NEXTDC Limited
ABN 35 143 582 521

Appendix 4D

Results for Announcement to the Market

For the half-year ended 31 December 2013
(Previous corresponding period: to 31 December 2012)

Summary of Financial Information

	Note	Half-year 2013 $'000	Half-year 2012 $'000	Change $'000	Change %
Revenue from ordinary activities	1	28,800	4,837	23,963	495%
Profit/(loss) from ordinary activities after income tax for the period attributable to members		(7,277)	4,711	(11,988)	(254%)
Profit /(loss) after income tax attributable to members		(7,277)	4,711	(11,988)	(254%)

Explanation of Revenue and Profit / (Loss) from Ordinary Activities

Note 1 The following information has been provided in order to understand the Group's revenue from ordinary activities.

	Half-year 2013 $'000	Half-year 2012 $'000
Data centre services revenue	11,443	3,772
Data centre development revenue	15,470	-
Other revenue	1,887	1,065
Total revenue from continuing operations	28,800	4,837

The Company's core operating activity is the provision of data centre services. During the period, development revenue was derived from the completion of P1 Perth data centre building for Asia Pacific Data Centre Group (ASX: AJD, "APDC"). In future, where NEXTDC develops further data centres and offers them to APDC or other parties, further development revenue may be derived.

NTA Backing	31 Dec 2013	31 Dec 2012
Net tangible assets per share	$1.20	$1.11

Appendix 4D (continued)

Dividends

No interim dividend has been proposed or declared for the period ended 31 December 2013.

Entities over Which Control Was Gained or Lost During the Period

There were no entities where control was gained or lost during the period.

Details of associates and joint venture entities

Name of entity	2013 Share of associate	2012 Share of associate	2013 Contribution to net profit ($'000)	2012 Contribution to net profit ($'000)
Asia Pacific Data Centre Group	-	23%	-	-

APDC did not contribute to NEXTDC's profit during the period.

Directors' Report

The directors of NEXTDC Limited submit their report on the consolidated entity (referred to hereafter as the Group) consisting of NEXTDC Limited ("NEXTDC" or "the Company") and the entities it controlled at the end of, or during the half-year ended 31 December 2013.

Directors

The names of directors who held office during the half-year and up to the date of this report include:

Mr Edward (Ted) Pretty	Chairman, Non-Executive Director
Mr Roger Clarke	Non-Executive Director
Mr Craig Scroggie	CEO, Executive Director
Mr Greg Baynton	Non-Executive Director
Mr Douglas Flynn	Non-Executive Director (appointed 27 September 2013)
Mr Stuart Davis	Non-Executive Director (appointed 27 September 2013)
Mr Bevan Slattery	Deputy Chairman and Non-Executive Director (resigned 30 October 2013)

Review of Operations

NEXTDC achieved a number of milestones and enjoyed a period of strong growth in the six months to December 2013. During this time, the Group welcomed two new independent non-executive directors, officially launched its S1 Sydney data centre, achieved practical completion of the base building for its P1 Perth data centre and experienced growth in number of customers and data centre revenue.

Net loss after tax for the half-year ended 31 December 2013 was $7.3 million (2012: $4.7 million profit). Included in the result was a gain on the disposal of the Group's interest in Asia Pacific Data Centre Group ("APDC") of $1.7 million and development profit for the P1 Perth base building of $5.0 million.

During the period $82.5 million was invested in the development of data centre buildings and operating fitout.

The Group also achieved a number of funding milestones. In addition to raising $50 million equity in August 2013, the Group also secured a three-year $30 million debt facility from ANZ.

The Group has the flexibility to fund currently planned capacity expansion across its national footprint of carrier and vendor neutral data centres. Current installed capacity at the date of this report is 14.9MW with plans to expand to 19.7MW (total target capacity 35.4MW) this financial year. Significant contributions have been made towards this additional capacity during the first half of the financial year.

