.

Company secretary

Mr Robin Khuda was company secretary until 14 October 2012. On 15 October 2012, Ms Tanya Mangold was appointed as NEXTDC's company secretary.

Meetings of directors

The number of meetings of the Company's board of directors and of each board committee held during the period, and the number of meetings attended by each director are as follows:

			Meetings of committees			
	Full meetings of directors		Audit and Risk Management		Remuneration and Nominations	
	A	B	A	B	A	B
Mr Roger Clarke	13	13	2	2	1	1
Mr Ted Pretty	13	13	2	2	1	1
Mr Greg Baynton	11	13	2	2	1	1
Mr Craig Scroggie#	13	13	2	2	1	1
Mr Bevan Slattery	12	13	**	**	**	**
Mr Robin Khuda	12	13	**	**	**	**

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the period
** = Not a member of the relevant committee
# = Mr Craig Scroggie was Chairman of the Audit and Risk Management Committee until 20 June 2012 when he became CEO

Insurance of officers

During the period, NEXTDC Limited paid a premium of $21,835 to insure the directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

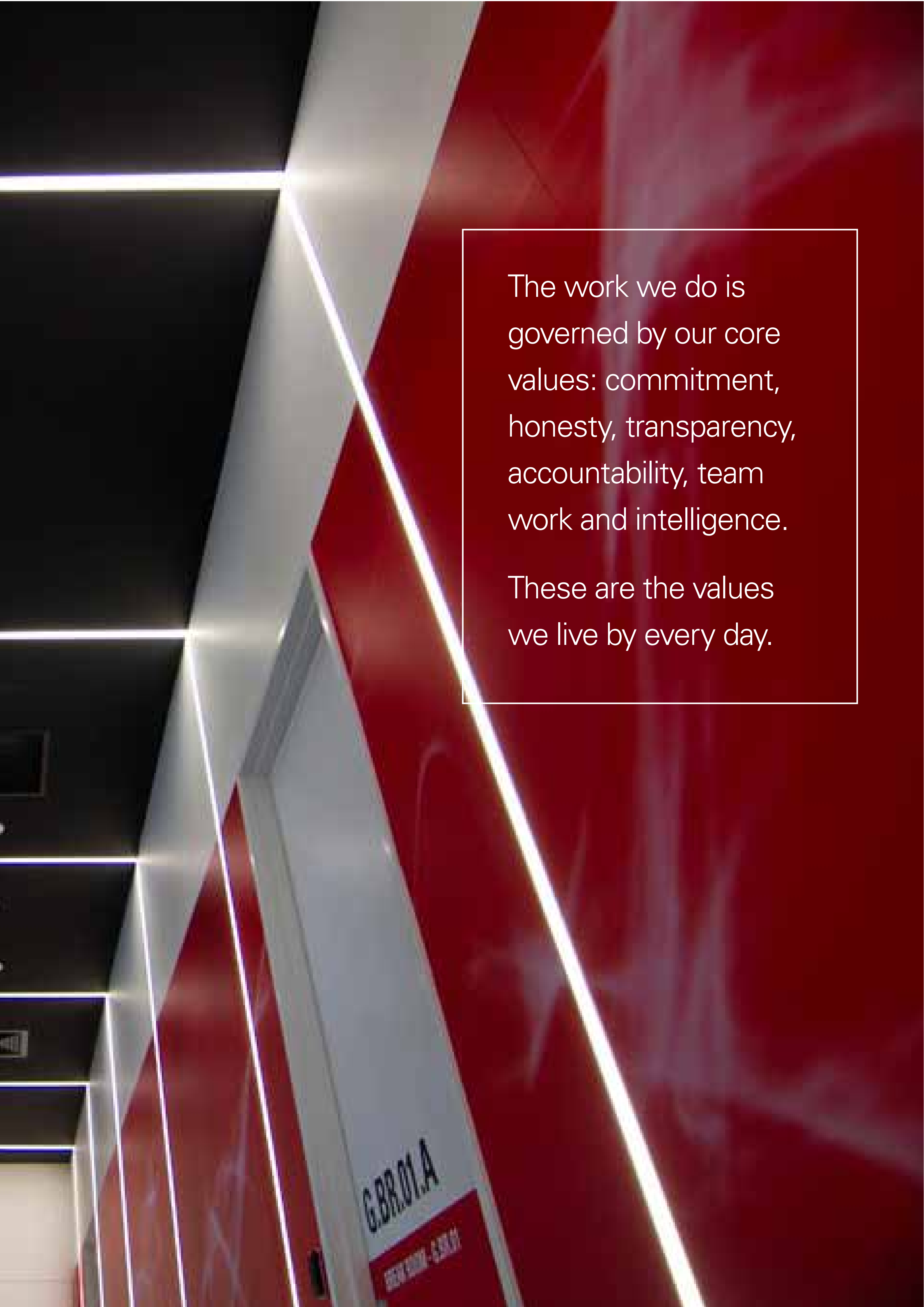
Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest dollar.



The work we do is governed by our core values: commitment, honesty, transparency, accountability, team work and intelligence.

These are the values we live by every day.

Remuneration Report

This remuneration report sets out remuneration information for NEXTDC Limited's non-executive directors, executive directors, other key management personnel and the five highest remunerated executives of the Company.

Directors and executives disclosed in this report

Executive and non-executive directors

See pages 18 to 20 above.

Other key management personnel

Name	Position
Mr Simon Cooper	Chief Operating Officer
Mr Jamie Hamlin	Head of Service Management
Mr Jeffrey Van Zetten	Head of Engineering

Changes since the end of the reporting period

There have been no changes since the end of the reporting period.

Role of the Remuneration and Nominations Committee

The purpose of this committee is to assist the board and make recommendations to it in relation to remuneration packages of senior executives, non-executive directors and executive directors, as well as equity-based incentive plans, appointment of new directors (both executive and non-executive) and senior management.

The objective of the committee is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

The Corporate Governance Statement provides further information on the role of this committee.

Principles used to determine the nature and amount of remuneration

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Non-executive directors do not receive performance-based pay. However, to promote further alignment with shareholders, the board has resolved to provide Executive Share options.

Directors' fees

The current base fees were set in November 2010 and were last reviewed on 1 July 2011 with no change. A director's membership in a committee does not attract any additional fees.

The current base fees per annum are:

	Base fees
Chairman	$70,000
Other non-executive directors	$60,000

Executive pay

The objective of the Group's executive pay and reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive pay and reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward. The board ensures that executive pay and reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards and recognition for contribution.

The executive pay and reward framework has three components:

- base pay and benefits, including superannuation
- short-term performance incentives, and
- long-term incentives through participation in the NEXTDC Limited Executive Share Option Plan or Loan Funded Share Plan.

The combination of these comprises an executive's total remuneration. The Group intends to conduct a review of the incentive plans during the year ending 30 June 2013 to ensure continued alignment with financial and strategic objectives.

Base pay and benefits

Generally, base pay and benefits are structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Executives are offered a competitive base pay that comprises the fixed component of pay and reward. There are no guaranteed base pay increases included in any executive contracts.

Superannuation

Superannuation is paid to the executive's nominated superannuation fund.

Short-term incentives

Given that the Group is still in its start-up phase, no short-term incentives have been agreed with executives. However the Board at its discretion may pay short-term incentives in line with various development milestones.

Long-term incentives

Long-term incentives are provided to certain participants via the NEXTDC Limited Executive Share Option Plan which was approved by shareholders at the IPO and the Loan Funded Share Plan which was approved at the 2011 AGM.

The Group's long-term incentive plans are designed for executives to deliver long-term shareholder returns. Under the plans, participants are granted shares/options which only vest if the participants are still employed by the Group at the end of the vesting period. Participation in the plans is at the board's discretion. The only vesting condition of the incentive plans is the service period condition outlined above. Long term incentives are determined by the Remuneration and Nominations Committee and are determined on a discretionary basis due to the start-up nature of the Company.

Performance of NEXTDC Limited

Given the Company was only incorporated in May 2010 and is still in its start-up phase, it is not possible to provide any performance reports in this annual report.

Details of remuneration

Details of the remuneration of non-executive directors, executive directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following tables for the current and previous financial year.

Key management personnel of the Group and other executives of the Group

30 June 2012	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments	
Name	Cash salary and fees	Cash bonus	Non monetary benefits	Super-annuation	Long service leave	Termin-ation benefits	Options	Total
	$	$	$	$	$	$	$	$
Executive directors								
Mr Craig Scroggie (CEO from 20/06/2012)	36,114	-	-	766	-	-	1,147	38,027
Mr Bevan Slattery	229,358	-	-	20,642	-	-	-	250,000
Mr Robin Khuda^	277,478	100,000	-	22,522	-	-	122,455	522,455
Sub-total executive directors	**542,950**	**100,000**	**-**	**43,930**	**-**	**-**	**123,602**	**810,482**
Non-executive directors								
Mr Roger Clarke	64,220	-	-	5,780	-	-	21,542	91,542
Mr Craig Scroggie (to 19 June 2012)	53,392			4,805			37,020	95,217
Mr Greg Baynton	55,046	-	-	4,954	-	-	21,542	81,542
Mr Ted Pretty	79,511	-	-	7,156	-	-	193,485	280,152
Sub-total non-executive directors	**252,169**	**-**	**-**	**22,695**	**-**	**-**	**273,589**	**548,453**
Other key management personnel								
Mr Simon Cooper (from 10 October 2011)	201,184	24,796	-	16,762	-	-	64,334	307,076
Mr Jamie Hamlin (from 27 February 2012)	79,099	-	-	7,119	-	-	21,245	107,463
Mr Jeffrey Van Zetten (from 12 March 2012)	51,556	-	-	4,640	-	-	8,565	64,761
Sub-total other key management personnel	**331,839**	**24,796**	**-**	**28,521**	**-**	**-**	**94,144**	**479,300**
Total key management personnel compensation	**1,126,958**	**124,796**	**-**	**95,146**	**-**	**-**	**491,335**	**1,838,235**

30 June 2011	Short-term employee benefits			Post-employment benefits	Long-term benefits		Share-based payments	
Name	Cash salary and fees	Cash bonus	Non monetary benefits	Super-annuation	Long service leave	Termination benefits	Options	Total
	$	$	$	$	$	$	$	$
Executive directors								
Mr Bevan Slattery (from 18/10/2010)^	161,537	-	-	14,538	-	-	-	176,075
Mr Robin Khuda^	192,660	16,055	-	18,784	-	-	91,079	318,578
Mr Ted Pretty (from 01/04/2011)	22,936	-	-	2,064	-	-	39,233	64,233
Sub-total executive directors	**377,133**	**16,055**	**-**	**35,386**	**-**	**-**	**130,312**	**558,886**
Non-executive directors								
Mr Craig Scroggie (CEO from 20/06/2012)	36,697	-	-	3,303	-	-	33,758	73,758
Mr Roger Clarke	42,814	-	-	3,853	-	-	33,758	80,425
Mr Greg Baynton	36,697	-	-	3,303	-	-	33,758	73,758
Sub-total non-executive directors	**116,208**	**-**	**-**	**10,459**	**-**	**-**	**101,274**	**227,941**
Other key management personnel								
Mr Gordon Paddy (from 01/02/2011)^	91,743	13,761	-	9,495	-	-	27,006	142,005
Mr John Turner (from 24/05/2011)^	19,236	-	-	1,731	-	-	-	20,967
Ms Jacqueline Keller (from 03/02/2011)^	52,752	18,349	-	6,399	-	-	-	77,500
Sub-total other key management personnel	**163,731**	**32,110**	**-**	**17,625**	**-**	**-**	**27,006**	**240,472**
Total key management personnel compensation	**657,072**	**48,165**	**-**	**63,470**	**-**	**-**	**258,592**	**1,027,299**

^ Denotes one of the 5 highest paid executives of the Company as previously required to be disclosed under the Corporations Act 2001.

The relative proportions of remuneration that are fixed and those that are linked to performance are as follows:

30 June 2012		At-risk	
	Fixed Remuneration	Short-Term	Long-Term
	%	%	%
Executive directors			
Mr Craig Scroggie (CEO from 20/06/2012)	71%	29%	0%
Mr Bevan Slattery	100%	0%	0%
Mr Robin Khuda	77%	15%	8%
Non-executive directors			
Mr Roger Clarke	76%	24%	0%
Mr Greg Baynton	74%	26%	0%
Mr Ted Pretty	31%	69%	0%
Other key management personnel			
Mr Simon Cooper (from 10 October 2011)	79%	7%	14%
Mr Jamie Hamlin (from 27 February 2012)	80%	10%	10%
Mr Jeffrey Van Zetten (from 12 March 2012)	87%	6%	7%

30 June 2011		At-risk	
	Fixed Remuneration	Short-Term	Long-Term
	%	%	%
Executive directors			
Mr Ted Pretty (from 01/04/2011)	39%	46%	15%
Mr Bevan Slattery (from 18/10/2010)	100%	0%	0%
Mr Robin Khuda	71%	29%	0%
Non-executive directors			
Mr Roger Clarke	58%	42%	0%
Mr Greg Baynton	54%	46%	0%
Mr Craig Scroggie	54%	46%	0%
Other key management personnel			
Mr Gordon Paddy (from 01/02/2011)	81%	19%	0%
Mr John Turner (from 24/05/2011)	100%	0%	0%
Ms Jacqueline Keller (from 03/02/2011)	100%	0%	0%

At-risk incentives generally relate to participation in the NEXTDC Executive Share Option Plan and/or the Loan Funded Share Plan. The short-term component relates to amounts applicable within the next twelve months.

