



**ASX Appendix 4D**

**Results for Announcement to the Market**

For the half-year ended 31 December 2017 (“1H18”)

Previous corresponding period: to 31 December 2016 (“1H17”)

**Summary of financial information**

	Note	1H18 \$'000	1H17 \$'000	Change \$'000	Change %
Revenue from ordinary activities	1	77,487	58,719	18,768	32%
Profit from ordinary activities after income tax for the period attributable to members	1	8,417	19,275	(10,858)	(56%)
Profit after income tax attributable to members	1	8,417	19,275	(10,858)	(56%)

**Explanation of Revenue and Profit from Ordinary Activities**

Note 1: The following information has been provided in order to understand the Group’s revenue from ordinary activities and profit after income tax.

	1H18 \$'000	1H17 \$'000
Data centre services revenue	72,946	55,968
Other revenue	4,541	2,751
<b>Total revenue from continuing operations</b>	<b>77,487</b>	<b>58,719</b>
Profit before income tax	12,347	8,001
Income tax (expense) / benefit	(3,930)	11,274
<b>Profit after income tax</b>	<b>8,417</b>	<b>19,275</b>

1H17 statutory net profit was boosted by the recognition of an \$11.3 million tax benefit associated with the recognition of accumulated tax losses.

**NTA Backing**

	1H18	1H17
Net tangible asset backing per ordinary share	\$1.78	\$1.34

**DIVIDENDS**

No dividend has been proposed or declared for the period ended 31 December 2017.

**NEXTDC Limited**

ABN 35 143 582 521

**Interim report  
for the half-year ended 31 December 2017**

**NEXTDC Limited** ABN 35 143 582 521  
**Interim report - 31 December 2017**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by NEXTDC Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of NEXTDC Limited and its subsidiaries. The interim financial statements are presented in the Australian currency.

NEXTDC Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

NEXTDC Limited  
Level 6  
100 Creek Street  
Brisbane Qld 4000

## 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 2017 ("1H18").

### Directors

The following persons held office as Directors of NEXTDC Limited during the financial period:

Douglas Flynn  
Craig Scroggie  
Stuart Davis  
Gregory J Clark (AC)  
Sharon Warburton

### Principal activities

During the half-year, the principal continuing activities of the Group consisted of the development and operation of independent data centres in Australia.

### Operating and financial review

NEXTDC is pleased to announce its interim results for the half-year ended 31 December 2017 ("1H18") that saw continued substantial growth in data centre revenue, as well as a significant increase in EBITDA.

During the half-year, the Group has:

- Up-sized its senior debt facility from \$100 million to \$300 million (completed in August 2017)
- Contracted 7.7MW of new capacity
- Opened its B2 (Brisbane) and M2 (Melbourne) data centre facilities
- Commenced construction of its S2 (Sydney) data centre
- Completed final expansion works of S1 (Sydney), adding 2MW of new capacity
- Completed the third data hall of P1 (Perth)
- Acquired a 29.2% stake in Asia Pacific Data Centre Group (ASX: AJD)

Key financial highlights include:

- Revenue from continuing operations up 32% to \$77.5 million (1H17: \$58.7 million)
- Underlying EBITDA of \$33.6 million (1H17: \$23.9 million)
- Cash and term deposits of \$218.2 million at 31 December 2017
- Net profit before tax of \$12.3 million (1H17: \$8.0 million)
- Statutory net profit of \$8.4 million (1H17: \$19.3 million)<sup>1</sup>

<sup>1</sup> 1H17 statutory net profit was boosted by the recognition of an \$11.3 million tax benefit associated with the recognition of accumulated tax losses

Reconciliation of statutory profit to EBITDA and underlying EBITDA is as follows:

	<b>1H18</b>	<b>1H17</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Net profit after tax	\$8,417	\$19,275	(56%)
Add finance costs	\$12,190	\$7,806	56%
Less interest income	(\$2,862)	(\$2,751)	4%
Add income tax expense / (benefit)	\$3,930	(\$11,274)	n/m
Add depreciation and amortisation	\$13,609	\$10,806	26%
<b>EBITDA</b>	<b>\$35,284</b>	<b>\$23,862</b>	<b>48%</b>
Less distribution income	(\$1,679)	-	-
<b>Underlying EBITDA</b>	<b>\$33,605</b>	<b>\$23,862</b>	<b>41%</b>

### Operating and financial review (continued)

NEXTDC has continued to perform well in a competitive market, recording a \$16.9 million (30%) increase in data centre services revenue to \$72.9 million during 1H18 (1H17: \$56.0 million).