Sales Update

NEXTDC has continued to focus its sales strategy on partnering with providers of infrastructure, platform and packaged services. Flexibility offered by being carrier and vendor neutral allows customers a choice of carriers and systems integrators, leading to an increase in the number of unique customers to over 200 at 31 December 2013.

On 16 December 2013, NEXTDC announced a national agreement with Telstra which allows Telstra customers the ability to install critical IT infrastructure in all of NEXTDC's data centre co-location facilities with connectivity via Telstra's Next IP® network.

From 1 July 2013 to 31 December 2013, the Group's total contracted customer utilisation across all data centres increased 940 kW to 10,681 kW. From 31 December 2013 to the date of this report a further 261 kW have been contracted taking total contracted customer utilisation to 10,942 kW, or 74% of currently installed capacity available for sale.

Customer utilisation of the M1 Melbourne facility has increased from 47% to 50% of the total target power capacity (12.0MW) during the period from 1 July 2013 to 31 December 2013, an increase from 5,580 kW to 5,948 kW. At 31 December 2013, 8.0MW capacity had been installed out of a total target capacity of 12.0MW. Since balance date, a further 90 kW have been sold, taking customer utilisation to 6,038 kW.

During the period the M1 Melbourne commenced operating profitably before head office allocation.

B1 Brisbane, a significantly smaller facility than M1 Melbourne, continues to operate profitably and has increased customer utilisation based on power capacity (2.25MW) from 45% (1,013 kW) at 1 July 2013 to 56% (1,261 kW) at 31 December 2013. At the date of this report, a further 87 kW have been sold, increasing customer utilisation to 1,348 kW, or 60% of total power capacity.

After opening on 30 September 2013, S1 Sydney customer utilisation, based on total target power capacity of 11.5MW, has increased from 27% (3,105 kW) to 29% (3,362 kW). Since balance date, a further 66 kW have been sold, increasing customer utilisation to 30% (3,428 kW) at the date of this report. 3.1MW capacity has been installed out of a total target capacity of 11.5MW.

C1 Canberra is still in preliminary ramp up with customer utilisation based on total target power capacity of 4.1MW at 2%, or 74 kW.

NEXTDC is deriving revenue from numerous product sources including white space, rack and block deals, establishment service fees and add-on services, and during December cross connectivity between customer racks generated 4% of total recurring revenue.

Operational Update

During the period, the Group completed the fit out of M1 Melbourne Data Hall 4 including rack ready installation and comprehensive integrated systems testing. M1 Melbourne Data Hall 5 (2.0MW) and S1 Sydney’s second data hall (2.8MW) are on schedule for completion in the coming months, to take installed capacity to 19.7MW.

The Group achieved Uptime Institute (“UTI”) certification for its S1 Sydney, M1 Melbourne and P1 Perth data centres. S1 and P1 received certification for both design and construction whilst M1 received certification for design.

In December 2013, the Group announced that the ground-breaking solar array on its M1 Melbourne data centre was operational. The solar array allows customers to select renewable energy generated onsite by NEXTDC.

On 24 February 2014, the Group formally opened its P1 Perth data centre facility. The facility is designed for an IT load (power capacity) of 5.5MW and 1,500 racks. Initial capacity at opening is 0.8MW.

Corporate Governance

The Board, with Godfrey Remuneration Consultants, is reviewing remuneration matters including a review of the structure of the remuneration packages of Key Management Personnel. The Board has received initial advice from the consultant with a range of options and is in the process of considering these options and the implementation of recommendations received. The Board is mindful of the feedback from shareholders at the last AGM.

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 financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' Report (continued)

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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

Craig Scroggie
CEO, Executive Director

Brisbane
27 February 2014

Auditor's Independence Declaration

As lead auditor for the review of NEXTDC Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of NEXTDC Limited and the entities it controlled during the period.