Service agreements

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director. A summary of the information is as follows:

Name	Duration of Contract	Notice Period for Termination	Termination Payments
Mr Roger Clarke	3 years	Nil	Nil#
Mr Greg Baynton	3 years	Nil	Nil#
Mr Ted Pretty	3 years	Nil	Nil#

Upon termination of a director's appointment, the director will be paid his or her director's fees on a pro-rata basis, to the extent that they are unpaid, up to the date of termination.

Remuneration and other terms of employment for the chief executive officer, chief financial officer and the other key management personnel are also formalised in service agreements. Other major provisions of the agreements relating to remuneration are set out below. Generally, contracts with executives may be terminated early by either party with three months' notice, subject to termination payments as detailed below.

Name	Term of agreement	Base salary including superannuation*	Termination benefit
Mr Craig Scroggie Chief Executive Officer	4 years, ending 1 July 2016	$1,200,000	Nil
Mr Bevan Slattery Executive Deputy Chairman	6 years, ending 31 December 2016	$250,000	Nil
Mr Robin Khuda Deputy Chief Executive Officer	6 years, ending 31 December 2016	$300,000	Nil

* Base salaries quoted are for the year 30 June 2012; they are reviewed annually by the Remuneration and Nominations Committee.

Share-based compensation

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% Vested
13 Dec 2010	13 Dec 2011	13 Dec 2012	$1.00	22.12¢	Not applicable	100%[1]
13 Dec 2010	13 Dec 2011	13 Dec 2012	$1.50	7.72¢	Not applicable	100%[1]
27 April 2011	27 April 2012	27 April 2013	$1.40	43¢	Not applicable	N/A
27 April 2011	27 April 2013	27 April 2014	$1.40	34¢	Not applicable	N/A
31 October 2011	27 April 2013	27 April 2015	$1.40	34¢	Not applicable	N/A

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is immediately convertible into one ordinary share.

1 Directors who were provided these options are subject to escrow which is imposed by ASX. Although the options have vested, the options cannot be exercised until the escrow is lifted, which is expected to occur on 13 December 2012.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

Details of options over ordinary shares in the Company provided as remuneration to each director of the Company and each of the key management personnel of the Company are set out below. When exercisable, each option is convertible into one ordinary share of NEXTDC Limited. Further information on the options is set out in note 32.

Name	Number of options granted during the 2012 financial year	Value of options at grant date*	Number of options vested during the period	Number of options lapsed during the period	Value at lapse date**
Directors of NEXTDC Limited					
Mr Roger Clarke	-	-	250,000#	-	N/A
Mr Ted Pretty	-	-	500,000#	-	N/A
Mr Greg Baynton	-	-	250,000#	-	N/A
Mr Craig Scroggie	250,000	$85,250	250,000#	-	N/A
Mr Robin Khuda***	571,428	$221,428	1,000,000#	-	N/A
Mr Bevan Slattery	-	-	-	-	N/A
Other key management personnel of the Group					
Mr Simon Cooper***	571,428	$221,428	-	-	-
Mr Jamie Hamlin***	171,428	$120,291	-	-	-
Mr Jeffrey Van Zetten***	100,000	$54,570	-	-	-

* The value at grant date (calculated in accordance with AASB 2 Share-based Payments) of options granted during the period as part of remuneration.

** The value at lapse date of options (calculated in accordance with AASB 2 Share-based Payments) that were granted as part of remuneration and that lapsed during the period because a vesting condition was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied. No options lapsed during the period.

*** Employees were participants of a Loan Funded Share Plan ("LFSP").

Although these options vested during the period, they are subject to an ASX-imposed escrow which restrict the options from being exercised. The options will become exercisable when the escrow has been lifted, which is expected to occur on or around 13 December 2012.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Shares provided on exercise of remuneration options

No options were exercised during the year ended 30 June 2012 as all directors' option holdings are subject to escrow prior to being exercisable.

Loans to directors and executives

Participants of NEXTDC's loan funded share plan are granted interest free loans for the sole purpose of acquiring NEXTDC Limited shares through NEXTDC Share Plan Pty Ltd. The loans are granted on the following terms:

a. interest-free terms
b. secured against shares held by NEXTDC Share Plan Pty Ltd on behalf of the participant
c. for a maximum duration of five (5) years from date of issue
d. and are of limited recourse

As at 30 June 2012, the following loans were provided to key management personnel under the loan funded share plan:

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Highest indebtedness during the year $
Mr Robin Khuda	-	-	54,224	999,999	999,999
Mr Simon Cooper	-	-	54,224	999,999	999,999
Mr Jamie Hamlin	-	-	8,334	299,999	299,999
Mr Jeffrey Van Zetten	-	-	4,933	200,000	200,000
Total	**-**	**-**	**121,715**	**2,499,997**	**2,499,997**

For more information in relation to the loan funded share plan, refer to information set out below. There were no other loans made to directors and/or executives.

Shares under option

Unissued ordinary shares of the Company under option at the date of this annual report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
13 December 2010	13 December 2012	$1.00	1,500,000
13 December 2010	13 December 2012	$1.50	500,000
27 April 2011	27 April 2013	$1.40	500,000
27 April 2011	27 April 2014	$1.40	250,000
31 October 2011	27 April 2015	$1.40	250,000
TOTAL			**3,000,000**

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Loan funded share plan

NEXTDC Limited also offers a NEXTDC Loan Funded Share Plan (Share Plan) in order to:

i. retain key executives over the long term;

ii. provide an incentive and benefit to participants in the Share Plan in a tax effective manner to encourage dedicated and ongoing commitment to the Group; and

iii. better align the interests of the participants in the Share Plan with the interests of Shareholders in improving the value of the Group and sharing in the long term growth of the Group.

The Share Plan operates by way of NEXTDC Limited issuing shares to NEXTDC Share Plan Pty Ltd (the Trustee), a wholly-owned subsidiary of NEXTDC Limited, where shares are beneficially held for participants. Under the Plan, ordinary shares are issued to participants with the purchase price lent to the employee under a limited recourse loan. The loan is interest free and is provided for a maximum of 5 years. The terms of the Share Plan are such that participants receive an upfront entitlement to a certain number of shares with shares being transferred to the participant in four annual tranches and only after the participant has repaid the respective loan balance in full.

On 31 October 2011 at the AGM, NEXTDC shareholders approved for a share plan to a maximum value of $5,000,000. Subsequent to the AGM, shares with a value of $2,999,997 were issued to NEXTDC Share Plan Pty Ltd, being 1,714,284 shares at $1.75. Three participants, being Mr Robin Khuda, Mr Simon Cooper and Mr Nick Hillier were each provided with an entitlement of 571,428 shares at $1.75 each (total $999,999 value per participant). These shares are to be transferred to the relevant participants in four annual tranches (i.e. 31 October 2012, 2013, 2014 and 2015).

Mr Nick Hillier resigned from NEXTDC in February 2012 and subsequently forfeited his entitlement to all 571,428 shares. These shares, still held by NEXTDC Share Plan Pty Ltd, were subsequently reassigned to Mr Jamie Hamlin and Mr Jeffrey Van Zetten.

Details of remuneration: Bonuses and share-based compensation benefits

For each cash bonus and grant of options included in the tables on page 26, the percentage of the available bonus or grant that was paid, or that vested, in the period, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

30 June 2012	Bonus		Share-based compensation benefits (options)				
Name	Paid	Forfeited	Year granted (FY)	Vested	Forfeited	Financial year in which options may vest	Maximum total value of grant yet to vest
	%	%		%	%		$
Mr Craig Scroggie	-	-	2011	100%	-	2012 FY	-
			2012	-	-	2013 FY	$47,083
Mr Bevan Slattery	-	-	-	-	-	-	-
Mr Robin Khuda	100%	-	2011	100%	-	2012 FY	-
			2011	100%	-	2012 FY	-
			2012	0%	-	2013 FY	$31,429
			2012[2]	0%	-	2014 FY	$50,000
			2012[2]	0%	-	2015 FY	$64,286
			2012[2]	0%	-	2016 FY	$75,714
Mr Roger Clarke	-	-	2011	100%	-	2012 FY	-
Mr Ted Pretty	-	-	2011	100%	-	2012 FY	-
			2011	-	-	2013 FY	$44,265
Mr Greg Baynton	-	-	2011	100%	-	2012 FY	-
Other key management personnel							
Mr Simon Cooper	100%	-	2012[2]	0%	-	2013 FY	$31,429
			2012[2]	0%	-	2014 FY	$50,000
			2012[2]	0%	-	2015 FY	$64,286
			2012[2]	0%	-	2016 FY	$75,714
Mr Jamie Hamlin	-	-	2012[2]	0%	-	2013 FY	$30,073
			2012[2]	0%	-	2014 FY	$30,073
			2012[2]	0%	-	2015 FY	$30,073
			2012[2]	0%	-	2016 FY	$30,073
Mr Jeffrey Van Zetten	-	-	2012[2]	0%	-	2013 FY	$13,643
			2012[2]	0%	-	2014 FY	$13,643
			2012[2]	0%	-	2015 FY	$13,643
			2012[2]	0%	-	2016 FY	$13,643

2 This share based compensation is a result of the loan funded share plan

30 June 2011	Bonus		Share-based compensation benefits (options)				
Name	Paid	Forfeited	Year granted (FY)	Vested	Forfeited	Financial year in which options may vest	Maximum total value of grant yet to vest
	%	%		%	%		$
Mr Roger Clarke	-	-	2011	-	-	2012 FY	$25,150
Mr Ted Pretty	-	-	2011	-	-	2012 FY	$140,658
			2011	-	-	2013 FY	$98,223
Mr Greg Baynton	-	-	2011	-	-	2012 FY	$25,150
Mr Craig Scroggie	-	-	2011	-	-	2012 FY	$25,150
Mr Bevan Slattery	-	-	-	-	-	-	-
Mr Robin Khuda^	100%	-	2011	-	-	2012 FY	$50,300
			2011	-	-	2012 FY	$17,555
Other key management personnel							
Mr Gordon Paddy#	100%	-	2011	-	-	2012 FY	$20,120
Mr John Turner	-	-	-	-	-	-	-
Ms Jacqueline Keller	100%	-	-	-	-	-	-

^ Mr Robin Khuda further received a sign on payment of $17,500 (including superannuation) for his work in establishing NEXTDC. It was paid on 25 July 2010 and included in the remuneration disclosure above.

Mr Gordon Paddy received a sign on payment of $15,000 (including superannuation) which was included in the remuneration disclosure above.

Non-audit services

The Group may decide to employ the auditor (PricewaterhouseCoopers) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the period are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit and risk management committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the period the following fees were paid or payable for non-audit services provided by the auditor of the Group, its related practices and non-related audit firms:

PwC Australia	2012 $	2011 $
(i) Taxation Services		
Tax compliance services	20,380	25,800
(ii) Other services		
Accounting services rendered relating to the IPO	-	40,238
Agreed-upon procedures engagement	6,000	3,000
Total Remuneration of PwC Australia Non-Audit Services	26,380	69,038

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 35.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the directors.

Craig Scroggie
Director
NEXTDC Limited

Brisbane
29 August 2012

Auditor's Independence Declaration

As lead auditor for the audit of NEXTDC Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of NEXTDC Limited.

PricewaterhouseCoopers

Trevor Mahony
Partner
PricewaterhouseCoopers

Brisbane
29 August 2012

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, GPO Box 150, BRISBANE QLD 4001

DX 77 Brisbane, Australia
T +61 7 3257 5000, F +61 7 3257 5999, www.pwc.com.au

Corporate Governance Statement

Corporate Governance Principles - Summary

Principle	Complied	Note
Principle 1 – Lay solid foundations for management and oversight		
i. Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	☑	"Board Charter" available on NEXTDC's website.
ii. Companies should disclose the process for evaluating the performance of senior executives.	☒	Given the start-up nature of the Company, the performance evaluation processes are still being developed.
iii. Companies should provide the information indicated in the Guide to reporting on Principle 1.	☑	Refer to the summary following this table.
Principle 2 - Structure the board to add value		
i. A majority of the board should be independent directors.	☑	Three of six board members are independent directors (four of six were independent until 19 June 2012).
ii. The chair should be an independent director.	☑	Mr Roger Clarke, the Chairman, is an independent director.
iii. The roles of chair and chief executive officer should not be exercised by the same individual.	☑	The role of Chair is exercised by Mr Roger Clarke. The role of Chief Executive Officer is exercised by Mr Craig Scroggie.
iv. The board should establish a nomination committee.	☑	The board has established a Remuneration and Nominations Committee.
v. Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	☒	Given the start-up nature of the Company, the performance evaluation processes have not yet been finalised.
vi. Companies should provide the information indicated in the Guide to reporting on Principle 2.	☑	Refer to summary following this table.
Principle 3 - Promote ethical and responsible decision-making		
i. Companies should establish a code of conduct and disclose the code or a summary of the code as to: ▪ the practices necessary to maintain confidence in the company's integrity ▪ the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	☑	The Board has adopted a Code of Conduct which is available at the Company's website.
ii. The entity has established a policy concerning diversity and disclosed the policy or a summary of that policy. The policy includes requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	☒	The Company has established a basic policy on diversity and discrimination, the policy does not yet fully meet the requirement of this principle due to the start-up nature of the Company. The Company has reviewed the gender diversity of the Company and further reviews of the policy will be undertaken to achieve full compliance with the recommendations. Refer to summary following this table.