NEXTDC has a clear strategy to differentiate its services through in-house engineering innovation and the adoption of new technologies in power and cooling systems. In addition, NEXTDC is committed to delivering a world-class customer experience with continued investments in internal systems and processes, with the ongoing implementation of online platforms to automate and integrate the management of the entire customer journey through the life cycle of their data centre service with NEXTDC.

These investments will position us to deliver significant customer benefits, reinforce our market differentiation over the longer term and deliver scalable growth, reducing operating costs and increasing revenue.

Net profit after tax for the half-year ended 31 December 2017 was \$8.4 million. Non-statutory underlying earnings before interest, tax, depreciation and amortisation (EBITDA) improved from \$23.9 million in 1H17 to \$33.6 million in 1H18. The underlying earnings excludes distribution income of \$1.7 million earned from the Company's 29.2% investment in Asia Pacific Data Centre Group.

\*\* Excludes distribution income of \$1.7 million from the Company's 29.2% investment in Asia Pacific Data Centre Group

A summary of consolidated revenues and segment EBITDA for the period is set out below:

	Segment revenues		Segment EBITDA	
	1H18 \$'000	1H17 \$'000	1H18 \$'000	1H17 \$'000
Vic	30,119	25,471	21,816	19,103
NSW	27,286	18,093	18,390	11,350
Qld	7,916	7,358	5,310	5,570
WA	5,497	4,076	2,527	1,258
ACT	1,683	800	(1,035)	(1,281)
Other	445	170	(22)	(263)
Total segment revenue/result	<b>72,946</b>	55,968	<b>46,986</b>	35,737

### Operational developments and performance

NEXTDC's B2 data centre facility achieved Uptime Institute ("UTI") Tier IV Certification of Constructed Facility ("TCCF") in September 2017, the first Australian data centre and first Asia Pacific colocation data centre to achieve such recognition. TCCF ensures that the facility has been constructed as designed, and verifies that it is capable of meeting the defined availability requirements.

In addition, M2 achieved UTI Tier IV TCCF in December 2017, the second Asia Pacific colocation data centre to achieve such recognition.

Throughout the period, NEXTDC maintained 100% uptime across its national data centre network. In addition, NEXTDC also maintained its ISO 9001 and ISO 27001 certifications.

### Sales performance

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 875 at 31 December 2017, up from 699 at 31 December 2016.

During 1H18 NEXTDC increased its contracted utilisation by 7.7MW from 31.5MW at 30 June 2017 to 39.2MW at 31 December 2017. As a percentage of installed capacity in NEXTDC's national portfolio, this represents approximately 90% of installed capacity being contracted. It should be noted that over 6MW of new capacity has been added since 30 June 2017.

**Sales performance (continued)**

As announced on 22 December 2017, NEXTDC has now received orders for more than 5MW of capacity at its S2 (Sydney) data centre site. Revenue recognition from these orders will commence in FY19 and ramp up to full billing over the following 30 months.

NEXTDC continues to derive revenue from numerous product sources including white space (including power recharge), rack ready services, establishment service fees and add-on services. During 1H18 cross connectivity generated approximately 6.2% of total recurring revenue.

The Group continues to develop its go-to-market strategy through its channel partnerships with major telecommunications and IT service providers, allowing the Company to actively increase the breadth and depth of its selling capability without adding to its sales operating cost base.

**Dividends**

No dividend has been declared or paid during the half-year ended 31 December 2017 (1H17: nil).

**Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**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 4.

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



Craig Scroggie  
Director

Sydney  
23 February 2018



## Auditor's Independence Declaration

As lead auditor for the review of NEXTDC Limited for the half-year ended 31 December 2017, 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.

A handwritten signature in blue ink, appearing to read 'S Neill', is written over a light blue horizontal line.