Mike Shewan
Partner
PricewaterhouseCoopers

Brisbane
27 February 2014

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Consolidated Statement of Comprehensive Income

	Note	Half-year 2013 $'000	Half-year 2012 (Restated) $'000
REVENUE FROM CONTINUING OPERATIONS			
Data centre services revenue		11,443	3,772
Data centre development revenue	5	15,470	-
Other revenue		1,887	1,065
		28,800	**4,837**
OTHER INCOME			
Other income		1,732	16,238
		30,532	**21,075**
LESS: EXPENSES			
Direct costs		(1,582)	(908)
Data centre development costs	5	(10,463)	-
Employee benefits expense		(8,055)	(5,455)
Data centre facility costs		(7,953)	(2,623)
Depreciation and amortisation expense		(4,082)	(2,459)
Professional fees		(1,102)	(546)
Marketing costs		(304)	(659)
Office and administrative expenses		(3,096)	(2,163)
Finance costs		(238)	(396)
Profit / (loss) before income tax		**(6,343)**	**5,866**
Income tax credit / (expense)		(934)	(1,155)
Profit / (loss) for the half-year		**(7,277)**	**4,711**
Other comprehensive income for the half-year		-	-
Total comprehensive profit / (loss) for the half-year		**(7,277)**	**4,711**
Profit / (loss) attributable to:			
— owners of the NEXTDC Limited		**(7,277)**	4,711
		(7,277)	**4,711**
Total comprehensive profit / (loss) attributable to:			
— owners of the entity		(7,277)	4,711
		(7,277)	**4,711**
Profit / (loss) per share for loss attributable to the ordinary equity holders of the Group:			
— basic earnings per share in cents		(3.81)	2.73
— diluted earnings per share in cents		(3.81)	2.72

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Note	31 Dec 2013 $'000	30 June 2013 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		53,977	51,383
Trade and other receivables	6	6,726	14,667
Other current assets		5,944	3,234
Assets held for sale		-	26,450
TOTAL CURRENT ASSETS		**66,647**	**95,734**
NON-CURRENT ASSETS			
Other receivables	6	-	770
Property, plant and equipment		197,668	127,117
Other assets		2,225	1,505
Intangible assets		232	74
Deferred tax assets	10	2,075	2,610
TOTAL NON-CURRENT ASSETS		**202,200**	**132,076**
TOTAL ASSETS		**268,847**	**227,810**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		22,413	23,567
Other current liabilities		92	16
Finance lease liability		238	231
TOTAL CURRENT LIABILITIES		**22,743**	**23,814**
NON-CURRENT LIABILITIES			
Other liabilities		133	133
Provisions		389	365
Finance lease liability		6,989	7,110
TOTAL NON-CURRENT LIABILITIES		**7,511**	**7,608**
TOTAL LIABILITIES		**30,254**	**31,422**
NET ASSETS		**238,593**	**196,388**
EQUITY			
Contributed equity	7	258,854	209,771
Reserves		1,525	1,126
Accumulated losses		(21,786)	(14,509)
TOTAL EQUITY		**238,593**	**196,388**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Note	Contributed Equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 1 July 2012		**205,280**	**831**	**(12,288)**	**193,823**
Profit for the half-year		-	-	4,711	**4,711**
Total comprehensive income for the half-year		**-**	**-**	**4,711**	**4,904**
Transactions with owners in their capacity as owners:					
Share-based payments expense		-	192	-	**192**
Contributions of equity, net of transaction costs and tax	7	2,062	-	-	**2,062**
Balance at 31 December 2012		**207,342**	**1,023**	**(7,577)**	**200,788**
Balance at 1 July 2013		**209,771**	**1,126**	**(14,509)**	**196,388**
Loss for the half-year		-	-	(7,277)	**(7,277)**
Total comprehensive income for the half-year		**-**	**-**	**(7,277)**	**(7,277)**
Transactions with owners in their capacity as owners:					
Share-based payments expense		-	399	-	**399**
Contributions of equity, net of transaction costs and tax	7	49,083	-	-	**49,083**
Balance at 31 December 2013		**258,854**	**1,525**	**(21,786)**	**238,593**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Note	Half-year 2013 $'000	Half-year 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of goods and services tax)	5	35,555	2,685
Payments to suppliers and employees (inclusive of goods and services tax)	5	(40,314)	(31,828)
		(4,759)	**(29,143)**
Interest received		1,305	1,420
Finance charges		(238)	-
Distributions received		479	-
Payments for security deposits		(729)	-
Net cash outflow from operating activities		**(3,942)**	**(27,723)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(71,992)	(15,517)
Payments for intangible assets		(159)	-
Proceeds from disposal of investments		28,146	-
Proceeds from disposal of controlling interest in subsidiary		-	51,365
Repayment of loan from / (advances to) related parties		750	(750)
Net cash inflow / (outflow) from investing activities		**(43,255)**	**35,098**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of costs		50,130	2,250
Loan establishment costs		(225)	-
Finance lease repayments		(114)	-
Net cash inflow from financing activities		**49,791**	**2,250**
Net increase in cash held		**2,594**	**9,625**
Cash and cash equivalents at beginning of period		51,383	68,098
Cash and cash equivalents at end of period		**53,977**	**77,723**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2013