Principle	Complied	Note
iii. The entity has disclosed in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	☒	Given the start-up nature of the Company, gender diversity targets were not appropriate. The Company measures diversity and intends to focus on this in the coming year as the organisation matures. Refer to summary following this table
iv. The entity has disclosed in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	☑	This has been disclosed.
v. Companies should provide the information indicated in the Guide to reporting on Principle 3.	☒	Information in relation to Principle 3 has not been disclosed at the Company's website as the policy is still under development.
Principle 4 - Safeguard integrity in financial reporting		
i. The board should establish an audit committee.	☑	An Audit and Risk Management Committee has been established.
ii. The audit committee should be structured so that it: ▪ consists only of non-executive directors ▪ consists of a majority of independent directors ▪ is chaired by an independent chair, who is not chair of the board ▪ have at least three members.	☑	The Audit and Risk Management Committee satisfies all of these criteria: ▪ It consists only non-executive directors. ▪ It consists a majority of independent directors. ▪ It is chaired by Mr Ted Pretty, an independent director who is not chair of the board. ▪ It has three members.
iii. The audit committee should have a formal charter	☑	The Charter is available at the NEXTDC website.
iv. Companies should provide the information indicated in the Guide to reporting on Principle 4.	☑	Information in relation to Principle 4 has been disclosed at the NEXTDC website.
Principle 5 - Make timely and balanced disclosure		
i. Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	☑	The Company has developed a Continuous Disclosure Policy which is available at the Company's website.
ii. Companies should provide the information indicated in the Guide to reporting on Principle 5.	☑	Refer to the summary following this table.
Principle 6 - Respect the rights of shareholders		
i. Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	☑	The Continuous Disclosure Policy has been designed to promote effective communication with shareholders. A copy of this policy is available at the Company's website. In addition, NEXTDC regularly updates its website including the NEXTDC blog (www.nextdc.com/blog). This blog is updated at least once a week and allows for public comment and feedback.
ii. Companies should provide the information indicated in the Guide to reporting on Principle 6.	☑	Refer to the summary following this table.

Principle	Complied	Note
Principle 7- Recognise and manage risk		
i. Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	☑	The board has established an Audit and Risk Management Committee.
ii. The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	☑	The board, which delegates risk management to The Audit and Risk Management Committee, relies on the expertise of management and external professionals.
iii. The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	☑	The board has received assurance from the CEO and CFO in full regarding the declaration provided in accordance with s295A of the Corporations Act.
iv. Companies should provide the information indicated in the Guide to reporting on Principle 7.	☑	Refer to the summary following this table.
Principle 8- Remunerate fairly and responsibly		
i. The board should establish a remuneration committee.	☑	The board has established a Remuneration and Nominations Committee.
ii. The remuneration committee is structured so that it: ▪ Consists of a majority of independent directors ▪ Is chaired by an independent director ▪ Has at least three members	☑	The remuneration committee: ▪ consists of 3 independent directors ▪ is chaired by Mr Greg Baynton, an independent director ▪ has 3 members.
iii. Companies should provide the information indicated in the Guide to reporting on Principle 8.	☑	Refer to the summary following this table.

NEXTDC Limited (the Company) and the board are committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire period.

Principle 1
Lay solid foundations for management and oversight

Responsibility for the Company's proper corporate governance rests with the Board. The Board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of NEXTDC's shareholders (with a view to building sustainable value for them) and those of employees and other stakeholders.

The Board's broad function is to:

- chart strategy and set financial targets for the Company;
- identify principal risks of the Company's business;
- monitor the implementation and execution of strategy and performance against financial and non-financial targets; and
- appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role.

Power and authority in certain areas is specifically reserved to the board – consistent with its function as outlined above. These areas include:

- composition of the Board itself including the appointment and removal of Directors;
- oversight of the Company including its control and accountability system;
- appointment and removal of senior management including the Chief Executive Officer, Chief Financial Officer and Company Secretary;
- reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and statutory compliances;
- monitoring senior management's performance and implementation of strategy; and
- approving and monitoring financial and other reporting and the operation of committees.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the board to the CEO and Deputy CEO. Given that the Company is still in its start-up phase a performance assessment for senior executives is in the process of being developed.

Principle 2
Structure the board to add value

The board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the Company's website at www.NEXTDC.com. The charter details the board's composition and responsibilities.

The Company's focus in the last 12 to 18 months, as a start-up has been on establishment of the business. The board considers that the current composition of the board is well suited to this task. The board in deciding to appoint Mr Scroggie to an executive directorship carefully considered the mix of skills on the board, particularly as the company transitions from a start-up company.

The Company will reconsider its board composition as the Company continues to grow, but considers that the current composition, including size and skills, contributes to an efficient and balanced board. When reconsidering board needs, the board will implement a suitable policy, that takes into account the needs of the Company, including board diversity, as it moves out of the start-up phase.

Board composition

The charter states:

i. The board of directors shall comprise of no less than three and no more than ten directors at any one point in time. The Company and the board will endeavour to have a majority of independent directors and an independent chairman.
ii. Directors will be elected for a maximum three year term.
c. If no director would otherwise be required to retire but the Listing Rules require that an election of directors be held at an annual general meeting, the director to retire at that meeting is
    d. the director who has held office as director the longest period of time since their last election or appointment to that office; or
    e. if two or more directors have held office for the same period of time, the director determined by lot, unless those directors agree otherwise.

The board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective
- the size of the board is conducive to effective discussion and efficient decision-making.

Mr Scroggie's role as a non-executive director changed with effect from 20 June 2012 and prior to this the board was comprised of a majority of non-executive directors for a substantial portion of the reporting year. The Company considers that the current mix of independent to non-independent directors is appropriate for a company the size and structure of the Company.

Directors' independence

The board has adopted specific principles in relation to directors' independence. An independent director is a non-executive director (i.e. is not a member of management) and:

- is not a substantial shareholder of the company (i.e. is not a person who in conjunction with an associate holds a relevant interest in 5% or more of the shares of the company) or an officer of, or otherwise associated directly with, a substantial shareholder of the company; or
- within the last three years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment; or
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided. A material professional adviser is the Company's auditor (regardless of the fees paid to the auditor) and any other advisor to whom fees in excess of $100,000 have been paid in any financial year in the relevant three year period; or
- has no material contractual relationship with the Company or another group member other than as a director of the company, including as a supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
  From a director's perspective, a director has a material contractual relationship if the fees paid by the Company to the director or an entity associated with the director, exceed 5% of the fees received by the director or their firm or 10% of all fees supervised by the director (or for which the director is otherwise given credit in a performance review) within the entity associated with the director in any financial year in the relevant three year period.
  From the Company's perspective, a director has a material contractual relationship if goods or services supplied by the director to the Company exceed 5% of the direct operating costs of the Company for any year in the relevant three year period; or
- has not served on the board for a period in excess of ten years; or
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

However, a director may be considered independent notwithstanding that he or she does not meet one of the criteria set out above, subject to appropriate explanation by the board.

In fulfilling their duties, and to ensure independent decision-making, each director may take independent professional advice where necessary at the expense of the Company. Prior to obtaining independent professional advice, a director must inform the Chairman that they wish to obtain the advice as well as the anticipated cost of the advice, the budget for the advice must then be approved by the Chairman (which approval will not be unreasonably withheld) before the cost is incurred.

The board assesses independence each year. To enable this process, the directors must provide all information that may be relevant to the assessment.

Board members

Details of the members of the board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the directors' report under the heading ''Information on directors''. At the date of signing the director's report, there are three executive directors and three non-executive directors, all of whom have no relationships adversely affecting independence and so are deemed independent under the principles set out above.

Non-executive directors

The three non-executive directors met twice during the year to discuss the operation of the board and a range of other matters. Relevant matters arising from these meetings were shared with the full board.

Chair and Chief Executive Officer (CEO)

The Chair is responsible for leading the board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussions and managing the board's relationship with the company's senior executives. In accepting the position, the Chair has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder his/her effective performance in the role of Chair.

The CEO is responsible for implementing strategies and policies. The board charter specifies that these are separate roles to be undertaken by separate people.

Induction

The induction provided to new directors and senior managers enables them to actively participate in board decision-making as soon as possible. It ensures that they have a full understanding of the company's financial position, operations, strategies, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the board and senior executives and the company's meeting arrangements.

Commitment

The board held thirteen board meetings during the period.

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2012, and the number of meetings attended by each director is disclosed on page 21.

It is the Company's practice to allow its executive directors to accept appointments outside the company with prior written approval of the board. No appointments of this nature were accepted during the year ended 30 June 2012.

The commitments of non-executive directors are considered by the nomination committee prior to the directors' appointment to the board of the company and are reviewed each year as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the company.

Conflict of interests

There were no conflicts of interests during the period or up to the date of the report. Information relating to related party transactions is disclosed in note 29 of the financial statements.

Independent professional advice

Directors and board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the Chair is required, but this will not be unreasonably withheld.

Performance assessment

Given the start-up nature of the Company, there has been no requirement for the board to undertake an annual self-assessment of its collective performance.

Board committees

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the board are the Audit and Risk Management Committee and the Remuneration and Nominations Committee. Each is comprised entirely of independent directors. The committee structure and membership is reviewed on an annual basis.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate.

All of these charters are reviewed on an annual basis and are available on the company website. All matters determined by committees are submitted to the full board as recommendations for board decisions.

Minutes of committee meetings are tabled at the subsequent board meeting. Additional requirements for specific reporting by the committees to the board are addressed in the charter of the individual committees.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee consists of the following directors (all of whom were independent when serving on the Remuneration and Nominations Committee):

- Mr Greg Baynton (Chair)
- Mr Roger Clarke
- Mr Ted Pretty (appointed 1 April 2011)
- Mr Craig Scroggie (appointed 1 November 2010 – resigned 19 June 2012)

Details of these directors' attendance at Remuneration and Nominations Committee meetings are set out in the directors' report on page 21.

The Remuneration and Nominations Committee operates in accordance with its charter which is available on the Company's website.

The main responsibilities of the committee are to:

- Provide advice in relation to remuneration packages of senior executives, non-executive directors and executive directors, equity-based incentive plans and other employee benefit programs;
- Review the Company's recruitment, retention and termination policies;
- Review the Company's superannuation arrangements;
- Review the succession plans of senior executives and executive directors;
- Recommend individuals for nomination as members of the board and its committees;
- Ensure the performance of senior executives and members of the board are reviewed at least annually;
- Consider those aspects of the Company's remuneration policies and packages, including equity-based incentives, which should be subject to shareholder approval; and
- Monitoring the size and composition of the board.

New directors are provided with a letter of appointment setting out the Company's expectations, their responsibilities, rights and the terms and conditions of their employment. All new directors participate in a comprehensive, formal induction program which covers the operation of the board and its committees and financial, strategic, operations and risk management issues.

Principle 3
Promote ethical and responsible decision making

Code of conduct

The company has developed a Code of Conduct (the Code) which has been fully endorsed by the board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the company's stakeholders.

In summary, the Code requires that at all times all company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

The purchase and sale of Company securities by directors and employees is only permitted during the thirty day period following the release of the half-yearly and annual financial results to the market. Any transactions undertaken must be notified to the company secretary in advance.

The Code and the Company's trading policy are discussed with each new employee as part of their induction training.

The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

A copy of the Code and the trading policy are available on the Company's website.

Diversity

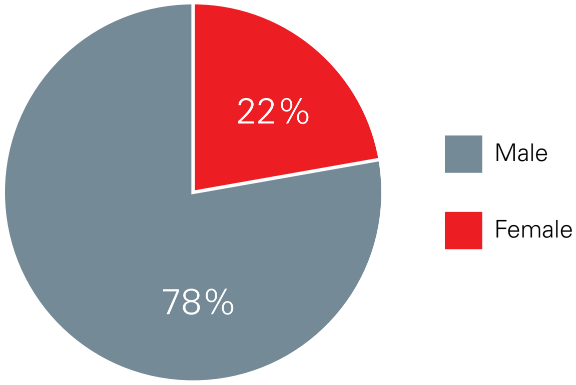
The Company realises the benefits that can arise to the organisation from diversity in the workplace covering gender, age, ethnicity and cultural background and in various other areas. The Company has an Equal Employment Opportunity and Discrimination Policy however the Company recognises that this policy does not comply with the requirements of Recommendations 3.2 and 3.3 as it does not set measurable objectives or focus on female participation. In order to implement a well-considered and appropriate diversity policy the Company has begun tracking the gender diversity of its staff and requires regular reporting in this regard. The Company anticipates that it will be fully compliant with all diversity recommendations by the next annual report.

Given the start-up nature of the business the focus been on staffing the Company with appropriately skilled persons.

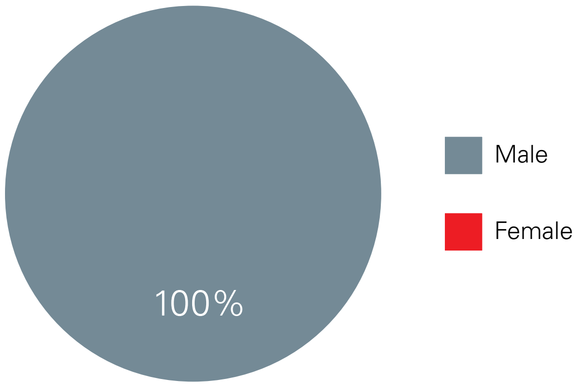
The Company does not discriminate on gender grounds for remuneration or appointments all remuneration reviews and promotions are determined solely on merit.

The Company recruits the most qualified person for any particular role and attempts insofar as may be possible to consider candidates from a diverse pool of appropriately qualified candidates.

