



**ASPEN GROUP LIMITED**

ABN 50 004 160 927

**ASPEN PROPERTY TRUST**

ARSN 104 807 767

***Responsible Entity: Aspen Funds Management Limited***

ABN 48 104 322 278

Appendix 4D  
For the period ended  
31 December 2017

## Results for announcement to the market

### Details of reporting periods:

Current period	31 December 2017
Corresponding period	31 December 2016

### Revenue and Net Profit/(Loss)

		Percentage Change %		Amount \$'000
Revenue from continuing operations	up	32.34%	to	9,306
Profit or (loss) after tax	down	(259.85%)	to	(852)
Profit or (loss) after tax attributable to securityholders of Aspen Group	down	(191.76%)	to	(813)
Operating profit before tax	down	(27.74%)	to	1,836

### Dividends/Distributions

#### Combined

31 December 2017			31 December 2016		
	Cents per Stapled Security	Total \$ '000		Cents per Stapled Security	Total \$ '000
	2.1	2,120		2.1	2,140

#### Aspen Property Trust

31 December 2017			31 December 2016		
Period	Cents per Unit	Total \$ '000	Period	Cents per Unit	Total \$ '000
Jul 17 – Dec 17	2.1	2,120	1 Jul 16 –27 Jan 17	2.1	2,140
	2.1	2,120		2.1	2,140

#### Aspen Group Limited

31 December 2017				31 December 2016			
Period	Cents per Share	Total \$ '000	Tax rate for franking credit %	Period	Cents per Share	Total \$ '000	Tax rate for franking credit %
Jul 17 – Dec 17	-	-	-	1 Jul 16 –27 Jan 17	-	-	-
	-	-			-	-	

### Record date for determining entitlements to the dividend/distribution was:

Interim dividend (December)	29 December 2017
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## **ASPEN GROUP LIMITED**

(THE COMPANY)

(ABN: 50 004 160 927)

## **ASPEN PROPERTY TRUST**

(THE TRUST)

(ARSN: 104 807 767)

## **ASPEN FUNDS MANAGEMENT LIMITED**

(AS RESPONSIBLE ENTITY)

(ABN: 48 104 322 278)

**INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED  
31 December 2017**

# INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 December 2017

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## Directors' report

The directors present their report together with the consolidated interim financial statements of Aspen Group comprising Aspen Group Limited ("the Company"), its subsidiaries, Aspen Group's interest in associates, and its stapled entity Aspen Property Trust ("the Trust") and its subsidiaries, which form the Aspen Group ("Aspen Group"), for the period ended 31 December 2017 ("period") and the auditor's review report thereon.

## Directors

The directors of the Company and Aspen Funds Management Limited ("AFM"), the responsible entity of the Trust, at any time during or since the end of the period are:

### **Non – Executive Directors**

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Clive Appleton

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Guy Farrands

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John Carter

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## Operating and financial review

Aspen recorded a loss after tax of \$0.852 million for the period (1H FY17: profit of \$0.533 million) and total comprehensive income of \$3.743 million (1H FY17: profit of \$0.650 million) calculated in accordance with International Financial Reporting Standards ("IFRS").

### **Operating results**

Operating Profit (also referred to as "net profit after tax before non-underlying items") is a non-IFRS measure that is determined to present, in the opinion of the directors, the operating activities of Aspen in a way that appropriately reflects Aspen's operating performance. Operating Profit excludes items such as consolidation/deconsolidation losses and gains and adjustments arising from the effect of revaluing assets/liabilities (such as derivatives, financial assets and investment property). Other Non-Operating Profit adjustments are made for realised transactions occurring infrequently and those that are outside the course of Aspen's core ongoing business activities.

Operating Profit is determined having regard to principles which include providing clear reconciliation between statutory profit and Operating Profit in the directors' report and financial report, including both positive and negative adjustments, maintaining consistency between reporting periods, and taking into consideration property industry practices.

## Directors' Report (continued)

Operating Profit as assessed by the directors for the period was \$1.836 million (1H FY17: \$2.541 million).

The table below has not been audited by PwC.

	31 December 2017 \$'000	31 December 2016 \$'000
<b>Consolidated statutory net (loss) / profit after tax</b>	<b>(852)</b>	<b>533</b>
<b>Specific non-underlying items</b>		
Change in fair value of investment properties and PPE	(107)	823
Change in fair value of equity investment	79	-
Administration and restructuring expenses	-	(402)
Finance expenses	105	97
Other expenses (including transaction and relocation costs)	2,440	832
Loss from discontinued operations	171	658
<b>Total specific non-underlying items</b>	<b>2,688</b>	<b>2,008</b>
Tax expense	-	-
Tourism / retirement operating profit before tax	2,037	1,457
Corporate operating profit before tax	1,690	1,571
Non-core operations operating profit before tax	858	1,566
Net finance expense / (income)	(108)	502
Administration and other operating expenses before tax	(2,641)	(2,555)
<b>Total operating profit before tax attributable to securityholders of Aspen</b>	<b>1,836</b>	<b>2,541</b>

Income distributions paid during the period and payable as at 31 December 2017 to Aspen securityholders were as follows:

	Cents per Unit	Total \$ '000
<b>Paid during the period</b>		
Final distribution for the previous year	2.5	2,547
Capital distribution	5.0	5,094
<b>Proposed and unpaid at the end of the period</b>		
Interim distribution for the period	2.1	2,120

## Directors' Report (continued)

### *Reconciliation of carrying amount to net asset value for stapled security pricing*

Net asset value ("NAV") is a non-IFRS measure that is determined to present, in the opinion of the directors, the fair value of Aspen's net assets in a way that appropriately reflects the market value of Aspen's net assets.

Net asset value is determined having regard to principles which include providing clear reconciliation between net assets in the Consolidated Balance Sheet and NAV in the Directors' Report, including both positive and negative adjustments, maintaining consistency between reporting periods, and taking into consideration property industry practices.