NOTE 1: CORPORATE INFORMATION

The interim consolidated financial report of NEXTDC Limited ("the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 27 February 2014. The directors have the power to amend and reissue the financial statements. NEXTDC Limited is a public company limited by shares incorporated and domiciled in Australia.

The registered office of the Company is Level 4, 88 Creek Street, Brisbane Qld 4000.

NOTE 2: BASIS OF PREPARATION

This condensed financial report for the half-year ended 31 December 2013 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all notes of the type normally included within the annual financial report therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by NEXTDC Limited during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Changes in accounting policy

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact and have not resulted in changes to the Group's presentation of, or disclosure in, its interim financial report.

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 financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The group does not expect any impact on its financial report.

NOTE 3: DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2013 (half-year ended 31 December 2012: nil).

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2013

NOTE 4: RESTATEMENT OF 2012 COMPARATIVES

The 31 December 2012 comparatives have been restated to align with the presentation of certain income and expense balances adopted in the 30 June 2013 full year financial statements. The changes do not impact the Group's Before Tax or After Tax Loss, therefore there is no impact on the Group's basic or diluted earnings per share.

The restatement reclassifies development revenue ($29,471,634) and development costs ($19,045,285) relating to transactions between NEXTDC and APDC which took place when APDC was part of the NEXTDC Group. These transactions should have been eliminated on consolidation at 31 December 2012. This has been restated in the Statement of Comprehensive Income, with the balances being applied against the gain on sale of APDC in other income.

Costs relating to the disposal of APDC, being APDC expenses ($5,299,585) and loan forgiveness ($2,000,000), have been reclassified from expenses into other income, as they represent expenses relating to the APDC disposal transaction.

The above reclassifications have resulted in a net increase in other income of $3,126,474.

NOTE 5: DATA CENTRE DEVELOPMENT REVENUE AND EXPENDITURE

During the half-year, NEXTDC recognised development revenue of $15,470,000 in respect of the completion of P1 Perth Data Centre building for Asia Pacific Data Centre Group (“APDC”). The project delivered total revenue of $23,800,000 of which $8,330,000 was recognised in the year to 30 June 2013.

Development expenditure for the period was $10,483,123 in respect of P1 Perth Data Centre building. The project cost was a total of $16,671,811 of which $6,188,688 was incurred in the year to 30 June 2013.

Receipts of development revenue and payments of development costs are disclosed in the Consolidated Statement of Cash Flows in Cash from Operating Activities.