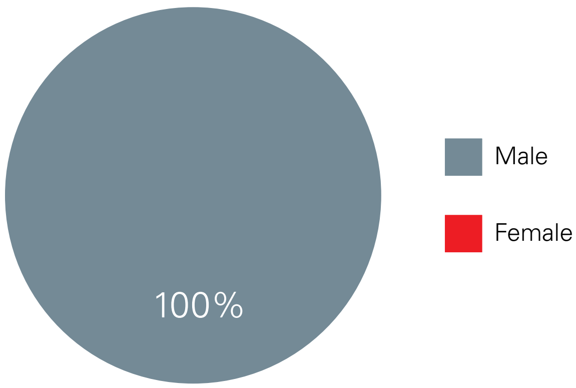
Proportion of Women Employees in Whole Organisation



Proportion of Women Employees in Senior Executive Positions



Proportion of Women Employees on the Board



Principle 4
Safeguard integrity in financial reporting

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of the following directors:

- Mr Craig Scroggie (Chair) (appointed 1 November 2010 and resigned 15 June 2012)
- Mr Ted Pretty
- Mr Roger Clarke
- Mr Greg Baynton (Chair)

Details of these directors' qualifications and attendance at audit committee meetings are set out in the directors' report.

All members of the Audit and Risk Management Committee are financially literate and have an appropriate understanding of the industry in which the Company operates.

The audit committee operates in accordance with a charter which is available on the company website. The main responsibilities of the committee are to:

- review, assess and approve the annual full and concise reports, the half-year financial statements and all other financial information published by the company or released to the market;
- assist the board in reviewing the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - compliance with applicable laws and regulations
- oversee the effective operation of the risk management framework;
- recommend to the board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- review and monitor related party transactions and assess their propriety; and
- report to the board on matters relevant to the committee's role and responsibilities.
- In fulfilling its responsibilities, the audit and risk management committee:
- receives regular reports from management and the internal and the external auditors;
- meets with the external auditors at least once a year, or more frequently if necessary;
- reviews the processes the CEO and CFO have in place to support their certifications to the board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved; and
- provides the external auditors with a clear line of direct communication at any time to either the Chair of the audit committee or the Chair of the board.

The audit committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

External auditors

The company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PwC was appointed as the external auditor in November 2010. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in note 26 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Principles 5 and 6
Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication

The company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the company's securities. These policies and procedures also include the arrangements the company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the company's website.

The company secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the company's website. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed and, if so, this information is also immediately released to the market.

The Company also regularly updates the blog on its company website (www.nextdc.com/blog) which details the latest developments and provides information regarding its data centres.

All shareholders receive a copy of the company's annual reports. In addition, the company seeks to provide opportunities for shareholders to participate through electronic means. Recent initiatives to facilitate this include making all company announcements, media briefings, details of company meetings, press releases and financial statements available on the company's website. Where possible, the company arranges for advance notification of significant group briefings (including, but not limited to, results announcements) and makes them widely accessible, including through the use of other mass communication mechanisms as may be practical.

Principle 7
Recognise and manage risk

The board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the audit and risk management committee and reviewed by the full board.

The audit and risk management committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the committee:

- reviews the framework and methodology for risk identification, the degree of risk the company is willing to accept, the management of risk and the processes for auditing and evaluating the company's risk management system;
- reviews Company objectives in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and
- reviews compliance with agreed treasury policy.

The committee recommends any actions it deems appropriate to the board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the company's risk management and internal control system and has to report to the audit committee on the effectiveness of:

- the risk management and internal control system during the year, and
- the company's management of its material business risks.

Corporate reporting

In complying with recommendation 7.3, the CEO and CFO have made the following certifications to the board:

- that the company's financial statements are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and are in accordance with relevant accounting standards
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8
Remunerate fairly and responsibly

Remuneration and Nominations Committee

The remuneration and nominations committee consists of the following directors (all of whom are independent, including the chair):

- Mr Greg Baynton (Chair)
- Mr Ted Pretty
- Mr Roger Clarke
- Mr Craig Scroggie (resigned 20 June 2012)

Details of these directors' attendance at remuneration and nominations committee meetings are set out in the Directors' Report on page 21.

The remuneration and nominations committee operates in accordance with its charter which is available on the company website. The remuneration and nominations committee advises the board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Each member of the senior executive team signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the remuneration and nominations committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration, including principles used to determine remuneration, is set out in the directors' report under the heading ''Remuneration report''.

The committee also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions.

The remuneration committee does not consider remuneration by gender, but strives to ensure that remuneration is based on merit and skill.

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Consolidated Statement of Comprehensive Income

	Note	30 June 2012 $	11 May 2010 to 30 June 2011 $
Revenue			
Data centre revenue	5	1,229,999	-
Interest revenue		3,549,019	1,771,827
Other income	6	7,380	223,298
Total Revenue		**4,786,398**	**1,995,125**
Expenses			
Employee benefits expense		(7,070,780)	(1,498,662)
Depreciation and amortisation expense	7	(1,056,013)	(667,911)
Professional legal and consultancy fees		(920,156)	(364,322)
Property maintenance expenses		(2,888,141)	(253,053)
Marketing, advertising and entertainment		(995,428)	(235,428)
Accounting and audit fees		(104,316)	(66,285)
Finance costs		-	(12,481)
Travel and accommodation		(641,670)	(83,217)
Other expenses	7	(1,835,515)	(427,351)
Total Expenses		**(15,512,019)**	**(3,608,710)**
Profit / (loss) before income tax		**(10,725,621)**	**(1,613,585)**
Income tax credit / (expense)	8	111,524	(60,824)
Profit from continuing operations		(10,614,097)	(1,674,409)
Profit / (loss) for the period after tax		**(10,614,097)**	**(1,674,409)**
Profit is attributable to:			
Owners of NEXTDC Limited		**(10,614,097)**	**(1,674,409)**
Other comprehensive income			
Total comprehensive income / (loss) for the period		**(10,614,097)**	**(1,674,409)**
Total comprehensive income for the period is attributable to:			
Owners of NEXTDC Limited		**(10,614,097)**	**(1,674,409)**

Earnings / (losses) per share for profit from continuing operations attributable to the ordinary equity holders of the Group	Note	Cents	Cents
Basic earnings / (losses) per share	31	(7.31)	(3.46)
Diluted earnings / (losses) per share	31	(7.31)	(3.46)
Earnings (losses) per share for profit attributable to the ordinary equity holders of the Group:			
Basic earnings / (losses) per share	31	(7.31)	(3.46)
Diluted earnings / (losses) per share	31	(7.31)	(3.46)

Consolidated Balance Sheet

	Note	30 June 2012 $	30 June 2011 $
Assets			
Current assets			
Cash and cash equivalents	9	68,098,025	62,097,783
Trade and other receivables	10	1,905,462	1,687,745
Other current assets	11	2,789,811	136,081
Total Current Assets		**72,793,298**	**63,921,609**
Non-Current Assets			
Property, plant and equipment	12	57,194,513	25,795,190
Capital work in progress	14	83,853,477	20,832,886
Intangible assets		170,375	26,336
Deferred tax assets	15	1,342,989	802,871
Total non-current assets		**142,561,354**	**47,457,283**
Total assets		**215,354,652**	**111,378,892**
Liabilities			
Current liabilities			
Trade and other payables	16	13,643,741	6,556,255
Other current liabilities	17	45,770	-
Finance lease liability	18	622,828	-
Total Current Liabilities		**14,312,339**	**6,556,255**
Non-current liabilities			
Provisions	20	464,865	20,833
Finance lease liability	18	6,754,289	-
Total non-current liabilities		**7,219,154**	**20,833**
Total liabilities		**21,531,493**	**6,577,088**
Net assets		**193,823,159**	**104,801,804**
Equity			
Contributed equity	21	205,280,265	106,212,362
Reserves	22	831,400	263,851
Retained earnings / (accumulated losses)	23	(12,288,506)	(1,674,409)
Total equity		**193,823,159**	**104,801,804**

Consolidated Statement of Changes in Equity

	Note	Contributed equity $	Reserves $	Retained earnings $	Total $
Balance at 11 May 2010	**21**	**100**	**-**	**-**	**100**
Loss for the year	23	-	-	(1,674,409)	(1,674,409)
Other comprehensive income		-	-	-	-
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs and tax		106,212,262	-	-	106,212,262
Dividends provided for or paid		-	-	-	-
Executive share options	32	-	263,851	-	263,851
Balance at 30 June 2011		**106,212,362**	**263,851**	**(1,674,409)**	**104,801,804**
Balance at 1 July 2011	**21**	**106,212,362**	**263,851**	**(1,674,409)**	**104,801,804**
Loss for the year	23	-	-	(10,614,097)	(10,614,097)
Other comprehensive income		-	-	-	-
Transactions with owners in their capacity as owners					
Contributions of equity, net of transaction costs and tax	21	99,067,903	-	-	99,067,903
Dividends provided for or paid		-	-	-	-
Executive share options	32	-	567,549	-	567,549
Balance at 30 June 2012		**205,280,265**	**831,400**	**(12,288,506)**	**193,823,159**

Consolidated Statement of Cash Flows

	Note	30 June 2012 $	11 May 2010 to 30 June 2011 $
Operating activities			
Receipts from customers (inclusive of GST)		792,034	-
Payments to suppliers and employees (inclusive of GST)		(12,684,202)	(2,390,730)
Net operating cash receipts / (payments)		**(11,892,168)**	**(2,390,730)**
Other receipts		-	244,739
Interest paid		-	(12,481)
Interest received		3,435,270	1,412,497
Payments for security deposits	11	(2,334,284)	-
Income taxes paid		-	-
Net cash inflow / (outflow) from operating activities	**30**	**(10,791,182)**	**(745,975)**
Investing activities			
Payments for property, plant and equipment		(93,067,002)	(42,443,301)
Proceeds from disposal of assets		11,245,080	-
Payments to acquire intangible assets		-	(26,336)
Net cash inflow / (outflow) from investing activities		**(81,821,922)**	**(42,469,637)**
Financing activities			
Proceeds from issues of shares, net of costs		98,613,346	105,383,395
Payments to establish bank financing facility		-	(70,000)
Net cash inflow / (outflow) from financing activities		**98,613,346**	**105,313,395**
Net increase / (decrease) in cash and cash equivalents		6,000,242	62,097,783
Cash and cash equivalents at the beginning of the year		62,097,783	-
Cash and cash equivalents at the end of the year	**9**	**68,098,025**	**62,097,783**

Non-cash investing activities	13		

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1: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of NEXTDC Limited and its subsidiaries. NEXTDC is a public company limited by shares, incorporated and domiciled in Australia.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. NEXTDC Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the NEXTDC Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on the date the directors' report is signed. The directors have the power to amend and reissue the financial statements.

(ii) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of the revised AASB 124 Related Party Disclosures resulted in the disclosure of additional related party transactions and required the restatement of some comparative information in note 29, and the adoption of AASB 1054 Australian Additional Disclosures and AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project enabled the removal of certain disclosures in relation to commitments and the franking of dividends.

(iii) Early adoption of standards

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of NEXTDC Limited (the 'Company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries for the year then ended. NEXTDC Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where applicable, non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated balance sheet and consolidated statement of changes in equity respectively.

(ii) Employee Share Trust

The Group has formed a trust to administer the Group's employee share scheme. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares held by NEXTDC Share Plan Pty Ltd are disclosed as treasury shares and deducted from contributed equity.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received in recognised in a separate reserve within equity attributable to owners of NEXTDC Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Reporting period and comparative information

These financial statements cover the period 1 July 2011 to 30 June 2012. The comparative reporting period is 11 May 2010 to 30 June 2011.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to executive directors. The executive directors are responsible for allocating resources and assessing performance of the operating segments.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities are as follows:

(i) Data centre services

Revenue is recognised only when the service has been provided, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Upfront discounts provided to customers are amortised over the contract term.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(iii) Data centre development and re-sale

Where a profit is recognised on the sale of land and building in a transaction which is a sale-and-leaseback, the profit is deferred and recognised over the contract term in accordance with AASB 117.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate in Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts, if applicable, are shown within borrowings in current liabilities in the Consolidated Balance Sheet.