The table below provides reconciliation between the net assets per the Consolidated Balance Sheet and NAV. The NAV includes the value attributed to goodwill and acquisition costs above its carrying value that exists in respect to Aspen's accommodation parks. Further detail in respect to this reconciliation is outlined in the table below:

	31 December 2017	30 June 2017
Property, plant and equipment per the Consolidated Balance Sheet	80,570	52,804
Goodwill per the Consolidated Balance Sheet	23,972	17,534
Less: Central services property, plant and equipment	(113)	(149)
Carrying value of properties per the Consolidated Balance Sheet	104,429	70,189
Non-statutory property carrying value adjustments	250	987
Adjusted value of properties	104,679	71,176
Net assets per the Consolidated Balance Sheet	119,090	123,569
Non-statutory property carrying value adjustments	250	987
NAV	119,340	124,556
NAV per security \$	1.18	1.22

The movement in NAV per security from \$1.22 to \$1.18 during the 6 month period includes the following significant items:

	cps
Payment of special capital distribution to securityholders	(5.0)
Payment of ordinary distribution to securityholders	(2.1)
Acquisition, transaction and relocation costs	(2.4)
Operating earnings	1.8
Revaluation of property assets	4.6

## Directors' Report (continued)

### Operating performance

Aspen has three business segments, as outlined below:

ACCOMMODATION		Non Core
Tourism / Retirement	Corporate	
<ul style="list-style-type: none"> <li>2 land lease communities ("LLC") previously referred to as "MHE"</li> <li>1 tourism / retirement park</li> <li>5 tourism parks</li> <li>GAV<sup>1</sup> of \$94.4 million</li> <li>Caters to short stay residents (cabins and sites), and permanent residents</li> </ul>	<ul style="list-style-type: none"> <li>1 resource park</li> <li>GAV<sup>1</sup> of \$10.3 million</li> <li>Caters primarily to corporate resource clients and contractors.</li> </ul>	<ul style="list-style-type: none"> <li>Spearwood South industrial complex disposal settled on 29 September 2017</li> <li>Development assets (1 remaining)</li> <li>Aspen Whitsundays Shores disposal settled on 15 August 2017</li> <li>GAV<sup>1</sup> of \$2.5 million</li> </ul>

<sup>1</sup>Gross Asset Value ("GAV") represents carrying value of property, plant and equipment, goodwill and non-statutory property value adjustments.

The above accommodation parks are wholly owned by Aspen Group.

### Accommodation

Aspen's accommodation business comprises two key business segments:

- Tourism / retirement; and
- Corporate

The contribution of both of these segments to the operating result is detailed below.

	31 December 2017 \$'000	31 December 2016 \$'000	Change %
<b>Tourism / retirement</b>			
Underlying profit	2,037	1,457	40%
Non-underlying items	(1,893)	(668)	183%
<b>Total tourism / retirement</b>	<b>144</b>	<b>789</b>	<b>(82%)</b>
<b>Corporate</b>			
Underlying profit	1,690	1,571	8%
Non-underlying items	19	(807)	(102%)
<b>Total corporate</b>	<b>1,709</b>	<b>764</b>	<b>124%</b>
<b>Total accommodation profit / (loss)</b>	<b>1,853</b>	<b>1,553</b>	<b>19%</b>
Non-controlling interest	-	-	0%
<b>APZ share</b>	<b>1,853</b>	<b>1,533</b>	<b>21%</b>

### Tourism / retirement

At 31 December 2017, Aspen owned eight parks. Five of these are 100% short stay tourism, two are 100% LLC retirement and one is a mixed tourism / retirement park.

During the period, Aspen acquired two parks with a value of \$29.700 million (plus acquisition costs). Aspen's total tourism / retirement assets, as at 31 December 2017, had a GAV of \$94.429 million.



## Directors' Report (continued)

Value enhancing works are aimed at generating revenue through additional accommodation capacity, improved occupancy or higher room rates expected to be achieved at park businesses. As at 31 December 2017, Aspen had \$0.430 million of value enhancing works in progress across its portfolio.

### a) Underlying earnings

Aspen's operating profit from tourism / retirement parks during the period was \$2.037 million (1H FY17: \$1.457 million), a 40% increase against the comparative period. This is primarily due to the contributions of new acquisitions.

### b) Non underlying earnings

Aspen had a non-underlying loss of \$1.893 million (1H FY17: \$0.668 million) within the tourism / retirement segment. The non-underlying transactions were primarily driven by acquisition costs of \$1.979 million.

## Corporate

At 31 December 2017, Aspen held one corporate park on its balance sheet, being Aspen Karratha Village. Aspen's lease with its sole tenant extends to January 2019. This lease secures 83% occupancy within this resource park.

### a) Underlying earnings

Aspen's operating profit from resource parks during the period was \$1.690 million (1H FY17: \$1.571 million), an 8% increase against the prior period, primarily driven by reduction in costs compared to the comparative period.

### b) Non-underlying items

Aspen had a total non-underlying gain of \$0.019 million (1H FY17: \$0.807 million) within the resource segment. The non-underlying items in the prior period were predominantly attributed to net changes in the fair value of Aspen Karratha Village.

## Non-core

During the period, Aspen recorded an operating profit of \$0.858 million (1H FY17: \$1.566 million) and a non-underlying loss of \$0.142 million (1H FY17: loss of \$0.828 million). The reduction in underlying earnings is due to a shorter trading period up to the date of sale of the industrial asset Spearwood South.

## Directors' Report (continued)

### Industrial

During the period, the sale of the industrial property, Spearwood South, settled on 29 September 2017. Net income from this industrial asset during the period was \$0.862 million.

### Assets held for sale

At 31 December 2017, Aspen had one remaining development asset of \$2.525 million. Final settlement, conditional upon final approval of a DA, is now expected to occur by June 2018.

During the period, Aspen continued the wind up of four of the five development syndicates.