NOTE 6: TRADE AND OTHER RECEIVABLES

	31 Dec 2013 $’000	30 June 2013 $’000
CURRENT		
Trade receivables	4,442	1,447
— Related parties	-	10,201
Provision for impairment	(13)	(32)
Other receivables	2,297	3,051
	6,726	**14,667**
NON-CURRENT		
Loans to related parties	-	770
	-	**770**
Total	**6,726**	**15,437**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2013

NOTE 7: CONTRIBUTED EQUITY

Ordinary securities	2013 Shares	2012 Shares	2013 $'000	2012 $'000
Balance as at 1 July	177,250,460	172,316,572	217,396	205,280
Issued during the period				
— Contributed equity	19,230,770	2,000,000	50,000	2,250
— Less transaction costs on shares issued	-	-	(1,316)	-
— Add / (less) current tax credit recognised directly in equity	-	-	399	(189)
Subtotal	**196,481,230**	**174,316,572**	**266,479**	**207,342**
Less shares held in NEXTDC Share Plan Pty Ltd	(3,576,744)	(1,714,284)	(7,625)	(3,000)
Total	**192,904,486**	**172,602,288**	**258,854**	**204,342**

In August 2013, the Group raised $50,000,002 through the issue of an additional 19,230,770 shares at $2.60 per share. The transaction was part-managed by Morgans Financial Limited (formerly "RBS Morgans Limited"). Mr Roger Clarke, who is a non-executive Director of NEXTDC Limited, is the Chairman of the Board of Advice at Morgans Financial Limited. The engagement was on an arm's length basis and resulted in a payment to Morgans Financial Limited of $662,500.

NOTE 8: OPERATING SEGMENTS

Directors consider the business from a geographic perspective and have identified five reportable segments, being each state where the Group operates 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 liabilities are not prepared and provided to management for review. The financial report discloses these as nil for each operating segment.

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 trade receivables are classified as "Other Segments".

1 July 2013 to 31 December 2013	Qld	Vic	ACT	NSW	WA	Total
	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE						
Revenue from external customers	3,367	6,415	205	1,456	-	11,443
Direct and facility costs	(921)	(3,667)	(1,556)	(2,931)	(459)	(9,534)
Employee benefits expense	(236)	(656)	(241)	(535)	(99)	(1,767)
Other expenses	(22)	(81)	(18)	(69)	(34)	(224)
Segment EBITDA	**2,188**	**2,011**	**(1,610)**	**(2,079)**	**(592)**	**(82)**
Depreciation and amortisation	(1,201)	(1,756)	(223)	(599)	(7)	(3,786)
Finance charge	(207)	-	-	-	-	(207)
Segment profit/(loss) before tax	**780**	**255**	**(1,833)**	**(2,678)**	**(599)**	**(4,075)**
Segment Assets – 31 December 2013						
Segment assets	30,024	73,635	4,772	57,499	28,901	194,831
Unallocated						74,016
Total assets						**268,847**

Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2013

NOTE 8: OPERATING SEGMENTS (CONTINUED)

	$'000
A reconciliation of operating segment results to loss before income tax is as follows:	
Total segment loss before tax - 1 July 2013 to 31 December 2013	(4,075)
— Net development profit	5,007
— Interest income	1,408
— Distribution received	479
— Gain on sale of investment	1,710
— Finance costs	(32)
— Employee benefits expense (non-facility staff)	(6,459)
— Head office depreciation	(295)
— Unallocated/ Head office overheads	(4,086)
Net profit/(loss) before tax from continuing operations	**(6,343)**

1 July 2012 to 31 December 2012 **Revenue**	**Qld** **$'000**	**Vic** **$'000**	**ACT** **$'000**	**NSW** **$'000**	**WA** **$'000**	**Total** **$'000**
External sales	1,972	1,695	105	-	-	3,772
Direct and facility costs	(673)	(1,261)	(1,372)	(181)	(43)	(3,530)
Employee benefits expense (Note a)	-	-	-	-	-	-
Other expenses (Note a)	-	-	-	-	-	-
Segment EBITDA	**1,299**	**434**	**(1,267)**	**(181)**	**(43)**	**242**
Depreciation and amortisation	(941)	(1,221)	(144)	(3)	-	(2,309)
Finance charges (Note a)	-	-	-	-	-	-
Segment profit / (loss) before tax	**358**	**(787)**	**(1,411)**	**(184)**	**(43)**	**(2,067)**
Segment Assets – 31 December 2012						
Segment assets	23,506	51,651	4,676	4,804	700	85,337
Unallocated						150,124
Total assets						**235,461**

(a) In the prior corresponding period to 31 December 2012, the measurement of segment profit / (loss) did not include employee benefits expense, other expenses or finance charges.