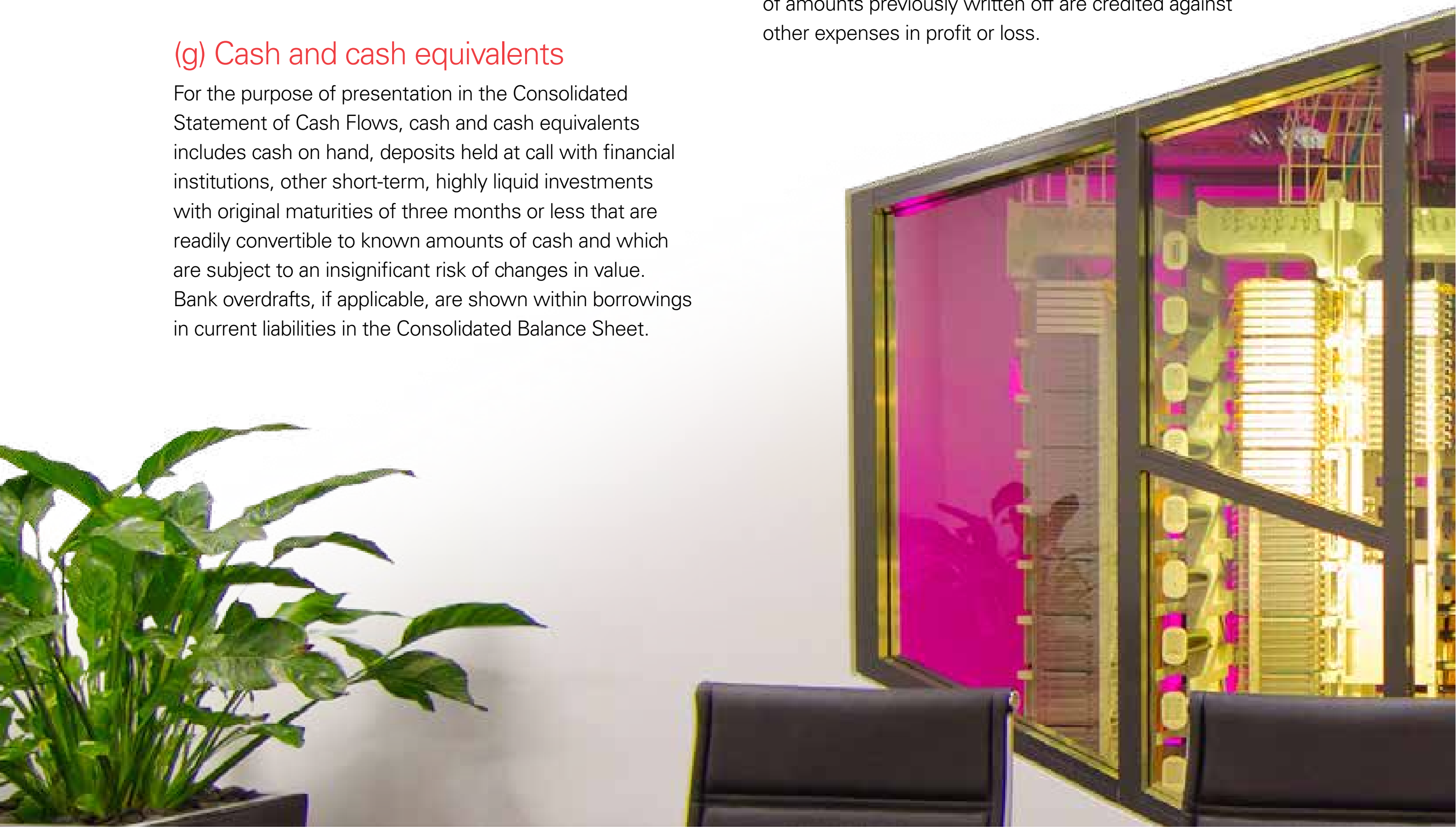
(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.



(i) Investments and other financial assets

Loans and receivables

Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) in the Consolidated Balance Sheet.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Statement of Comprehensive Income. Impairment testing of trade receivables is described in note 1(n).

(j) Property, plant and equipment

Land and buildings are shown at historical cost less any accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Category	Useful life
Buildings	40 years
Leasehold building	20 years
Plant and equipment	10-15 years
Hardware and software	1-5 years
Furniture, fittings and equipment	3-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Capital work-in-progress

Capital work-in-progress is shown at historical cost. Historical cost includes directly attributable expenditure on data centre facilities which at reporting date, has not yet been finalised and/or ready for use. Assets classified as work-in-progress are not depreciated.

Items in capital work-in-progress are transferred to property, plant and equipment upon successful testing and commissioning.

(l) Intangible assets

Trademarks and licences

The trademarks and licences that NEXTDC possess have an indefinite useful life are carried at cost.

(m) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases (note 12). Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(n) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Except for the statutory superannuation guarantee charge, the Group does not have any other retirement benefit obligations.

(iv) Share-based payments

Share-based compensation benefits are provided to participants via the NEXTDC Limited Executive Share Option Plan.

The fair value of options granted under the NEXTDC Limited Executive Share Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited directly to equity.

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (note 21(b)).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(v) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest dollar.

(w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. NEXTDC Limited Group is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group is assessing the impact of this standard.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. As the Group is not party to any joint arrangements, this standard will not have any impact on its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the group's investments.

AASB 127 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The Group does not expect this change to have any impact on its financial statements.

The group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)

In September 2011, the AASB made an amendment to AASB 101 Presentation of Financial Statements which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the Consolidated Balance Sheet or the Consolidated Statement of Comprehensive Income in the current period. The Group intends to adopt the new standard from 1 July 2012.

(iv) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

(v) AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013)

In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The Group will apply the amendments from 1 July 2013.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(x) Parent entity financial information

The financial information for the parent entity, NEXTDC Limited, disclosed in note 35 has been prepared on the same basis as the consolidated financial statements.

2: Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Given the Group's start-up nature, it has only limited trading activities. The Group does not have any borrowings, nor does it trade in foreign currencies. Management assesses the exposure to financial risk as minimal. Consequently, the Group does not have an active financial risk management program in place.

The Group holds the following financial instruments:

	2012 $	2011 $
Financial assets		
Cash and cash equivalents	68,098,025	62,097,783
Trade and other receivables	1,905,462	1,687,745
Total financial assets	**70,003,487**	**63,785,528**
Financial liabilities		
Trade and other payables	13,643,741	6,556,255
Total financial liabilities	**13,643,741**	**6,556,255**

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, price risk and interest rate risk.

(i) Foreign exchange risk

The Group currently only operates in Australia and its purchases are predominantly conducted in Australian dollars. Consequently, management has determined that the Group has little or no exposure to foreign exchange risk. On this basis, the Group does not have any active risk mitigation strategies in relation to foreign exchange risk.

(ii) Price risk

The Group is not exposed to equity securities price risk.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from its various fixed-rate term deposits. Thus its exposure to interest rate risk as defined in AASB 7 is limited.

Sensitivity

At 30 June 2012, if interest rates had increased by 100 or decreased by 100 basis points from the year end rates with all other variables held constant, post-tax profit for the period would have been $447,690 higher / $447,690 lower (2011: $232,628 higher/$232,628 lower), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash and cash equivalents, outstanding receivables and committed transactions.

For banks and financial institutions, only Australian banks or independently rated parties with a minimum rating of 'BBB+' are accepted. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by management. Sales to customers are required to be settled in cash or using major credit cards, mitigating credit risk.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Cash at bank and short-term deposits	2012 $	2011 $
AAA rated	-	-
AA rated	38,133,013	15,717,640
A+ rated	24,929,500	31,223,767
BBB+ rated	5,034,596	15,156,028
TOTAL	**68,097,109**	**62,097,435**

In determining the credit quality of these financial assets, NEXTDC has used the long-term rating from Standard & Poor's as of July 2012.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions.

Given the Group's start-up nature and available cash balances, management assesses liquidity risk to be negligible.

Financing arrangements

The Group did not have any financing arrangements in place as at 30 June 2012 (2011: nil).

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and

(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual Maturities of Financial Liabilities	Within 12 months $	Between 1 and 5 years $	Over 5 years $	Total contractual cash flows $	Carrying Amount (assets)/ liabilities $
2012					
Trade payables	13,643,741	-	-	13,643,741	13,643,741
Borrowings	-	-	-	-	-
Finance lease liabilities	959,233	4,239,301	22,464,515	27,663,049	7,377,117
Total non-derivatives	14,602,974	4,239,301	22,464,515	41,306,790	21,020,858
2011					
Trade payables	6,556,255	-	-	6,556,255	6,556,255
Borrowings	-	-	-	-	-
Total non-derivatives	**6,556,255**	**-**	**-**	**6,556,255**	**6,556,255**

(d) Fair value measurements

The Group does not carry any financial assets or financial liabilities at fair value.

The fair value of the Group's financial assets and liabilities approximate their carrying value.

3: Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Income taxes

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4: Segment information

(a) Description of segments

Executive directors consider the business from a geographic perspective and have identified five reportable segments, being each of the Group's data centre facilities. These segments exist by way of geographical segregation and do not exist as a separate legal entity. Consequently, information such as income tax expense and segment liability is not prepared and provided to management for review. The financial report discloses these as nil for each operating segment.

(b) Segment information provided to management

The segment information provided to management for the reportable segments for the period ended 30 June 2012 is as follows:

	Brisbane $	Melbourne $	Canberra $	Sydney $	Perth $	All Other Segments $	Total $
30 June 2012							
Revenue from external customers	1,229,999	-	-	-	-	-	1,229,999
Adjusted EBITDA	-	-	-	-	-	(12,651,077)	(12,651,077)
Depreciation and amortisation	938,215	8,201	5,089	2,075	-	102,433	1,056,013
Income tax expense	-	-	-	-	-	-	-
Total segment assets	**30,412,928**	**78,576,988**	**3,403,822**	**15,255,816**	**8,509,192**	**77,852,917**	**214,011,663**
Total segment liabilities	-	-	-	-	-	**21,531,493**	**21,531,493**
30 June 2011							
Revenue from external customers	-	-	-	-	-	-	-
Adjusted EBITDA	-	-	-	-	-	(2,441,169)	(2,441,169)
Depreciation and amortisation	645,181	-	-	-	-	22,710	667,891
Income tax expense	-	-	-	-	-	60,824	60,824
Total segment assets	**18,666,610**	**16,301,137**	-	**10,685,953**	**748,040**	**64,174,281**	**110,576,021**
Total segment liabilities	-	-	-	-	-	**6,577,088**	**6,577,088**

There was no impairment charge or other significant non-cash item recognised in 2012 (2011: nil).

(c) Other segment information

(i) Segment revenue

NEXTDC's B1 facility became operational on 10 October 2011 and was the only facility which was operational during the year. There were no transactions between any of the segments. Segment revenue reconciles to total revenue from continuing operations as follows:

	Note	2012 $	2011 $
Segment Revenue			
Data centre segment revenue	5	1,229,999	-
Interest revenue		3,549,019	1,771,827
Other revenue	6	7,380	223,298
Total revenue from continuing operations		**4,786,398**	**1,995,125**

NEXTDC is domiciled in Australia. All of its revenues were generated from its B1 facility which was the only operational data centre facility during the year.

Revenues of approximately $521,000 were derived from two single customers whose revenue comprised more than 10% of total data centre revenue. Of these revenues, $333,000 was derived from establishment fees.

(ii) Adjusted EBITDA

Management assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains/(losses) on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

A reconciliation of adjusted EBITDA / (LBITDA) to operating profit before income tax is provided as follows:

	2012 $	2011 $
Adjusted EBITDA / (LBITDA)	**(12,651,077)**	**(2,441,169)**
Interest revenue	3,549,018	1,771,827
Finance costs	-	(12,481)
Depreciation	(1,056,013)	(667,911)
Share options granted to directors and employees	(567,549)	(263,851)
Other	-	-
Profit / (loss) before income tax from continuing operations	**(10,725,621)**	**(1,613,585)**

(iii) Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Only property, plant and equipment for each data centre facility is included as the asset for that segment. All other assets including customers' trade receivables are classified as "Other Segments".

Reportable segments' assets are reconciled to total assets as follows:

	2012 $	2011 $
Segment Assets	214,011,663	110,576,021
Unallocated assets		
Deferred tax assets	1,342,989	802,871
Total Assets as per the Consolidated Balance Sheet	**215,354,652**	**111,378,892**

(iv) Segment liabilities

As noted above, the segment liabilities for each operating segment are not required by executive management for purposes of their decision making. As such, these are not provided to management and not categorised.

5: Data centre revenue

	2012 $	2011 $
From continuing operations		
Data centre services revenue		
Racks and blocks	526,164	-
Suites	189,750	-
Establishment fees	453,419	-
Other	60,666	-
	1,229,999	**-**

During the year, only NEXTDC's B1 Brisbane data centre was operational. B1 was opened on 11 October 2011. Consequently, the revenues generated for the year ended 30 June 2012 represent only revenues for part of the year. In the period to 30 June 2011, no data centres were operational.

6: Other income

	2012 $	2011 $
Sundry income	7,380	-
Rent and related revenue	-	223,298
	7,380	**223,298**

Rent and related revenue relates to sundry income which was derived on acquisition of the Brisbane B1 building in the year ended 30 June 2011.

7: Expenses

Profit before income tax includes the following specific expenses:

	Note	2012 $	2011 $
Depreciation including disposal of assets			
Buildings		272,624	7,012
Fixtures and Fittings		28,601	52,583
Plant and equipment		498,498	582,833
Hardware		108,138	14,700
Software		38,624	7,597
Office Furniture		2,522	3,054
Office Equipment		1,008	132
Data centre fit out		105,998	-
Total Depreciation		**1,056,013**	**667,911**
Other expenses			
Share registry and ASX listing expenses		125,893	92,545
Fees and charges		62,341	79,073
Rent expense		366,865	72,737
Insurance expense		183,558	38,807
FBT expense		178,044	31,131
Payroll tax expense		333,423	16,145
IT and telecommunications expenses		218,176	32,811
Corporate overhead		367,215	64,102
Total other expenses		**1,835,515**	**427,351**

8: Income tax expense

	2012 $	2011 $
(a) Income tax expense / (credit):		
Current tax	-	-
Deferred tax expense / (credit)	(111,524)	60,824
Adjustments for current tax of prior periods	-	-
Sub-total	**(111,524)**	**60,824**
Income tax expense / (credit) is attributable to:		
▪ Profit / (loss) from continuing operations	(111,524)	60,824
Aggregate income tax expense	**(111,524)**	**60,824**
Deferred income tax (revenue) expense included in income tax expense comprises:		
▪ Decrease (increase) in deferred tax assets (note 15)	(2,865,771)	(910,963)
▪ (Decrease) increase in deferred tax liabilities (note 19)	2,325,653	108,092
▪ Deferred tax charged to equity	428,594	863,695
	(111,524)	**60,824**
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) from continuing operations before income tax expense	(10,725,621)	(1,613,585)
Tax expense / (credit) at the Australian tax rate of 30%	(3,217,686)	(484,076)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible Entertainment	170,264	28,009
Share-based payments	64,004	79,155
Other non-deductible items	-	34,729
Capital raising costs allowed as a deduction	(377,053)	-
Unused tax losses for which no deferred tax asset has been recognised (note d)	3,248,947	403,007
Income tax expense	**(111,524)**	**60,824**
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax - credited directly to equity	1,292,290	863,695
Net deferred tax - debited (credited) directly to equity	-	-
(d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	12,901,251	1,343,357
Potential tax benefit @ 30%	3,870,375	403,007

9: Cash and cash equivalents

	2012 $	2011 $
Cash at bank and in hand	18,168,525	5,563,646
Term deposits	49,929,500	56,534,137
	68,098,025	**62,097,783**

(a) Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Not available for use

All cash is available for use.