### Capital management

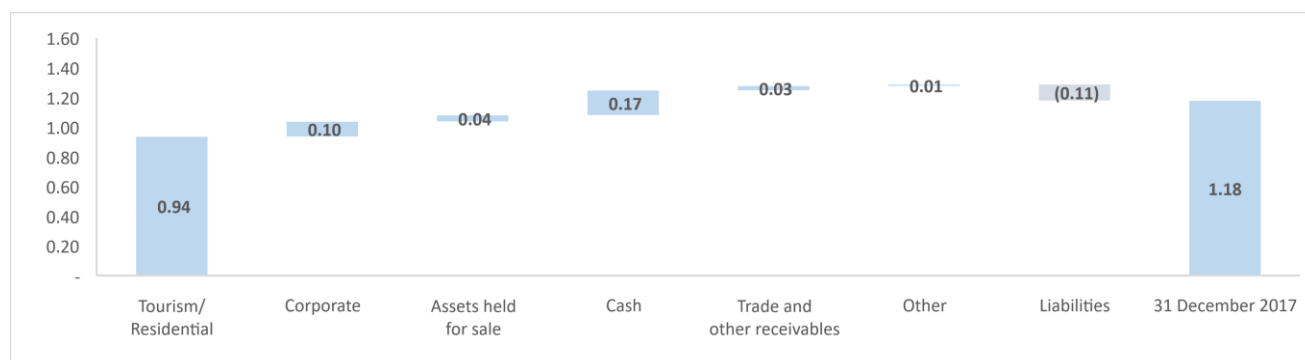
The Group has an \$80.0 million finance facility which expires in June 2020.

Cash reserves as at 31 December 2017 totalled \$16.8 million.

### Financial position

The NAV of Aspen at 31 December 2017 is \$1.18 per security (30 June 2017: \$1.22 per security).

The following diagram outlines the key components of the NAV assessed as at 31 December 2017:



## Directors' Report (continued)

### Assets

Total assets have decreased by \$3.446 million to \$129.668 million during the period. This was primarily due to cash movements for distributions paid to equity holders \$7.214 million and payments for the security buy back \$1.009 million. This was offset by asset revaluations of \$4.595 million.

### Liabilities

Total liabilities increased by \$1.033 million to \$10.578 million during the period, primarily as a result of the following:

- Stamp duty payable in respect of business acquisitions \$1.145 million
- Unearned revenue increase \$0.763 million
- Offset by net movements in provisions of \$0.765 million

### Equity

Total equity decreased by \$4.479 million during the period, primarily as a result of the following:

- Security buy back \$1.009 million
- Capital return \$5.094 million
- 1H FY18 distributions to securityholders \$2.120 million
- Net loss for the period \$0.852 million
- Offset by revaluation reserve movements for the period \$4.595 million.

### **Likely developments**

The immediate focus for Aspen is to continue to pursue growth opportunities in the affordable accommodation sector, both in acquisitions of assets and selected development works on existing accommodation parks.

In addition to this, Aspen will continue to progress the sale of its sole remaining non-core held for sale property (carrying value of \$2.525 million).

### **Safety and environment**

No significant accidents or injuries were recorded during the period in respect to Aspen employees.

There were no significant environmental issues during, or subsequent to, the period.

### **Significant changes in the state of affairs**

Other than noted elsewhere in this Interim Financial Report, there were no significant changes in the state of affairs of Aspen Group that occurred during the period under review.

## Principal activities

The principal activities of Aspen during the period were to focus on the affordable accommodation sector, and to continue the divestment of certain remaining non-core assets.

Other than as disclosed above, there was no significant change in the nature of the activities of Aspen during the period.

## Events subsequent to reporting date

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Aspen, to affect significantly the operations of Aspen, the results of those operations, or the state of affairs of Aspen, in future financial periods.

## Auditor's independence declaration under Section 307C of the *Corporations Act 2001*

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11 and forms part of the Directors' Report.

## Rounding off

The Consolidated Group is of the kind referred to in ASIC Class Order 2016/191 and in accordance with the Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors made pursuant to Sec 298(2) of the *Corporations Act 2001*.

On behalf of the directors of AGL and AFM



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Clive Appleton

Chairman

SYDNEY, 23 February 2018



## ***Auditor's Independence Declaration***

As lead auditor for the review of Aspen Group 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 Aspen Group Limited and the entities it controlled during the period.

A stylized, handwritten signature of 'PricewaterhouseCoopers' in black ink.

PricewaterhouseCoopers

A handwritten signature of 'JA Dunning' in black ink, with a large, stylized loop at the end.

JA Dunning  
Partner

Sydney  
23 February 2018

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## ***Independent auditor's review report to the stapled security holders of Aspen Group Limited***

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Aspen Group Limited (the Company), which comprises the condensed consolidated balance sheet as at 31 December 2017, the condensed consolidated statement of profit or loss, condensed consolidated statement of other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for Aspen Group Limited (the consolidated stapled entity). The consolidated stapled entity comprises the Company and Aspen Property Trust and the entities they 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 stapled 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 Aspen Group 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 Aspen Group Limited is not in accordance with the *Corporations Act 2001* including:

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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1. giving a true and fair view of the consolidated stapled 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*.

PricewaterhouseCoopers

PricewaterhouseCoopers

J A Dunning

J A Dunning  
Partner

Sydney  
23 February 2018

## Interim Financial Statements Contents

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Key numbers	Capital	Risk	Corporate Structure	Unrecognised items	Other
1. Revenue	6. Distributions	9. Financial risk management	10. Business combinations	14. Commitments and contingencies	16. Related party transactions
2. Expenses and other items	7. Equity and reserves		11. Intangible assets	15. Subsequent events	17. Other accounting policies
3. Property, plant and equipment	8. Earnings per stapled security		12. Discontinued operations		
4. Assets classified as held for sale			13. Non-controlling interests		
5. Liabilities classified as held for sale					

Signed reports      Directors' declaration      Page 34



# Condensed consolidated statement of profit or loss

for the period ended 31 December 2017

	Note	31 December 2017 \$'000	31 December 2016 \$'000
<b>Continuing operations</b>			
Revenue	1	9,306	7,032
Cost of sales	2	(4,926)	(3,586)
<b>Gross profit</b>		<b>4,380</b>	<b>3,446</b>
<b>Expenses</b>			
Administration expenses	2	(3,192)	(2,341)
Property depreciation, fair value adjustments and other	2	(2,576)	(1,896)
<b>Total expenses</b>		<b>(5,768)</b>	<b>(4,237)</b>
<b>Earnings before interest and income tax expense (EBIT)</b>		<b>(1,388)</b>	<b>(791)</b>
Finance income	2	249	502
Finance costs	2	(429)	(97)
<b>Loss before income tax</b>		<b>(1,568)</b>	<b>(386)</b>
Income tax expense	2	-	-
<b>Profit from continuing operations</b>		<b>(1,568)</b>	<b>(386)</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	12	716	919
<b>(Loss) / profit for the period</b>		<b>(852)</b>	<b>533</b>
(Loss) / profit attributable to ordinary equity holders of the parent entity		(813)	886
Loss attributable to non-controlling interest		(39)	(353)
<b>(Loss) / profit for the period</b>		<b>(852)</b>	<b>533</b>
<b>Earnings per security (EPS) attributable to ordinary equity holders of the parent entity from continuing operations</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per security	8	(1.543)	(0.378)
Diluted earnings per security	8	(1.543)	(0.374)
<b>Earnings per security attributable to ordinary equity holders of the parent entity</b>			
Basic earnings per security	8	(0.800)	0.868
Diluted earnings per security	8	(0.800)	0.860