Simon Neill  
Partner  
PricewaterhouseCoopers

Brisbane  
23 February 2018

**NEXTDC Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2017**

	<b>31 December</b>	31 December
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>REVENUE FROM CONTINUING OPERATIONS</b>		
Data centre services revenue	<b>72,946</b>	55,968
Other revenue	<b>4,541</b>	2,751
<b>Total revenue</b>	<b>77,487</b>	58,719
<b>OTHER INCOME</b>		
Other income	<b>120</b>	95
<b>EXPENSES</b>		
Direct costs	<b>(11,022)</b>	(7,035)
Employee benefits expense	<b>(12,126)</b>	(11,394)
Data centre facility costs	<b>(11,682)</b>	(10,297)
Depreciation and amortisation expense	<b>(13,609)</b>	(10,806)
Professional fees	<b>(766)</b>	(636)
Marketing costs	<b>(177)</b>	(174)
Office and administrative expenses	<b>(3,688)</b>	(2,665)
Finance costs	<b>(12,190)</b>	(7,806)
<b>Profit before income tax</b>	<b>12,347</b>	8,001
Income tax benefit/(expense)	<b>(3,930)</b>	11,274
<b>Profit after income tax</b>	<b>8,417</b>	19,275
<b>PROFIT IS ATTRIBUTABLE TO:</b>		
Owners of NEXTDC Limited	<b>8,417</b>	19,275
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Total comprehensive income</b>	<b>8,417</b>	19,275
Attributable to:		
Owners of NEXTDC Limited	<b>8,417</b>	19,275
	<b>Cents</b>	Cents
<b>PROFIT PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE GROUP:</b>		
Basic earnings per share	<b>2.95</b>	7.23
Diluted earnings per share	<b>2.90</b>	7.08

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*



**NEXTDC Limited**  
**Consolidated balance sheet**  
**As at 31 December 2017**

		31 December 2017 \$'000	30 June 2017 \$'000
	Note		
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		218,201	271,838
Term deposits		-	96,500
Trade and other receivables	2	23,558	16,215
Other assets		15,727	11,273
<b>Total current assets</b>		<b>257,486</b>	<b>395,826</b>
<b>Non-current assets</b>			
Available-for-sale financial assets	7	62,523	-
Property, plant and equipment	8	511,502	434,267
Other assets		913	1,152
Intangible assets		7,574	8,538
Deferred tax assets		8,671	12,601
<b>Total non-current assets</b>		<b>591,183</b>	<b>456,558</b>
<b>Total assets</b>		<b>848,669</b>	<b>852,384</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		25,013	38,612
Other liabilities		3,822	4,400
Finance lease liability	4	298	290
<b>Total current liabilities</b>		<b>29,133</b>	<b>43,302</b>
<b>Non-current liabilities</b>			
Other liabilities		311	104
Provisions		600	429
Interest-bearing borrowings	4	297,077	295,973
Finance lease liability	4	5,891	6,042
<b>Total non-current liabilities</b>		<b>303,879</b>	<b>302,548</b>
<b>Total liabilities</b>		<b>333,012</b>	<b>345,850</b>
<b>Net assets</b>		<b>515,657</b>	<b>506,534</b>
<b>EQUITY</b>			
Contributed equity	9	525,829	524,458
Reserves		4,325	4,990
Retained earnings		(14,497)	(22,914)
<b>Total equity</b>		<b>515,657</b>	<b>506,534</b>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

**NEXTDC Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2017**

	Attributable to owners of NEXTDC Limited			Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	
<b>Balance at 1 July 2016</b>	375,507	3,534	(45,913)	333,128
Profit for the-year	-	-	19,275	19,275
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>19,275</b>	<b>19,275</b>
<b>Transactions with owners in their capacity as owners:</b>				
Exercise of options / loan funded shares	501	-	-	501
Share-based payments	-	750	-	750
Contributions of equity, net of transaction costs and tax	148,184	-	-	148,184
	148,685	750	-	149,435
<b>Balance at 31 December 2016</b>	<b>524,192</b>	<b>4,284</b>	<b>(26,638)</b>	<b>501,838</b>
<b>Balance at 1 July 2017</b>	524,458	4,990	(22,914)	506,534
Profit for the period	-	-	8,417	8,417
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>8,417</b>	<b>8,417</b>
<b>Transactions with owners in their capacity as owners:</b>				
Share-based payments	-	722	-	722
Issue of shares for long-term incentive plan, net of transaction costs	1,371	(1,387)	-	(16)
	1,371	(665)	-	706
<b>Balance at 31 December 2017</b>	<b>525,829</b>	<b>4,325</b>	<b>(14,497)</b>	<b>515,657</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**NEXTDC Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2017**