10: Trade and other receivables

	Note	2012 $	2011 $
Trade receivables		470,814	-
Interest receivable	(a)	473,078	360,219
GST receivable		843,741	1,327,526
Other receivables		117,829	-
		1,905,462	**1,687,745**

(a) Interest receivable

Interest receivable relates to interest accrued on term deposits. Credit risk of this is assessed in the same manner as cash and cash equivalents (refer to note 2(b)).

(b) Fair value and credit risk

The Group does not carry any financial assets or liabilities at fair value.

(c) Past due but not impaired

As at 30 June 2012, no amounts included in trade and other receivables were past due or impaired.

11: Other current assets

	Note	2012 $	2011 $
Prepayments		390,649	72,003
Security Deposits		2,399,162	64,078
		2,789,811	**136,081**

Security Deposits

From time to time, the Group may provide bank guarantees to third parties in order to secure the performance of a contract. A bank guarantee will typically involve cash being used in a long term deposit and secured until the end of the contract term. These deposits represent cash not available for use by the Group and are consequently disclosed as security deposits within other receivables. Subject to meeting the Group's obligations at the end of the contract, the security over the term deposit will be lifted, with cash being returned to the Group.

12: Property, plant and equipment

	Freehold land	Freehold buildings	Fixtures and Fittings	Plant and equipment	Hardware and Software	Office furniture and equipment	Total
30 June 2012	$	$	$	$	$	$	$
Opening net book amount	24,128,989	1,533,365	1,223	-	121,760	9,853	25,795,190
Additions	7,213,577	17,936,318	1,310,976	15,188,780	1,125,551	548,363	43,323,565
Depreciation charge	-	(272,624)	(28,601)	(604,496)	(146,762)	(3,530)	(1,056,013)
Disposal	(4,505,636)	(5,372,573)	(34,672)	(955,348)	-	-	(10,868,229)
Closing net book amount	**26,836,930**	**13,824,486**	**1,248,926**	**13,628,936**	**1,100,549**	**554,686**	**57,194,513**
Cost or fair value	26,836,930	14,099,767	1,277,625	14,233,433	1,269,608	558,551	58,275,914
Accumulated depreciation	-	(275,281)	(28,699)	(604,497)	(169,059)	(3,865)	(1,081,401)
Net book amount	**26,836,930**	**13,824,486**	**1,248,926**	**13,628,936**	**1,100,549**	**554,686**	**57,194,513**

	Freehold land	Freehold buildings	Fixtures and Fittings	Plant and equipment	Hardware and Software	Office furniture and equipment	Total
30 June 2011	$	$	$	$	$	$	$
Opening net book amount	-	-	-	-	-	-	-
Additions	24,128,989	1,540,377	53,806	582,833	144,057	13,039	26,463,101
Depreciation charge	-	(7,012)	(52,583)	(582,833)	(22,297)	(3,186)	(667,911)
Disposal	-	-	-	-	-	-	-
Closing net book amount	**24,128,989**	**1,533,365**	**1,223**	**-**	**121,760**	**9,853**	**25,795,190**
Cost or fair value	24,128,989	1,540,377	53,806	582,833	144,057	13,039	26,463,101
Accumulated depreciation	-	(7,012)	(52,583)	(582,833)	(22,297)	(3,186)	(667,911)
Net book amount	**24,128,989**	**1,533,365**	**1,223**	**-**	**121,760**	**9,853**	**25,795,190**

Assets in the course of construction

The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to property, plant and equipment which is in the course of construction:

	2012 $	2011 $
Land	26,836,930	24,128,989
Buildings	-	1,540,377
	26,836,930	**25,669,366**

Leased assets

Furniture, fittings and equipment includes the following amounts where the group is a lessee under a finance lease:

	2012 $	2011 $
Buildings – at cost	7,665,000	-
Accumulated depreciation	(169,635)	-
Net book amount	**7,495,365**	-

13: Non-cash investing and financing activities

	2012 $	2011 $
Acquisition of leasehold building by means of finance lease	7,665,000	-
	7,665,000	-

During the year to 30 June 2012, NEXTDC entered into a sale-and-leaseback of the land and building of its B1 data centre.

14: Capital work-in-progress

	Land $	Building and Fit Out Works $	Consultancy Fees $	Mechanical and Electrical Equipment $	Total $
30 June 2012					
Opening amount	746,676	11,550,466	1,106,762	7,428,982	20,832,886
Additions	6,456,064	75,987,126	424,884	13,881,786	96,749,860
Transfers	(7,202,740)	(14,342,871)	(1,232,580)	(10,951,078)	(33,729,269)
Closing amount	-	**73,194,721**	**299,066**	**10,359,690**	**83,853,477**
30 June 2011					
Opening amount	-	-	-	-	-
Additions	746,676	11,550,466	1,106,762	7,428,982	20,832,886
Transfers	-	-	-	-	-
Closing amount	**746,676**	**11,550,466**	**1,106,762**	**7,428,982**	**20,832,886**

15: Deferred tax assets

	2012 $	2011 $
The balance comprises temporary differences attributable to:		
Employee benefits	126,389	18,635
Expenses deductible in future years	63,488	12,294
Black-hole expenditure deductible in future years	14,461	10,089
Revenue received in advance	42,420	-
Finance lease provisions	2,213,135	-
Other		
Make good provision	24,550	6,250
Share issue expenses	1,292,290	863,695
Total deferred tax assets	**3,776,734**	**910,963**
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 19)	(2,433,745)	(108,092)
Net deferred tax assets	**1,342,989**	**802,871**
Deferred tax assets expected to be recovered within 12 months	760,410	33,451
Deferred tax assets expected to be recovered after more than 12 months	3,016,324	769,420
Total	**3,776,734**	**802,871**

Movements	Tax Losses $	Employee Benefits $	Other $	Share Transaction Costs $	Total $
30 June 2012					
At 1 July 2011	-	18,635	28,633	863,695	910,963
Charged/(credited)					
- to profit or loss	-	107,754	2,329,423	-	2,437,177
- directly to equity	-	-	-	428,594	428,594
At 30 June 2012	**-**	**126,389**	**2,358,056**	**1,292,289**	**3,776,734**
30 June 2011					
At 11 May 2010	-	-	-	-	-
Charged/(credited)					
- to profit or loss	-	18,635	28,633	-	47,268
- directly to equity	-	-	-	863,695	863,695
At 30 June 2011	**-**	**18,635**	**28,633**	**863,695**	**910,963**

16: Trade and other payables

	Note	2012 $	2011 $
Trade payables		12,788,179	6,341,552
Employee entitlements		262,176	65,934
PAYG Payable		193,381	104,185
Other payables		28,044	3,604
Accrued expenses		371,961	40,980
Total		**13,643,741**	**6,556,255**

Risk exposure

As all payables are in Australian dollars, management does not believe there are any significant risks in relation to these financial liabilities.

17: Other current liabilities

	Note	2012 $	2011 $
Revenue received in advance		45,770	-
Total		**45,770**	-

18: Finance lease liability

	Note	2012 $	2011 $
Current		622,828	-
Non-current		6,754,289	-
Total		**7,377,117**	-

19: Deferred tax liabilities

	2012 $	2011 $
The balance comprises temporary differences attributable to:		
Accrued interest	141,924	107,799
Prepayments	-	293
Finance lease asset	2,248,609	-
Intangibles	43,212	-
Total deferred tax liabilities	**2,433,745**	**108,092**
Set-off of deferred tax liabilities pursuant to set-off provisions (note 15)	(2,433,745)	(108,092)
Net deferred tax liabilities	-	-
Deferred tax liabilities expected to be settled within 12 months	536,487	108,092
Deferred tax liabilities expected to be settled after more than 12 months	1,897,258	-
Total	**2,433,745**	**108,092**

Movements	2012 $	2011 $
Opening Balance	**108,092**	-
Charged/(credited)		
- to profit or loss	2,325,653	108,092
Closing Balance	**2,433,745**	**108,092**

20: Provisions

	Note	2012 $	2011 $
Provision for make-good	(a)	464,865	20,833
		464,865	**20,833**

(a) Make good provision

NEXTDC Limited is required to restore the leased premises of its office tenancies to its original condition at the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

(b) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	2012 $	2011 $
Opening balance	20,833	-
Additional provision recognised	444,032	20,833
Closing balance	**464,865**	**20,833**

21: Contributed equity

(a) Share capital

	Note	2012 No. Shares	2012 $	2011 No. Shares	2011 $
Fully Paid Ordinary Shares	(c)	172,316,572	205,280,265	114,962,029	106,212,362
Total Contributed Equity		**172,316,572**	**205,280,265**	**114,962,029**	**106,212,362**

(b) Movements in ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	Value $
1 July 2011	Opening Balance		114,962,029	-	106,212,362
8 Aug 2011	1st tranche of Institutional Placement	(c)	17,142,857	$1.75	30,000,000
19 Sep 2011	2nd tranche of institutional placement	(c)	11,428,572	$1.75	20,000,001
31 Oct 2011	Issue of loan funded share plan	(f)	1,714,284	$1.75	2,999,997
20 Apr 2012	Institutional placement	(c)	21,787,000	$1.90	41,395,300
22 May 2012	Shareholder purchase plan	(c)	5,281,830	$1.88	9,929,500
	Subtotal		172,316,572		210,537,160
	Less shares held by NEXTDC Share Plan Pty Ltd	(f)	(1,714,284)	$1.75	(2,999,997)
	Less: transaction costs arising on issue of shares				(2,685,492)
	Deferred tax credit recognised directly in equity				428,594
30 June 2012	**Balance**		**170,602,288**		**205,280,265**

Date	Details	Note	Number of Shares	Issue Price	Value $
11 May 2010	Inception of the company		100	$1.00	100
5 Nov 2010	Conversion of shares		19,999,900	-	-
6 Nov 2010	Additional shares issued	(c)	20,000,000	$1.00	20,000,000
13 Dec 2010	Initial Public Offer	(c)	40,000,000	$1.00	40,000,000
24 Mar 2011	1st tranche of Institutional Placement	(c)	12,000,000	$1.40	16,800,000
21 Apr 2011	Shareholder Purchase Plan	(c)	10,962,029	$1.40	15,346,841
29 Apr 2011	2nd tranche of Institutional Placement	(c)	12,000,000	$1.40	16,800,000
	Subtotal		114,962,029		108,946,941
	Less: Transaction costs arising on issue of shares				(3,598,275)
	Deferred tax credit recognised directly in equity				863,696
30 June 2011	**Balance**		**114,962,029**		**106,212,362**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Dividend reinvestment plan

The Group does not have a dividend reinvestment plan in place.

(e) Options

Information relating to the NEXTDC Limited Executive Share Option Plan, including details of options issued, exercised and lapsed during the year and options outstanding at the end of the year, is set out in note 32.

(f) Loan funded share plan

On 31 October 2011, shares were issued to NEXTDC Share Plan Pty Ltd, a wholly-owned subsidiary of NEXTDC Limited as part of the Group's Loan Funded Share Plan remuneration scheme to attract and retain key employees. The arrangement involved the issue of shares to NEXTDC Share Plan Pty Ltd, whose sole purpose is to hold shares as trustee for its beneficiaries (its participants). The participants are required to meet service requirements before being entitled to access these shares. Further, the participants are required to repay the loan to the subsidiary in order to access the shares. Consequently, until such time that the participants repay the loan, there is no flow of cash to the Group.

Due to the way this transaction has been structured, in particular the use of a limited recourse loan, the Accounting Standards require this transaction to be treated the same as the issue of an option and do not permit the recognition of a loan balance.

The fair value at grant date of the shares was determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan. The assessed fair value is recognised as share-based payments.

The 1,714,284 ordinary shares issued during the period are subject to dealing restrictions until the loan is repaid. Due to the loan being limited recourse, equity contributions are recognised on receipt of loan repayments.

No loan repayments were received during the year.

More information relating to the loan funded share plan including details of shares issued under the scheme is set out in note 32.

(g) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In future, the Directors may pursue other funding options such as debt, sale and leaseback of assets, additional equity and various other funding mechanisms as appropriate in order to undertake its projects and deliver optimum shareholders' return.

The Group intends to maintain as low a gearing ratio as possible.

	Note	2012 $	2011 $
Total borrowings (including trade and other payables)		13,643,741	6,556,255
Less: cash and cash equivalents		(68,098,025)	(62,097,783)
Net debt / (surplus cash)		(54,454,284)	(55,541,528)
Total equity		205,280,265	106,212,362
Total capital		150,825,981	50,670,834
Gearing ratio		**0%**	**0%**

22: Reserves

	Note	2012 $	2011 $
Share-based payments		831,400	263,851
Total		831,400	263,851

Movements	Note	2012 $	2011 $
Opening balance		263,851	-
Options expense		567,549	263,851
Total		831,400	263,851

Nature and purpose of reserves

Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to participants but not exercised
- the grant date fair value of shares issued to participants
- the issue of shares held by the NEXTDC Limited Executive Share Option Plan or NEXTDC Share Plan Pty Ltd to participants

23: Retained earnings

Movements	Note	2012 $	2011 $
Opening balance		(1,674,409)	-
Net profit / (loss) for the period		(10,614,097)	(1,674,409)
Dividends paid or provided for		-	-
Total		**(12,288,506)**	**(1,674,409)**

24: Dividends

No dividends were paid or were declared payable by the Group.