The above condensed consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

# Condensed consolidated statement of comprehensive income

for the period ended 31 December 2017

	Note	31 December 2017 \$'000	31 December 2016 \$'000
<b>(Loss) / profit for the period</b>		(852)	533
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment		4,595	117
<b>Total comprehensive income for the period, net of tax</b>		3,743	650
<b>Total comprehensive income / loss for the period from:</b>			
Continuing operations		3,027	(269)
Discontinued operations		716	919
		3,743	650
<b>Total comprehensive income / (loss) for the period attributable to:</b>			
Ordinary equity holders of the parent entity		3,782	1,003
Non-controlling interest		(39)	(353)
		3,743	650

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

# Condensed consolidated balance sheet

as at 31 December 2017

	Note	31 December 2017 \$'000	30 June 2017 \$'000
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents		14,318	22,741
Cash deposits		2,500	-
Trade and other receivables		3,000	3,205
Assets classified as held for sale	4	4,299	35,493
Inventories		318	287
Deposits		-	510
<b>Total current assets</b>		<b>24,435</b>	<b>62,236</b>
<i>Non-current assets</i>			
Property, plant and equipment	3	80,570	52,804
Intangible assets	11	24,222	17,534
Other		441	540
<b>Total non-current assets</b>		<b>105,233</b>	<b>70,878</b>
<b>Total assets</b>		<b>129,668</b>	<b>133,114</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables		8,106	6,334
Liabilities classified as held for sale	5	99	123
Provisions		2,373	3,088
<b>Total current liabilities</b>		<b>10,578</b>	<b>9,545</b>
<i>Non-current liabilities</i>			
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>10,578</b>	<b>9,545</b>
<b>Net assets</b>		<b>119,090</b>	<b>123,569</b>
<b>Equity</b>			
<i>Equity attributable to equity holders of the parent entity</i>			
Issued capital	7	494,882	500,985
Reserves	7	6,625	2,030
Accumulated losses		(362,399)	(359,467)
<b>Total equity attributable to equity holders of the parent entity</b>		<b>139,108</b>	<b>143,548</b>
Non-controlling interest	13	(20,018)	(19,979)
<b>Total equity</b>		<b>119,090</b>	<b>123,569</b>

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

# Condensed consolidated cash flow statement

for the period ended 31 December 2017

	31 December 2017	31 December 2016
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	12,231	11,645
Payments to suppliers and employees	(9,347)	(9,063)
Interest received	259	487
Borrowing costs	(96)	-
<b>Net cash flows from operating activities</b>	<b>3,047</b>	<b>3,069</b>
<b>Cash flows from used in investing activities</b>		
Proceeds from sale of assets held for sale, net of selling costs	31,087	-
Acquisition of property, plant and equipment and intangibles, including acquisition costs	(31,368)	(7,951)
Investment in term deposit	(2,500)	-
Deposits for acquisition of businesses	-	(1,173)
<b>Net cash flows used in investing activities</b>	<b>(2,781)</b>	<b>(9,124)</b>
<b>Cash flows from used in financing activities</b>		
Payments for deferred finance costs	-	(60)
Payments for security buy-back	(1,009)	(697)
Payments for capital returns	(5,094)	-
Distributions paid to equity holders of the parent entity	(2,531)	(5,248)
<b>Net cash flows from used in financing activities</b>	<b>(8,634)</b>	<b>(6,005)</b>
Net decrease in cash and cash equivalents	(8,368)	(12,060)
Cash and cash equivalents at beginning of period including assets of disposal groups held for sale	24,451	50,441
Less: cash included in assets of disposal groups held for sale	(1,765)	(1,718)
<b>Cash and cash equivalents at end of period</b>	<b>14,318</b>	<b>36,663</b>

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

## Condensed consolidated statement of changes in equity

for the period ended 31 December 2017

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>CONSOLIDATED</b>					
<b>Balance at 1 July 2016</b>	501,665	69	(354,623)	(19,347)	127,764
Net profit for the period	-	-	886	(353)	533
Revaluation of property, plant & equipment	-	117	-	-	117
<b>Total comprehensive income for the period</b>	-	117	886	(353)	650
Issue of stapled securities	13	-	-	-	13
Security buy back	(693)	-	-	-	(693)
Security based compensation	-	-	(434)	-	(434)
Distributions to securityholders of the parent entity	-	-	(165)	-	(165)
<b>Balance at 31 December 2016</b>	500,985	186	(354,336)	(19,700)	127,135
<b>Balance at 1 July 2017</b>	500,985	2,030	(359,467)	(19,979)	123,569
Net profit for the period	-	-	(813)	(39)	(852)
Revaluation of property, plant & equipment	-	4,595	-	-	4,595
<b>Total comprehensive income for the period</b>	-	-	(813)	(39)	3,743
Security buy back	(1,009)	-	-	-	(1,009)
Capital Return	(5,094)	-	-	-	(5,094)
Security based compensation	-	-	1	-	1
Distributions to securityholders of the parent entity	-	-	(2,120)	-	(2,120)
<b>Balance at 31 December 2017</b>	494,882	6,625	(362,399)	(20,018)	119,090

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

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

Aspen was established for the purpose of facilitating a joint quotation of the Trust and the Company and their controlled entities on the ASX. The Trust, the Company and their controlled entities are domiciled in Australia. The address of Aspen's registered office is Level 3, 37 Pitt Street, Sydney, New South Wales 2000. The Deed of the Trust and the Constitution of the Company ensure that, for so long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in the Company shall be equal and that unit holders and shareholders be identical.