	<b>31 December</b>	31 December
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	72,908	62,091
Payments to suppliers and employees (inclusive of GST)	<u>(40,197)</u>	<u>(36,919)</u>
	32,711	25,172
Interest paid	(10,959)	(2,907)
Payments for bank guarantees	1,620	1,028
Interest received	<u>3,412</u>	<u>2,139</u>
<b>Net cash inflow from operating activities</b>	<u><b>26,784</b></u>	<u><b>25,432</b></u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(106,496)	(84,574)
Payments for available-for-sale financial assets	(62,030)	-
Receipts of / (payments for) term deposits	96,500	(146,500)
Payments for intangible assets	<u>(3,087)</u>	<u>(1,845)</u>
<b>Net cash (outflow) from investing activities</b>	<u><b>(75,113)</b></u>	<u><b>(232,919)</b></u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares (including exercised options)	-	150,993
Transaction costs paid in relation to issue of shares	-	(4,458)
Repayment of finance lease principal amounts	(143)	(135)
Transaction costs in relation to loans and borrowings	<u>(5,165)</u>	<u>(311)</u>
<b>Net cash (outflow) inflow from financing activities</b>	<u><b>(5,308)</b></u>	<u><b>146,089</b></u>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(53,637)</b>	<b>(61,398)</b>
Cash and cash equivalents at the beginning of the period	<u>271,838</u>	<u>191,393</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>218,201</b></u>	<u><b>129,995</b></u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## 1 Basis of preparation of half-year report

These financial statements for the half-year reporting period ended 31 December 2017 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by NEXTDC Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### (a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

### (b) Critical accounting estimates

#### Fair value of investments

The Company holds 29.2% of the quoted securities of Asia Pacific Data Centres ("APDC"). Given that the Company is unable to exert significant influence using its shareholding, it has been determined that the investment should be accounted for as an available for sale financial asset. The available for sale financial asset has been recognised at fair value, which approximates \$1.86 per security. Quoted equity prices have not been solely relied upon in determining fair value due to low trading volumes, due in part to 96.5% of total securities being held by only two parties. In the absence of an active market, the Company has determined that \$1.86 is an appropriate estimate of fair value. Refer to Note 7 for further detail.

#### Deferred tax assets

The deferred tax assets include an amount of \$4.3 million which relates to carried forward tax losses of NEXTDC Limited. The Group has incurred the losses during its start-up operations and has concluded that the deferred assets are probable of recovery using the estimated future taxable income. The losses can be carried forward indefinitely and have no expiry date. Refer to Note 5 for further detail.

## 2 Trade and other receivables

	<b>31 December 2017 \$'000</b>	30 June 2017 \$'000
Trade receivables	<b>21,210</b>	14,151
Provision for impairment	<b>(154)</b>	(242)
	<b>21,056</b>	13,909
Interest receivable	<b>50</b>	600
GST receivable	<b>593</b>	1,689
Other receivables	<b>1,859</b>	17
	<b>2,502</b>	2,306
<b>Total trade and other receivables</b>	<b>23,558</b>	16,215

Included in "Other receivables" as at 31 December 2017 is a distribution receivable from Asia Pacific Data Centre Group of \$1.7 million.

### 3 Segment information

#### (a) Description of segments

Management considers the business from a geographic perspective and has identified six reportable segments, the first five being each state where the Group operates data centre facilities and the last capturing financial information from operations that do not naturally fit into any particular geography. These segments 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 and therefore not presented.