25: Key management personnel disclosures

(a) Key management personnel compensation

	2012 $	2011 $
Short-term employee benefits	1,251,754	705,237
Post-employment benefits	95,146	63,470
Share-based payments	491,335	258,592
Total	**1,838,235**	**1,027,299**

Detailed remuneration disclosures are provided in the remuneration report on pages 24-34.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 24-34.

(ii) Option holdings

The numbers of options over ordinary shares in the group held during the year by each director of NEXTDC Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2012	Balance at start of the year	Granted as compen-sation	Exercised	Other changes	Balance at end of the year	Vested and exer-cisable	Unvested
Directors of NEXTDC Limited							
Mr Roger Clarke	250,000	-	-	-	250,000	250,000	-
Mr Ted Pretty	750,000	-	-	-	750,000	500,000	250,000
Mr Bevan Slattery	-	-	-	-	-	-	-
Mr Robin Khuda	1,000,000	-	-	-	1,000,000	1,000,000	-
Mr Craig Scroggie	250,000	250,000	-	-	500,000	250,000	250,000
Mr Greg Baynton	250,000	-	-	-	250,000	250,000	-
Other key management personnel							
Mr Simon Cooper	-	-	-	-	-	-	-
Mr Jamie Hamlin	-	-	-	-	-	-	-
Mr Jeffrey Van Zetten	-	-	-	-	-	-	-

Although the options noted above have vested for directors of NEXTDC Ltd in the year to 30 June 2012, the options were held under ASX-imposed escrow. Consequently, although the options have vested, they are not able to be exercised until escrow is lifted, which is expected to be on or around 13 December 2012.

2011	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of NEXTDC Limited							
Mr Roger Clarke	-	250,000	-	-	250,000	-	250,000
Mr Ted Pretty	-	750,000	-	-	750,000	-	750,000
Mr Bevan Slattery	-	-	-	-	-	-	-
Mr Robin Khuda	-	1,000,000	-	-	1,000,000	-	1,000,000
Mr Craig Scroggie	-	250,000	-	-	250,000	-	250,000
Mr Greg Baynton	-	250,000	-	-	250,000	-	250,000
Other key management personnel							
Mr Gordon Paddy	-	200,000	-	-	200,000	-	200,000
Mr John Turner	-	-	-	-	-	-	-
Ms Jacqueline Keller	-	-	-	-	-	-	-

All vested options except for options granted to Mr Ted Pretty will become exercisable on 13 December 2011. Mr Pretty's options are exercisable from 27 April 2012 (500,000 options) and 27 April 2013 (250,000 options).

(iii) Share holdings

The numbers of shares in the company held during the financial year by each director of NEXTDC Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2012	Balance at the start of the year	Received during the year on the exercise of options	Received under Loan Funded Share Plan	Shares Acquired / (Disposed) During the Year	Balance at 30 June 2012
Directors of NEXTDC Limited					
Mr Roger Clarke	260,714	-	-	27,265	287,979
Mr Ted Pretty	-	-	-	-	-
Mr Bevan Slattery	40,010,714	-	-	147,796	40,158,510
Mr Robin Khuda	194,286	-	571,428	42,729	808,443
Mr Craig Scroggie	260,714	-	-	-	260,714
Mr Greg Baynton	260,714	-	-	-	260,714
Other key management personnel					
Mr Simon Cooper	-	-	571,428	-	571,428
Mr Jamie Hamlin	-	-	171,428	-	171,428
Mr Jeffrey Van Zetten	-	-	100,000	-	100,000

2011	Balance at the start of the year	Received during the year on the exercise of options	Received under Loan Funded Share Plan	Shares Acquired / (Disposed) During the Year	Balance at 30 June 2011
Directors of NEXTDC Limited					
Mr Roger Clarke	-	-	-	260,714	260,714
Mr Ted Pretty	-	-	-	-	-
Mr Bevan Slattery	-	-	-	40,010,714	40,010,714
Mr Robin Khuda	-	-	-	194,286	194,286
Mr Craig Scroggie	-	-	-	260,714	260,714
Mr Greg Baynton	-	-	-	260,714	260,714
Other key management personnel					
Mr Gordon Paddy	-	-	-	-	-
Mr John Turner	-	-	-	-	-
Ms Jacqueline Keller	-	-	-	-	-

(c) Loans to key management personnel

(i) Aggregates for key management personnel

	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Number in group at the end of the year
2012	-	-	121,715	2,499,997	4
2011	-	-	-	-	0

(ii) Individuals with loans above $100,000 during the financial year

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Highest indebtedness during the year $
Mr Robin Khuda	-	-	54,224	999,999	999,999
Mr Simon Cooper	-	-	54,224	999,999	999,999
Mr Jamie Hamlin	-	-	8,334	299,999	299,999
Mr Jeffrey Van Zetten	-	-	4,933	200,000	200,000
Total	-	-	121,715	2,499,997	2,499,997

In 2011, there were no loans to individuals that exceeded $100,000 at any time.

All loans listed above arose as a result of NEXTDC's loan funded share plan which is described on page 31. Interest-free loans were granted to key management personnel in order to purchase the shares from NEXTDC Share Plan Pty Ltd. The loan must be repaid in full within 5 years from the date of the loan or when the eligible employee or Director ceases to be employed by the Group.

Under the terms of the loan, the borrower (being a participant in the Share Plan) agrees to provide a mortgage over the shares to NEXTDC to secure the repayment of the monies outstanding under the loan. No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

(d) Other transactions with key management personnel

There were no other transactions with key management personnel during the year.

26: Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) PwC Australia

	2012 $	2011 $
Audit and other assurance services		
Audit and review of financial statements	48,786	35,150
Taxation Services		
Tax compliance services	20,380	25,800
Other services		
Accounting services rendered relating to the IPO	-	40,238
Agreed-upon procedures engagement	6,000	3,000
Total Remuneration of PwC Australia	**75,166**	**104,188**

(b) Related practices of PwC Australia

No other remuneration was provided to any related practices of PwC Australia.

(c) Non-PwC audit firms

NEXTDC Limited did not engage with any other non-PwC audit firms.

27: Contingencies

(a) Contingent assets

The Group did not have any contingent assets or liabilities during the year or as at the date of this report.

(b) Contingent liabilities

Guarantees

As at 30 June 2012, the Group provided a total of $2,399,162 of guarantees in relation to various operating leases and finance leases that it has entered into.

28: Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of each reporting year but not recognised as liabilities is as follows:

	2012 $	2011 $
Property, plant and equipment	28,576,904	32,798,139
Total	**28,576,904**	**32,798,139**

Capital commitments disclosed above relate to the construction and fit out of data centres.

(b) Lease commitments: Group as lessee

(i) Non-cancellable operating leases

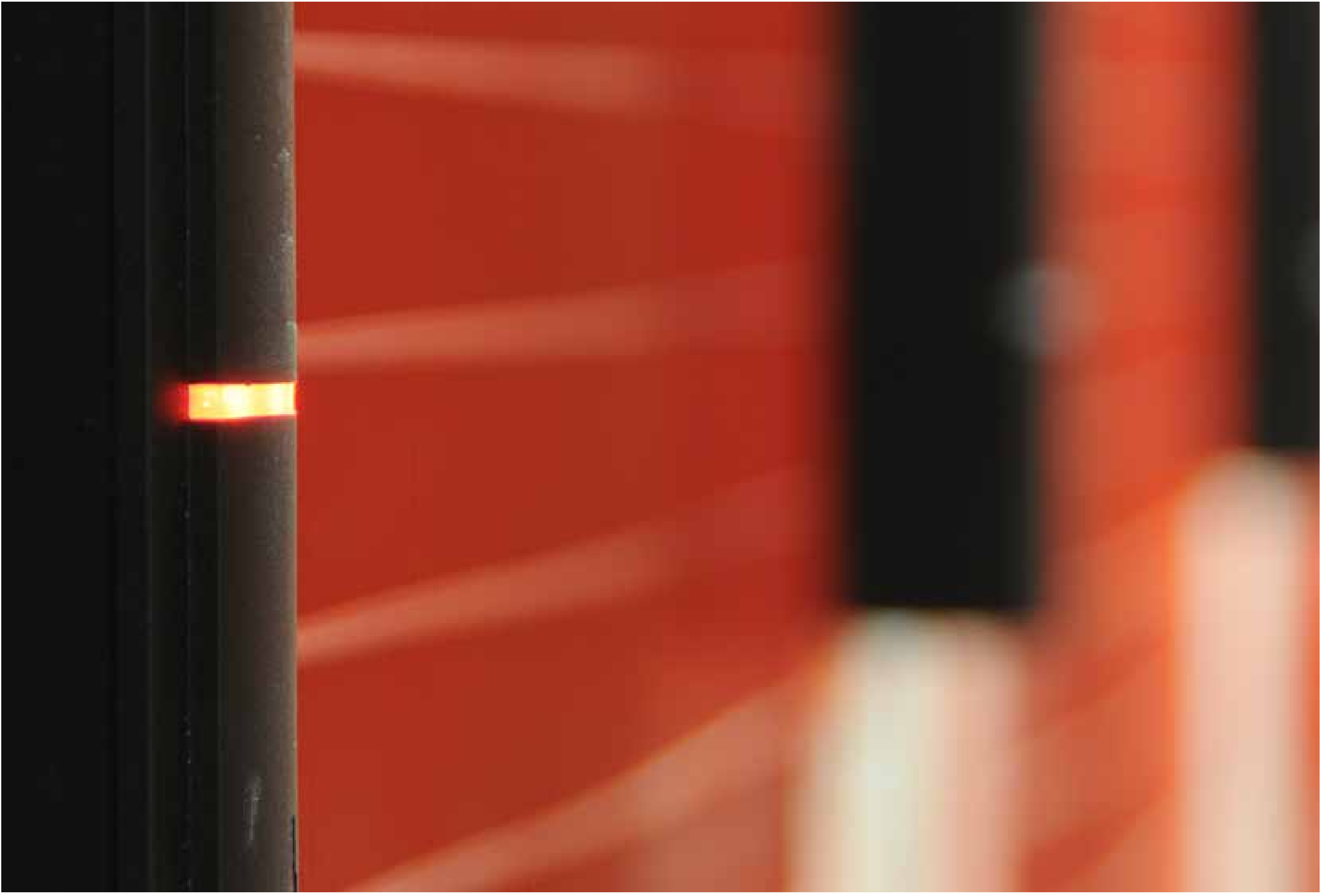
The Group leases various offices under non-cancellable operating leases expiring within five years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. In addition, the Group's C1 data centre is also a non-cancellable operating leases and expires in a year later than five years.

	2012 $	2011 $
Within 12 months	2,396,726	225,416
Later than 12 months but not later than 5 years	10,266,773	902,484
Later than 5 years	26,919,379	-
Total	**39,582,878**	**1,127,900**

(ii) Finance leases

The land and building of the Group's Brisbane B1 data centre facility is currently under finance lease. The lease period is for an initial term of 20 years, which can be extended with a further four 5-year options.

	2012 $	2011 $
Within 12 months	959,233	-
Later than 12 months but not later than 5 years	4,239,301	-
Later than 5 years	22,464,515	-
Total	**27,663,049**	-



29: Related party transactions

(a) Key management personnel

Disclosure relating to key management personnel are set out in note 25.

(b) Transactions with other related parties

During the year 1 July 2011 to 30 June 2012, NEXTDC Limited entered into an agreement with RBS Morgans Corporate Limited, who acted as Joint Lead Manager and Underwriter to NEXTDC Limited's capital raising. Mr Roger Clarke, who is Chairman of NEXTDC, is also the Chairman of the Board of Advice at RBS Morgans Limited, a broker to the offer, which is also a related entity of RBS Morgans Corporate Limited. The contract was for an underwriting fee of 2.5% 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. A total of $1,432,281 (2011: $1,613,139) was paid to RBS Morgans for their advisory and management work for the year ended 30 June 2012. No amounts were unpaid as at 30 June 2012.

In addition, during the year ended 30 June 2012, NEXTDC acquired $14,978 of IT-related services from Symantec and its related entities. Mr Craig Scroggie, who is the CEO and is an executive director of NEXTDC Ltd, was the former Vice President and Managing Director of Symantec in the Pacific region. The services were conducted at arm's length and based on normal commercial terms and conditions.

(c) Outstanding balances arising from sales/purchases of goods and services

There were no outstanding balances with related parties at 30 June 2012 (2011: nil).

(d) Loans to/from related parties

Loans to/from key management personnel are detailed in note 25(c). There were no other loans to related parties during the year or at year-end.