The condensed consolidated financial statements of Aspen as at and for the period ended 31 December 2017 comprise the Company and the Trust along with their subsidiaries and their interests in associates and jointly controlled entities. Aspen is a for-profit entity and is primarily involved in investment in the 'value for money' accommodation sector.

The condensed consolidated interim financial statements do not include all information required for full annual financial statements prepared in accordance with Australian Accounting Standards ("AAS"), and should be read in conjunction with the consolidated annual financial statements of Aspen as at and for the year ended 30 June 2017. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of Aspen since the last annual consolidated financial statements as at and for the year ended 30 June 2017.

Except as noted within this interim financial report, the accounting policies applied by Aspen in these condensed consolidated interim financial statements are consistent with those applied by Aspen in its consolidated financial statements as at and for the year ended 30 June 2017.

The condensed consolidated interim financial statements were authorised for issue by the Board on 23 February 2018.

The condensed consolidated interim financial statements are general purpose consolidated financial statements which:

- have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the AASB.
- complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
- has been prepared on a historical cost basis, except for derivative financial instruments, available for sale financial instruments, investment property, assets held for sale, assets of disposal group held for sale, assets of discontinued operations held for sale, certain classes of property, plant and equipment and share-based payments.
- is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with ASIC Class Order 2016/191;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of Aspen and effective for reporting

periods beginning on or after 1 July 2017. Refer to note 17 for further details; and

- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

## Key judgements and estimates

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates

The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Information about judgements, estimates and assumptions that have a significant effect on the condensed consolidated financial statements are found in the following notes:

<b>Note 3:</b>	Property, plant and equipment	Page 24
<b>Note 10:</b>	Business combinations	Page 29
<b>Note 11:</b>	Intangible assets	Page 29

## Comparative information

Where necessary, prior period comparative information has been reclassified to achieve consistency in disclosure with current period amounts and other disclosures.

## Financial Position

During the period ended 31 December 2017 Aspen recorded a loss after tax of \$0.852 million (1H FY17: profit of \$0.533 million). At 31 December 2017 Aspen had net assets of \$119.090 million (30 June 2017: \$123.569 million), cash reserves of \$16.818 million (30 June 2017: \$22.741 million) and current assets exceeded current liabilities by \$13.857 million (30 June 2017: \$52.691 million).

The consolidated interim financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Board believes that Aspen will continue as a going concern, and Aspen's cash flow forecast supports the Board's opinion that Aspen's working capital position will remain positive for at least the next twelve months from the date of signing these consolidated interim financial statements.

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

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## Operating segments

Aspen has three operating segments as detailed below, which hold different asset classes and offer different products and services and are based on Aspen's management reporting and oversight.

Internal management reports on each of these segments are reviewed on at a least a monthly basis by the executive management team, representing the chief operating decision makers. Segment results and assets include items directly attributable to the operating segments as well as those that can be allocated on a reasonable basis.

The following details the three operating and reporting segments, namely tourism/retirement, corporate, and non-core in addition to the other segment:

- Tourism / retirement – this segment includes income and expenses relating to two land lease communities, five tourism parks and one mixed use accommodation park. These properties cater to permanent and short stay residents.
- Corporate – this segment includes income and expenses relating to Aspen's sole resource accommodation park, being Aspen Karratha Village. This property primarily caters to one corporate resource client.
- Non-core – this segment includes income and expenses relating to discontinued development and industrial property assets, and any other activities deemed non-core by the Board.

Details of assets within the non-core segment are included in the Operating and Financial Review within this financial report.

- Other – this segment includes income and expenses that is not allocated to an operating segment. This includes corporate overheads, interest revenue and interest expenses.

## Geographical segments

Aspen is Australian based, and as such has its current operating activities spread throughout Australia. There are no other geographical segments.

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

	Tourism / retirement		Corporate		Non-core		Other		Consolidated	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment revenue <sup>1</sup></b>	<b>5,315</b>	2,901	<b>3,991</b>	4,131	<b>1,013</b>	1,970	-	-	<b>10,319</b>	9,002
<b>Operating EBIT <sup>2</sup></b>	<b>2,037</b>	1,457	<b>1,690</b>	1,571	<b>858</b>	1,565	<b>(2,641)</b>	(2,554)	<b>1,944</b>	2,039
Finance income	-	-	-	-	-	1	<b>249</b>	501	<b>249</b>	502
Finance costs	-	-	-	-	-	-	<b>(357)</b>	-	<b>(357)</b>	-
<b>Profit / (loss) before income tax</b>	<b>2,037</b>	1,457	<b>1,690</b>	1,571	<b>858</b>	1,566	<b>(2,749)</b>	(2,053)	<b>1,836</b>	2,541
Non-underlying items <sup>3</sup>	<b>(1,893)</b>	(668)	<b>19</b>	(807)	<b>(142)</b>	(828)	<b>(672)</b>	295	<b>(2,688)</b>	(2,008)
Income tax benefit / (expense)	-	-	-	-	-	-	-	-	-	-
<b>Profit / (loss) after tax</b>	<b>144</b>	789	<b>1,709</b>	764	<b>716</b>	738	<b>(3,421)</b>	(1,758)	<b>(852)</b>	533

<sup>1</sup> All segment revenues are derived from external customers.

<sup>2</sup> Operating EBIT represents earnings before interest and tax excluding non-underlying items.

<sup>3</sup> Non-underlying items include depreciation, gains and losses on fair value movements and disposals, and non-recurring items which are not part of ordinary operating performance.



# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

## 1. Revenue

	31 December 2017 \$'000	31 December 2016 \$'000
Revenue from accommodation parks	8,930	6,840
Revenue from development activities	376	192
<b>Revenue</b>	<b>9,306</b>	<b>7,032</b>

## Income tax expense

Aspen has a nil income tax expense for the period ended 31 December 2017 as it has unrecognised carried forward tax losses in excess of taxable profits generated during the period.