#### (b) Segment information provided to management

Half-Year to 31 Dec 2017	Qld \$'000	Vic \$'000	NSW \$'000	WA \$'000	ACT \$'000	Other \$'000	Total \$'000
Revenue from external customers	7,916	30,119	27,286	5,497	1,683	445	72,946
Direct and facility costs	(1,958)	(7,523)	(8,239)	(2,573)	(2,279)	(132)	(22,704)
Employee benefits expense	(571)	(706)	(601)	(351)	(370)	(169)	(2,768)
Other expenses	(77)	(74)	(56)	(46)	(69)	(166)	(488)
<b>Segment operating profit/(loss)</b>	<b>5,310</b>	<b>21,816</b>	<b>18,390</b>	<b>2,527</b>	<b>(1,035)</b>	<b>(22)</b>	<b>46,986</b>
Depreciation and amortisation	(1,814)	(4,152)	(4,050)	(1,309)	(447)	(1,032)	(12,804)
Finance charge	(178)	-	-	-	-	-	(178)
<b>Segment profit/(loss) before tax</b>	<b>3,318</b>	<b>17,664</b>	<b>14,340</b>	<b>1,218</b>	<b>(1,482)</b>	<b>(1,054)</b>	<b>34,004</b>
<b>Assets - 31 Dec 2017</b>							
Segment assets	106,970	182,876	136,809	49,924	27,608	6,985	511,172
Unallocated assets	-	-	-	-	-	337,497	337,497
<b>Total segment assets</b>	<b>106,970</b>	<b>182,876</b>	<b>136,809</b>	<b>49,924</b>	<b>27,608</b>	<b>344,482</b>	<b>848,669</b>
<b>Half-Year to 31 Dec 2016</b>							
	Qld \$'000	Vic \$'000	NSW \$'000	WA \$'000	ACT \$'000	Other \$'000	Total \$'000
Revenue from external customers	7,358	25,471	18,093	4,076	800	170	55,968
Direct and facility costs	(1,402)	(5,760)	(6,098)	(2,370)	(1,702)	(1)	(17,333)
Employee benefits expense	(353)	(556)	(449)	(406)	(319)	(162)	(2,245)
Other expenses	(33)	(52)	(196)	(42)	(60)	(270)	(653)
<b>Segment operating profit/(loss)</b>	<b>5,570</b>	<b>19,103</b>	<b>11,350</b>	<b>1,258</b>	<b>(1,281)</b>	<b>(263)</b>	<b>35,737</b>
Depreciation and amortisation	(1,269)	(3,421)	(3,217)	(1,244)	(446)	(768)	(10,365)
Finance charge	(186)	-	-	-	-	-	(186)
<b>Segment profit/(loss) before tax</b>	<b>4,115</b>	<b>15,682</b>	<b>8,133</b>	<b>14</b>	<b>(1,727)</b>	<b>(1,031)</b>	<b>25,186</b>
<b>Assets - 31 Dec 2016</b>							
Segment assets	59,072	129,721	112,454	40,436	17,127	6,142	364,952
Unallocated assets	-	-	-	-	-	324,167	324,167
<b>Total segment assets</b>	<b>59,072</b>	<b>129,721</b>	<b>112,454</b>	<b>40,436</b>	<b>17,127</b>	<b>330,309</b>	<b>689,119</b>

### 3 Segment information (continued)

#### (c) Other segment information

A reconciliation of operating segment results to profit before income tax is as follows:

	<b>31 December 2017 \$'000</b>	31 December 2016 \$'000
<b>Total segment profit before tax</b>	<b>34,004</b>	25,186
Employee benefits expense (non-facility staff)	<b>(9,358)</b>	(9,149)
Distribution income	<b>1,679</b>	-
Interest revenue	<b>2,862</b>	2,751
Finance costs - net	<b>(12,012)</b>	(7,620)
Head office depreciation	<b>(805)</b>	(441)
Overheads and other expenses	<b>(4,023)</b>	(2,726)
<b>Profit before income tax from continuing operations</b>	<b>12,347</b>	<b>8,001</b>

### 4 Interest bearing loans and borrowings

	<b>31 December 2017 \$'000</b>	30 June 2017 \$'000
<b>CURRENT</b>		
Finance lease liability	<b>298</b>	290
<b>NON-CURRENT</b>		
Finance lease liability	<b>5,891</b>	6,042
Unsecured notes	<b>297,077</b>	295,973
<b>Total non-current interest bearing loans and borrowings</b>	<b>302,968</b>	302,015
<b>Total interest-bearing loans and borrowings</b>	<b>303,266</b>	<b>302,305</b>

#### Unsecured Notes

The Group has issued \$300 million in unsecured notes ("Notes III") which has an annual coupon rate of 6.25% paid semi-annually. Although these Notes are due 9 June 2021, the Group may repay as early as 9 June 2019, and each six months thereafter. Regardless of when Notes III is redeemed, an additional 1.5% interest will also be payable on redemption.