30: Reconciliation of loss after income tax to net cash flow from operating activities

	2012 $	2011 $
Profit /(loss) for the year after income tax	**(10,614,097)**	**(1,674,409)**
Depreciation and amortisation	1,056,013	667,911
Non-cash employee benefits expense - share-based payments	567,549	263,851
Finance lease payments not included in operating cash flows	(287,883)	-
Fees paid for bank finance facility (classified as financing cash flows)	-	70,000
Gain on disposal of assets	(120,252)	-
Change in operating assets and liabilities		
(Increase) / decrease in trade debtors	(470,814)	(889)
(Increase) / decrease in prepayments and deposits	(436,385)	(136,081)
(Increase) / decrease in cash used in bank guarantees	(2,334,284)	-
(Increase) / decrease in interest receivable	(113,747)	(359,330)
(Increase) / decrease in GST	1,043,202	(25,525)
(Increase) / decrease in deferred tax assets	(2,437,177)	(47,268)
(Decrease) / increase in trade creditors	355,814	152,137
(Decrease) / increase in other operating liabilities	23,724	148,769
Increase / (decrease) in employee entitlements	445,774	65,934
Increase / (decrease) in revenue in advance	45,770	-
Increase / (decrease) in deferred tax liabilities	2,325,653	108,092
Increase / (decrease) in other provisions	159,958	20,833
Net cash inflow / (outflow) from operating activities	**(10,791,182)**	**(745,975)**

31: Earnings per share

(a) Earnings per share

	2012 Cents	2011 Cents
From continuing operations	(7.31)	(3.46)
From discontinued operations	-	-
Total basic earnings / (losses) per share attributable to the ordinary equity holders of the Group	**(7.31)**	**(3.46)**

(b) Diluted earnings/(losses) per share

	2012 Cents	2011 Cents
From continuing operations	(7.31)	(3.46)
From discontinued operations	-	-
Total diluted earnings / (losses) per share attributable to the ordinary equity holders of the Group	**(7.31)**	**(3.46)**

(c) Reconciliations of earnings used in calculating earnings per share

	2012 $	2011 $
Basic earnings per share		
Profit / (loss) attributable to the ordinary equity holders of the group used in calculating basic earnings per share		
From continuing operations	(10,614,097)	(1,674,409)
From discontinuing operations	-	-
Profit / (loss) used in calculating basic EPS	**(10,614,097)**	**(1,674,409)**
Diluted earnings per share		
Profit / (loss) from continuing operations attributable to the ordinary equity holders of the group:		
From continuing operations	(10,614,097)	(1,674,409)
Used in calculating diluted earnings per share	**(10,614,097)**	**(1,674,409)**
Profit / (loss) from discontinuing operations	-	-
Profit attributable to the ordinary equity holders of the group used in calculating diluted earnings per share	**(10,614,097)**	**(1,674,409)**

(d) Weighted average number of shares used as the denominator

	2012 Number of Shares	2011 Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	145,261,622	48,451,469
Plus potential ordinary shares	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	145,261,622	48,451,469

(e) Information concerning the classification of securities

(i) Partly paid ordinary shares

NEXTDC Limited had no partly paid ordinary shares at any time during the year or as at the date of this report.

(ii) Options

Options granted to employees under the NEXTDC Limited Executive Share Option Plan are not considered to be potential ordinary shares as doing so would reduce the losses per share. In addition, the options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 21(e).

32: Share-based payments

(a) Executive Share Option Plan

The establishment of the NEXTDC Limited Executive Share Option Plan ("ESOP") was approved by during the Company's Initial Public Offer. A second ESOP in favour of Mr Ted Pretty was also approved at the general meeting held on Wednesday 27 April 2011. The Executive Share Option Plan is designed to provide medium and long-term incentives for directors and senior managers and key personnel to deliver long-term shareholder returns. Under the plan, participants are granted options which will vest after a certain timeframe. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The number of options that will vest depends on the participant's continued employment with NEXTDC. Once vested, the options remain exercisable for a period of one year. Options are granted under the plan for no consideration.

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
2012			Number	Number	Number	Number	Number	Number
13 Dec 2010	13 Dec 2012	$1.00	1,500,000	-	-	-	1,500,000	1,500,000
13 Dec 2010	13 Dec 2012	$1.50	500,000	-	-	-	500,000	500,000
27 Apr 2011	27 Apr 2013	$1.40	500,000	-	-	-	500,000	500,000
27 Apr 2011	27 Apr 2014	$1.40	250,000	-	-	-	250,000	-
31 Oct 2011	27 Apr 2015	$1.40	-	250,000	-	-	250,000	-
Total			**2,750,000**	**250,000**	**-**	**-**	**3,000,000**	**2,500,000**
Weighted average exercise price			$1.20	$1.40	-	-	$1.22	$1.18
2011								
13 Dec 2010	13 Dec 2012	$1.00	-	1,500,000	-	-	1,500,000	-
13 Dec 2010	13 Dec 2012	$1.50	-	500,000	-	-	500,000	-
27 Apr 2011	27 Apr 2013	$1.40	-	500,000	-	-	500,000	-
27 Apr 2011	27 Apr 2013	$1.40	-	250,000	-	-	250,000	-
Total			**-**	**2,750,000**	**-**	**-**	**2,750,000**	**-**
Weighted average exercise price			-	$1.20	-	-	$1.20	-

No options expired during the periods covered by the above tables. The weighted average remaining contractual life of share options outstanding at the end of the year was 0.83 years (2011: 1.65 years).

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2012 was 34.10 cents (2011: 23.56 cents) per option. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2012 included:

- options are granted for no consideration and vest 18 months after grant date (2011: 12 months after grant date). Vested options are exercisable for a period of 24 months after vesting (2011: 12 months)
- exercise price: $1.40 (2011: $1.20 weighted average)
- grant date: 31 October 2011 (2011: 13 December 2010 (plan 1) and 27 April 2011 (plans 2 and 3))
- expiry date: 27 April 2015 (2011: 13 December 2012 (plan 1), 27 April 2013 (plan 2) and 27 April 2014 (plan 3))
- share price at grant date: $1.65 (2011: $1.00 (plan 1) and $1.40 (plans 2 and 3))
- expected price volatility of the company's shares: 36% (2011: 32%)
- expected dividend yield: 0%
- risk-free interest rate: 5.12% (2011: 4.91%)

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Loan Funded Share Plan

On 31 October 2011, shares were issued to NEXTDC Share Plan Pty Ltd, a wholly-owned subsidiary of NEXTDC Limited as part of the Group's Loan Funded Share Plan remuneration scheme to attract and retain key employees. The arrangement involved the issue of shares to NEXTDC Share Plan Pty Ltd, whose sole purpose is to hold shares as trustee for its beneficiaries (its participants). The participants are required to meet service requirements before being entitled to access these shares. Further, the participants are required to repay the loan to the subsidiary in order to access the shares. Consequently, until such time that the participants repay the loan, there is no flow of cash to the Group.

Due to the way this transaction has been structured, in particular the use of a limited recourse loan, the Accounting Standards require this transaction to be treated the same as the issue of an option and do not permit the recognition of a loan balance.

The fair value at grant date of the shares was determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the loan. The assessed fair value is recognised as share-based payments.

The 1,714,284 ordinary shares issued during the year are subject to dealing restrictions until the loan is repaid. Due to the loan being limited recourse, equity contributions are recognised on receipt of loan repayments.

No loan repayments were received during the year.

Grant Date	Expiry date	Consideration	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year	Vested and exercisable at end of the year
			Number	Number	Number	Number	Number	Number
31 Oct 2011	31 Oct 2016	$1.75	-	1,714,284	-	(571,428)	1,142,856	-
27 Feb 2012	27 Feb 2017	$1.75	-	171,428	-	-	171,428	-
12 Mar 2012	12 Mar 2017	$2.00	-	100,000	-	-	100,000	-
Weighted average exercise price			-	$1.76	-	$1.75	$1.77	-

The model inputs for shares granted by way of loan funded share plan during the year ended 30 June 2012 included:

- shares are provided to the loan funded share plan
- exercise price: $1.75 or $2.00
- grant date: 31 October 2011, February 2012 and March 2012
- expiry date: one-quarter of each loan-funded share plan will be accessible in four annual tranches on the anniversary date of the grant date.
- share price at grant date: $1.65, and $2.04
- expected price volatility of the company's shares: 36% (2011: 32%)
- expected dividend yield: 0%
- risk-free interest rate: 5.12% (2011: 4.91%)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2012 $	2011 $
Options issued under Executive Share Option Plan	567,549	263,851
	567,549	**263,851**

33: Subsidiaries and transactions with non-controlling interests

Name of entity	Country of Incorporation	Class of shares	2012 %	2011 %
NEXTDC Share Plan Pty Ltd	Australia	Ordinary	100%	-
Global Disaster Recovery Pty Ltd	Australia	Ordinary	100%	-

34: Events occurring after the reporting period

On 25 July 2012, NEXTDC Limited announced plans to launch Australia's first listed data centre property fund to be known as Asia Pacific Data Centre Trust ("the Trust"). The purpose of Trust would be to initially acquire the land and building of NEXTDC's Sydney (S1), Melbourne (M1) and Perth (P1) data centre sites and lease them back to NEXTDC via a triple net lease, similar in structure to existing ASX-listed REITs.

As at the date of this report, the specific details of the Trust and its impact on the group had not been finalised. Consequently, no financial impact can be disclosed.

35: Parent entity financial information

	30 June 2012 $	30 June 2011 $
Total current assets	**72,793,298**	**63,921,609**
Total assets	**215,354,652**	**111,378,892**
Total current liabilities	**14,312,339**	**6,556,255**
Total liabilities	**21,531,493**	**6,577,088**
Net assets	**193,823,159**	**104,801,804**
Shareholders' Equity		
Contributed equity	205,280,265	106,212,362
Reserves	831,400	263,851
Retained earnings / (accumulated losses)	(12,288,506)	(1,674,409)
Total equity	**193,823,159**	**104,801,804**
Profit / (loss) for the year after tax	**(10,614,097)**	**(1,674,409)**
Profit is attributable to:		
Owners of NEXTDC Limited	(10,614,097)	(1,674,409)
Other comprehensive income		
Gain on revaluation of land and buildings	-	-
Total comprehensive income / (loss) for the year	**(10,614,097)**	**(1,674,409)**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

NEXTDC Limited did not have any guarantees in relation to the debts of subsidiaries.

Contingent liabilities of NEXTDC Limited (parent entity)

NEXTDC Limited did not have any contingent liabilities as at 30 June 2012 or 30 June 2011.

Contractual commitments by NEXTDC for the acquisition of property, plant and equipment

Details of contractual commitments are detailed in note 28.

Directors' declaration

In the directors' opinion:

the financial statements and notes set out on pages 47 to 92 are in accordance with the Corporations Act 2001, including:

complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

giving a true and fair view of the group's financial position as at 30 June 2012 and of its performance for the year 1 July 2011 to 30 June 2012, and

there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable, and

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by 295A of the Corporations Act 2001.

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

Craig Scroggie
Director
NEXTDC Limited

Brisbane
29 August 2012

Independent auditor's report to the members of NEXTDC Limited

Report on the financial report

We have audited the accompanying financial report of NEXTDC Limited (the company), which comprises the consolidated balance sheet as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the NEXTDC Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

a. the financial report of NEXTDC Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 24 to 34 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of NEXTDC Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of NEXTDC Limited (the company) for the year ended 30 June 2012 included on NEXTDC Limited'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 auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. 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 audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Trevor Mahony
Partner
PricewaterhouseCoopers

Brisbane
29 August 2012

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, GPO Box 150, BRISBANE QLD 4001

DX 77 Brisbane, Australia
T +61 7 3257 5000, F +61 7 3257 5999, www.pwc.com.au

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Shareholder Information

The shareholder information set out below was applicable as at 30 June 2012.

(a) Distribution of equity securities

The number of security investors holding less than a marketable parcel of 280 securities ($1.790 on 29/06/2012) is 109. Those investors hold 2,524 securities. Analysis of numbers of equity security holders by size of holding:

Holding	Number of Investors	Number of Securities
1 - 1,000	325	148,833
1,001 - 5,000	879	2,719,104
5,001 - 10,000	815	6,302,751
1,001 - 100,000	1579	40,184,203
100,001 - And over	84	122,961,681
	3,684	172,316,572

(b) Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

		Ordinary shares	
	Name	Number held	Percentage of issued shares
1	MR BEVAN ANDREW SLATTERY	40,158,510	23.31%
2	NATIONAL NOMINEES LIMITED	18,561,152	10.77%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	16,059,893	9.32%
4	COGENT NOMINEES PTY LIMITED	5,874,966	3.41%
5	AUST EXECUTOR TRUSTEES SA LTD <TEA CUSTODIANS LIMITED>	5,576,553	3.24%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,496,464	3.19%
7	COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS>	3,653,317	2.12%
8	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,485,072	1.44%
9	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	1,725,122	1.00%
10	THIRD EXAR PTY LTD <SUPER FUND A/C>	1,438,079	0.83%
11	BOND STREET CUSTODIANS LTD <MACQUARIE SMALLER CO'S A/C>	1,360,394	0.79%
12	CITICORP NOMINEES PTY LIMITED	1,319,464	0.77%
13	POMEGRANATE PTY LTD	1,155,000	0.67%
14	MR SIMON MOORE	1,059,479	0.61%
15	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	750,000	0.44%
16	BOND STREET CUSTODIANS LIMITED <MACQUARIE ALPHA OPPORT A/C>	640,584	0.37%
17	JAGEN PTY LTD	600,000	0.35%
18	MR RAYMOND JOHN CAMPBELL + MRS LESLEY ELLEN CAMPBELL <RJ & LE CAMPBELL SUPER FUND A/C>	543,693	0.32%
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	519,458	0.30%
20	UBS NOMINEES PTY LTD	510,652	0.30%
	Total for top 20	**109,487,852**	**63.54%**

Unquoted Equity Securities	Number on issue	Number of holders
Options issued under the NEXTDC Executive Share Option Plan to take up ordinary shares	3,000,000	9

(c) Substantial holders

	Number on issue	Percentage
Substantial holders in the group are set out below:		
Bevan Slattery	40,158,510	23.31%
National Nominees Limited	18,561,152	10.88%
J P Morgan Nominees Australia Limited	16,059,893	9.41%

(d) Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

Options hold no voting rights.

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