## 2. Expenses

### Cost of sales

	31 December 2017 \$'000	31 December 2016 \$'000
Cost of sales from accommodation parks	3,580	2,625
Direct employee benefits expenses	1,100	856
Cost of sales from development activities	246	105
<b>Cost of sales</b>	<b>4,926</b>	<b>3,586</b>

### Administration expenses

Salary and wages	1,347	1,461
Superannuation	86	91
Share based payment expenses	1	(434)
Employee benefits expenses capitalised	(53)	(157)
Onerous lease expense	328	-
Occupancy costs	76	71
Corporate depreciation	63	51
Corporate and administration costs	1,177	1,082
Other expenses	167	176
<b>Administration expenses</b>	<b>3,192</b>	<b>2,341</b>

### Property depreciation, fair value adjustments and other

Acquisition costs	1,951	652
Depreciation expense	653	421
Fair value adjustment of PPE	(107)	823
Fair value adjustment on equity investment	79	-
<b>Property depreciation, fair value adjustments and other</b>	<b>2,576</b>	<b>1,896</b>

### Finance costs

	31 December 2017 \$'000	31 December 2016 \$'000
Interest – bank deposits	249	502
<b>Finance income</b>	<b>249</b>	<b>502</b>
Interest and borrowing costs – loans and borrowings	377	73
Unwinding of discount on provisions	52	24
<b>Finance costs</b>	<b>429</b>	<b>97</b>

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

## 3. Property, plant and equipment

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Corporat e assets \$'000	Total \$'000
<b>At 30 June 2017</b>					
Cost or valuation	31,870	13,240	9,418	352	<b>54,880</b>
Accumulated depreciation and impairment	-	(557)	(1,316)	(203)	<b>(2,076)</b>
<b>Net book amount</b>	<b>31,870</b>	<b>12,683</b>	<b>8,102</b>	<b>149</b>	<b>52,804</b>
<b>Period ended 31 December 2017</b>					
Opening net book amount	31,870	12,683	8,103	149	52,805
Disposals and write-offs					
Additions	10,600	7,616	5,600	27	23,843
Depreciation	-	(193)	(460)	(63)	(716)
Revaluation gains / (losses)	4,396	115	191	-	4,702
Reclassification and transfers	331	-	(395)	-	(64)
<b>Net book amount</b>	<b>47,197</b>	<b>20,221</b>	<b>13,039</b>	<b>113</b>	<b>80,570</b>
<b>At 31 December 2017</b>					
Cost or valuation	47,197	20,972	14,814	379	83,362
Accumulated depreciation and impairment	-	(751)	(1,775)	(266)	(2,792)
<b>Net carrying amount</b>	<b>47,197</b>	<b>20,221</b>	<b>13,039</b>	<b>113</b>	<b>80,570</b>

### Valuation of assets

Independent valuations were commissioned for five properties during the period. These were in relation to the acquisition of Darwin FreeSprit Resort, one corporate asset and three tourism / retirement assets. These valuations have been considered by the Directors in ascertaining asset valuations as at 31 December 2017.

### Level 3 fair value

The fair value measurement of PPE of \$80.570 million (30 June 2017: \$52.804 million) has been categorised as a Level 3 fair value based on the unobservable inputs to the valuation technique used.

The carrying amount table above shows the reconciliation from the opening balance to the closing balance for Level 3 fair values.

Segment	Percentage of property assets independently valued during the period	Total of latest independent valuation *	Total carrying value <sup>(1)</sup>
		\$'000	\$'000
Tourism / retirement	50%	93,750	94,179
Corporate	100%	10,250	10,250
Other (corporate assets)	-	-	113
<b>Total</b>			<b>104,542</b>

(1) The carrying values outlined in the above table include goodwill of \$23.972 million as outlined in Note 11, however exclude any non-statutory carrying value adjustments costs which are included in Aspen's NAV as calculated on page 5 of the directors report.

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

## 4. Assets classified as held for sale

	Non-core assets classified as held for sale	Assets of disposal group held for sale	Discontinued operations' assets classified as held for sale	Assets classified as held for sale
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2016</b>	2,525	5,685	-	8,210
Additions	-	423	27,920	28,343
Transfers	(2,525)	-	2,525	-
Other movements	-	12	-	12
Fair value adjustments	-	(1,072)	-	(1,072)
<b>Closing balance at 30 June 2017 and opening balance at 1 July 2017</b>	-	5,048	30,445	35,493
Other movements	-	(69)	-	(69)
Disposals	-	(3,205)	(27,920)	(31,125)
<b>Closing balance at 31 December 2017</b>	-	1,774	2,525	4,299

During the period ended 31 December 2017, Aspen settled the sale of Spearwood South, WA and Aspen Whitsundays Shores, QLD properties. Disposal groups held for sale includes all assets and liabilities pertaining to development syndicates consolidated by Aspen. These development syndicates have all made resolutions to sell all of their remaining assets and liabilities, and to complete an orderly wind up. At 31 December 2017, four development syndicates included in disposal groups held for sale were in liquidation. Refer to page 8 and note 12 of the directors report for further details on these development syndicates.

All assets held for sale form part of the non-core segment.

## 5. Liabilities classified as held for sale

	Non-core liabilities classified as held for sale	Liabilities of disposal group held for sale	Discontinued operations' liabilities classified as held for sale	Liabilities classified as held for sale
	\$'000	\$'000	\$'000	\$'000
<b>Opening balance at 1 July 2016</b>	-	12	-	12
Other movements	-	111	-	111
<b>Closing balance at 30 June 2017 and opening balance at 1 July 2017</b>	-	123	-	123
Other movements	-	(24)	-	(24)
<b>Closing balance at 31 December 2017</b>	-	99	-	99

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

## 6. Distributions

	Aspen securityholders			
	Cents per security		Total amount	
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	Cents	Cents	\$'000	\$'000
<b>Paid during the period</b>				
Final distribution for the previous year	2.5	4.9	2,547	4,990
Capital return	5.0	Nil	5,094	Nil
<b>Declared and unpaid at the end of the period</b>				
Interim distribution for the period	2.1	Nil	2,120	Nil

Aspen's distributions policy considers taxable income of the Trust, operating profits, stay in business capital requirements and forecast cash flows.