In addition, the Group may at any time prior to 9 June 2019, redeem all or part of the Notes, upon not less than 7 days and no more than 60 days prior notice.

#### Bank Loan

On 28 August 2017, NEXTDC achieved financial close on \$300 million 3-year Syndicated Senior Secured debt facilities ("New Facilities") with its relationship bank, National Australia Bank ("NAB"). The New Facilities replace NEXTDC's previous \$100 million undrawn senior secured debt facility provided by NAB.

The Group intends to use the majority of the new debt funds to fund future growth capital expenditure for its existing facilities and for developments that the Company is planning.

The facility remains undrawn as at 31 December 2017.

## 5 Income tax expense

### (a) Income tax expense

	<b>31 December</b>	31 December
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Current tax on profits for the period	<b>3,939</b>	1,791
Utilisation of tax attributes that have not previously been booked	<b>(3,939)</b>	(1,791)
	<u>-</u>	<u>-</u>
Deferred income tax expense (revenue) included in income tax expense comprises:		
(Increase) decrease in deferred tax assets	<b>4,242</b>	(13,696)
(Decrease) increase in deferred tax liabilities	<b>(312)</b>	(4)
Deferred tax credited to equity	<b>-</b>	2,426
	<u><b>3,930</b></u>	<u>(11,274)</u>

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	<b>31 December</b>	31 December
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Profit from operations before income tax expense	<b>12,347</b>	8,001
Tax at the Australian tax rate of 30.0%	<b>3,704</b>	2,400
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	<b>9</b>	6
Share-based payments	<b>217</b>	225
Temporary timing differences	-	(311)
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(1,791)
Capital raising costs allowed as a deduction	-	(528)
Recognition of previously unrecognised timing differences	-	(442)
Recognition of unused tax losses as a tax benefit	-	(10,833)
Income tax expense	<u><b>3,930</b></u>	<u>(11,274)</u>

### Deferred tax assets

The deferred tax assets include an amount of \$4.3 million which relates to carried forward tax losses of NEXTDC Limited. The Group incurred the losses during its start-up operations and has concluded that the deferred tax assets are probable of recovery using the estimated future taxable income. The losses can be carried forward indefinitely and have no expiry date.

## 6 Contingencies

The Group had no contingent liabilities at 31 December 2017 (2016: nil).

## 7 Non-current assets - Available-for-sale financial assets

	<b>31 December</b>	<b>30 June</b>
	<b>2017</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>		
Listed securities		
Equity securities	<b>62,523</b>	-

### (a) Classification of financial assets as available-for-sale

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at fair value through profit and loss, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

### (b) Significant estimates

Management believes that the carrying value of its investment in Asia Pacific Data Centres (ASX: AJD) at approximately \$1.86 per security, is an approximate basis for fair value (refer to note 1(b)).

## 8 Property, plant and equipment

During the period, NEXTDC invested approximately \$29.6 million at M2 (Melbourne), \$15.1 million at B2 (Brisbane), \$11.2 million at S2 (Sydney) and \$10.5 million at S1 (Sydney).

## 9 Contributed equity

### (a) Share capital

	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>
	<b>2017</b>	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares				
Fully paid ordinary shares	<b>285,471,246</b>	284,197,434	<b>525,829</b>	524,458
Treasury shares	<b>2,769,602</b>	2,769,602	<b>6,202</b>	6,202
	<b>288,240,848</b>	286,967,036	<b>532,031</b>	530,660

### (b) Ordinary shares

As part of our Equity Incentive Plan, which is offered to employees to help achieve the Group's strategic objectives, 1,273,812 ordinary shares were issued on 14 September 2017. These shares were issued following the vesting of Performance Award Rights in accordance with the Executive Incentive Rights Plan approved at NEXTDC's 2014 AGM.

## 10 Events occurring after the reporting period

Since the end of the reporting period, no matters have arisen which significantly affected 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.



In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Craig Scroggie  
Director  
Sydney  
23 February 2018



## **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 (the Company), which comprises the consolidated balance sheet as at 31 December 2017, 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, a summary of significant accounting policies, other explanatory notes and the directors' declaration for NEXTDC Limited. 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 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 half-year 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 2017 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:



1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to read 'Simon Neill', is written over the printed name.

PricewaterhouseCoopers

Simon Neill  
Partner

Brisbane  
23 February 2018