A reconciliation of operating segment results to loss before income tax is as follows:	
Total segment loss before tax - 1 July 2012 to 31 December 2012	(2,067)
— Sundry revenue, including gain on disposal of controlling interest in APDC	16,238
— Interest income	1,065
— Employee benefits expense (non-facility staff)	(5,455)
— Unallocated/ Head office overheads	(3,915)
Net profit before tax from continuing operations	**5,866**

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2013

NOTE 9: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 10: DEFERRED TAX ASSETS

The balance of deferred tax assets comprises the tax effect of temporary differences including items which are expected to be deductible in future periods. Tax losses have been recognised to the extent that it is probable they will be utilised against assessable income. The Group potentially has access to further deferred tax assets in the future as follows:

	31 Dec 2013 $'000	30 Jun 13 $'000
Unused tax losses for which no deferred tax asset has been recognised	18,588	10,150
Potential tax benefit @ 30%	5,576	3,045

For the period ended 31 December 2013, the Group utilised $2,756,395 (tax effected) of tax losses against taxable income. Further unused tax losses will be recognised when it is probable that they will be recovered. The Group will assess the likelihood of their recovery at 30 June 2014.

NOTE 11: EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the reporting period, no matters have arisen which significantly effected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 12: RELATED PARTY TRANSACTIONS

Asia Pacific Data Centre Group ("APDC") was a related party to NEXTDC up until the disposal of the Group's investment on 3 July 2013. The subsequent sale of securities of APDC delivered $28,145,990 cash to the Group after transaction costs and contributed $1,710,002 profit before tax during the period.

Further, during this period, NEXTDC paid $83,804 to APDC (excluding GST) in respect of the rent payable on M1 Melbourne, S1 Sydney and P1 Perth land and buildings.

NOTE 13: SIGNIFICANT EVENTS AND TRANSACTIONS

During August 2013, the Group secured a three-year $30,000,000 corporate debt facility with ANZ Bank. At the date of this report, a portion of the facility had been used for the issue of a bank guarantee of $703,000, against which cash cover has been provided. $29,297,000 is available to be drawn.

APDC is the landlord of three of NEXTDC's data centre facilities: M1 Melbourne, S1 Sydney and P1 Perth. Throughout the period, NEXTDC paid rent and ancillary amounts to APDC totalling $5,323,302 (excluding the period that APDC was a related party). The payments relate to the three operating leases for each facility. These leases expire in 2027 and have options for a further 2 x 10 years and 1 x 5 years.

During the period, NEXTDC achieved practical completion of the building for P1 Perth. As a result, a development fee of $23,800,000 became due and payable from APDC to NEXTDC. $831,000 remained outstanding at 31 December 2013. In addition, $100,000 of the development fee for S1 Sydney building that was completed in May 2013 remained outstanding.

During the period, APDC repaid a loan to NEXTDC, which comprised $750,000 principal and interest of approximately $33,000.

NEXTDC received a distribution of $478,747 during the period from APDC.

NOTE 14: CAPITAL COMMITMENTS

As at 31 December 2013, NEXTDC had commitments of $13,903,426 (2012: $12,602,458) for the staged fit-out of its data centre facilities.

Directors' Declaration

In the directors' opinion:

1. The financial statements and notes, as set out on pages 7 to 15 are in accordance with the *Corporations Act 2001*, including:

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

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended 31 December 2013 on that date and

2. There are reasonable grounds to believe that NEXTDC Limited will be able to pay its debts as and when they become due and payable.

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

Craig Scroggie
CEO, Executive Director

Brisbane
27 February 2014

Independent auditor's review report to the members of NEXTDC Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of NEXTDC Limited, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for NEXTDC Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of NEXTDC Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

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

a) giving a true and fair view of the entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2013 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 review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mike Shewan
Partner

Brisbane
27 February 2014