In respect of the half year ended 31 December 2016, Aspen announced a distribution of 2.1 cents per security on 19 January 2017 for the period from 1 July 2016 up to the announcement date. This distribution was paid to securityholders on 28 February 2017.

## 7. Equity and reserves

	Stapled Securities	
	'000 units	\$'000
<b>Movement in stapled securities</b>		
<b>At 1 July 2016</b>	102,476	501,665
Issue of stapled securities	11	13
Security buy-back (including transaction costs)	(590)	(693)
<b>At 30 June 2017 and 1 July 2017</b>	101,897	500,985
Issue of stapled securities	-	-
Capital return*	-	(5,094)
Security buy-back (including transaction costs)	(958)	(1,009)
<b>At 31 December 2017</b>	<b>100,939</b>	<b>494,882</b>

\*A special capital distribution of 5 cents per security was declared and paid during the period.

### The nature of Aspen's contributed equity

Aspen does not have an authorised capital or par value in respect of its issued stapled securities. Holders of stapled securities are entitled to receive dividends and distributions as declared from time to time and are entitled to one vote

per stapled security at securityholder meetings. The liability of a member is limited to any remaining unpaid amount in relation to a member's subscription for securities.

	Revaluation reserve \$'000	Total Reserves \$'000
<b>Reserves</b>		
<b>At 1 July 2016</b>	69	69
Revaluation of property, plant and equipment, net of tax	1,961	1,961
<b>At 30 June 2017 and 1 July 2017</b>	<b>2,030</b>	<b>2,030</b>
Revaluation of property, plant and equipment, net of tax	4,595	4,595
<b>At 31 December 2017</b>	<b>6,625</b>	<b>6,625</b>

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

## 8. Earnings per stapled security

	31 December 2017	31 December 2016
Profit for the period attributable to ordinary equity holders of the parent entity (\$ '000)	<b>(813)</b>	886
Basic weighted average number of stapled securities (No. '000)	<b>101,620</b>	102,124
Diluted weighted average number of stapled securities (No. '000)	<b>102,085</b>	103,081
EPS from total operations:		
Basic earnings per stapled security (cents per security)	<b>(0.800)</b>	0.868
Diluted earnings per stapled security (cents per security)*	<b>(0.800)</b>	0.860
EPS from continuing operations:		
Basic earnings per stapled security (cents per security)	<b>(1.543)</b>	(0.378)
Diluted earnings per stapled security (cents per security) *	<b>(1.543)</b>	(0.378)
EPS from discontinuing operations:		
Basic earnings per stapled security (cents per security)	<b>0.743</b>	1.246
Diluted earnings per stapled security (cents per security)	<b>0.740</b>	1.230

\* Potential ordinary securities are only considered dilutive if loss per security increases on conversion to ordinary securities.

### Calculation of earnings per stapled security

#### Basic earnings per stapled security

Basic earnings per stapled security is calculated by dividing the profit / (loss) attributable to securityholders of Aspen by the weighted average number of ordinary stapled securities outstanding during the year.

#### Diluted earnings per stapled security

Diluted earnings per stapled security is calculated by dividing the profit / (loss) attributable to securityholders of Aspen by the weighted average number of ordinary stapled securities outstanding during the year after adjusting for the effective dilutive securities granted under security plans including options and rights granted under employee security plans.

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

## 9. Financial risk management

### Financial risk management

Aspen Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 30 June 2017.

### Liquidity risk

#### Nature of the risk

Liquidity risk is the risk that Aspen will not be able to meet its financial obligations as they fall due. Aspen is exposed to liquidity risk primarily due to its capital management policies, which view debt as an element of Aspen's capital structure.

#### Liquidity risk management

Liquidity risk is managed by monitoring cash flow requirements on at least a monthly basis to ensure that Aspen will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses and to optimise its cash return on investments. Aspen endeavours to maintain funding flexibility by keeping committed credit lines available with a variety of counterparties. Surplus funds are, where possible, paid against debt, or invested in instruments that are tradeable in highly liquid markets with highly rated counterparties.

	31 December 2017 \$'000	30 June 2017 \$'000
<b>Secured financing facilities</b>		
Cash advance facility	70,000	70,000
Bank overdraft and guarantees	10,650	11,300
	<b>80,650</b>	<b>81,300</b>
<b>Facilities used at balance date</b>		
Cash advance facility	-	-
Bank guarantees	2,194	2,547
	<b>2,194</b>	<b>2,547</b>
<b>Facilities unused at balance date</b>		
Cash advance facility	70,000	70,000
Bank overdraft and guarantees	8,456	8,753
	<b>78,456</b>	<b>78,753</b>

### Fair values

The carrying amounts and estimated fair values of all Aspen's financial instruments recognised in the financial statements are materially the same.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

#### Cash

The carrying amount of cash is considered as the fair value due to the liquid nature of these assets.

#### Receivables/payables

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to approximate their fair values.

### Interest-bearing liabilities

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held or based on discounting expected future cash flows at market rates.

### Other financial assets / liabilities

The fair values of derivatives, corporate bonds, term deposits held at fair value and borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of loan notes and other financial assets have been calculated using market interest rates.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Subsequent changes in the fair value are recognised immediately in profit or loss. Aspen does not hold any derivatives which are designated as a hedging instrument.

Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that Aspen commits itself to purchase or sell the asset.

### Valuation of financial instruments

For financial instruments measured and carried at fair value, Aspen uses the following to categorise the method used:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Aspen has an established control framework with respect to the measurement of fair values. This includes finance staff that have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and that report directly to the CFO.

These finance staff regularly review significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or external valuations is used to measure fair values, then the finance staff assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of accounting standards, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation matters are reported to the Aspen Audit, Risk and Compliance Committee.

Aspen's financial instruments valued using market observable inputs (Level 2) with the exception of available for sale financial assets at fair value (level 3) that were valued at \$0.361 million (30 June 2017: \$0.440 million).

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period (1H FY17: nil).

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

The following table shows a reconciliation of movements in Aspen's financial instruments classified as Level 3 within the fair value hierarchy for the periods ended 31 December 2017 and year ended 30 June 2017:

	31 December 2017 \$'000	30 June 2017 \$'000
<b>Opening Balance at 1 July</b>	440	416
<b><u>Total gains or losses</u></b>		
In profit or loss	(79)	24
<b>Closing Balance</b>	361	440

The fair value of financial assets including those available for sale has been determined by reference to the published unit price of the investments at the period-end date. The investment comprises an investment in a closed fund which is not currently meeting redemption requests.

## 10. Business combinations

### Acquisition of business – accommodation properties

During the period, Aspen acquired two tourism accommodation assets:

- Koala Shores Holiday Park on 29 September 2017; and
- Darwin FreeSpirit Resort on 15 December 2017.

These acquisitions included the tangible assets of the park properties as well as the existing businesses and as a result, these transactions are accounted for as business combinations.

The fair values at acquisition date of identifiable assets and liabilities have been determined on a provisional basis as external consultant reports on the value of individual asset acquired have not been finalised for all properties acquired during the period.

Goodwill calculations	\$'000
Consideration transferred	29,450
Less: fair value of identifiable net assets	(23,012)
<b>Goodwill</b>	<b>6,438</b>

The goodwill is attributable to the value of the existing business which is in excess of identifiable net assets.

	\$'000
<b>Consideration transferred</b>	
Cash – acquisition of accommodation properties	29,450
	29,450
<b>Identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	23,012
	23,012

### Revenue and profit contribution

The accommodation properties acquired during the period contributed revenues of \$0.826 million and a net profit of \$0.246 million to Aspen for the period from acquisition settlement to 31 December 2017.

## 11. Intangible assets

	31 December 2017 \$'000	30 June 17 \$'000
Goodwill	23,972	17,534
Licenses	250	-
	<b>24,222</b>	17,534

	31 December 2017 \$'000	30 June 2017 \$'000
<b>Movements</b>		
Opening	17,534	14,248
Additions	6,688	3,286
	<b>24,222</b>	17,534

### Goodwill - additions

Business combinations during the period as disclosed in note 10, resulted in the acquisition of \$6.438 million of goodwill.

# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

## 12. Discontinued operations

	Disposal groups held for sale		Non-core and accommodation operations held for sale		Total discontinued operations	
	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$'000	31 December 2016 \$'000	31 December 2017 \$'000	31 December 2016 \$'000
<b>Results of discontinued operations</b>						
Revenue	-	-	1,013	1,970	1,013	1,970
Expenses	(118)	(152)	(154)	(280)	(272)	(432)
<b>Profit / (loss) before income tax</b>	<b>(118)</b>	<b>(152)</b>	<b>859</b>	<b>1,690</b>	<b>741</b>	<b>1,538</b>
Finance income	13	-	-	-	13	-
Gain/(loss) on disposal after income tax	17	-	(55)	-	(38)	-
Net change in fair value	-	(619)	-	-	-	(619)
<b>Profit / (loss) after tax from discontinued operations</b>	<b>(88)</b>	<b>(771)</b>	<b>804</b>	<b>1,690</b>	<b>716</b>	<b>919</b>
	<b>31 December 2017 \$'000</b>	<b>30 June 2017 \$'000</b>	<b>31 December 2017 \$'000</b>	<b>30 June 2017 \$'000</b>	<b>31 December 2017 \$'000</b>	<b>30 June 2017 \$'000</b>
<b>Assets and liabilities of discontinued operations</b>						
<b>Assets</b>						
Cash and cash equivalents	1,765	1,710	-	-	1,765	1,710
Trade and other receivables	-	110	-	-	-	110
Properties held for sale	-	3,205	2,525	30,445	2,525	33,650
Prepayments and other assets	9	23	-	-	9	23
<b>Total assets</b>	<b>1,774</b>	<b>5,048</b>	<b>2,525</b>	<b>30,445</b>	<b>4,299</b>	<b>35,493</b>
<b>Liabilities</b>						
Trade and other payables	99	103	-	-	99	103
Provision and other liabilities	-	20	-	-	-	20
<b>Total liabilities</b>	<b>99</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>99</b>	<b>123</b>
<b>Net assets</b>	<b>1,675</b>	<b>4,925</b>	<b>2,525</b>	<b>30,445</b>	<b>4,200</b>	<b>35,370</b>

### Disposal groups held of sale

Aspen has five development syndicates comprising the disposal groups held for sale.

The disposal group held for sale includes \$1.754 million of cash, which is restricted from use until the wind up of these entities is finalised by an external liquidator. On finalisation of wind up, after settling liabilities and related costs the remaining cash will be paid to Aspen, and will be available for use.



# Notes to the condensed consolidated interim financial statements

for the period ended 31 December 2017

## 13. Non-controlling interests

	ADF	AWSS	FBSV	ADLL	Total
<b>NCI percentage as at 31 December 2017</b>	<b>24.9%</b>	<b>45.9%</b>	<b>54.6%</b>	<b>56.8%</b>	
<b>Year ended 30 June 2017</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance at 1 July 2016	(15,047)	(3,180)	922	(2,042)	(19,347)
Share of comprehensive income / (loss)	(5)	(617)	(4)	(6)	(632)
<b>Closing balance at 30 June 2017 and opening balance at 1 July 2017</b>	<b>(15,052)</b>	<b>(3,797)</b>	<b>918</b>	<b>(2,048)</b>	<b>(19,979)</b>
Share of comprehensive income / (loss)	(1)	(40)	6	(4)	(39)
<b>Closing balance at 31 December 2017</b>	<b>(15,053)</b>	<b>(3,837)</b>	<b>924</b>	<b>(2,052)</b>	<b>(20,018)</b>

## Negative non-controlling interests

Aspen has recognised NCI for AWSS, ADF and ADLL as at 31 December 2017 even though these NCIs are negative. AWSS, ADF and ADLL are limited companies, and there is no ability for Aspen to recoup the negative equity attributed to NCI.

# Notes to the condensed consolidated financial statements

for the period ended 31 December 2017

## 14. Commitments and contingencies

	31 December 2017 \$'000	30 June 2017 \$'000
<b>Contingent liabilities</b>		
Defect maintenance periods	2,500	3,006
Tenant fitout incentives received	-	646
Finance facility bonds	-	100
	2,500	3,752
<b>Operating lease commitments</b>		
<i>Group as lessee (i)</i>		
Within 1 year	1,359	1,240
Greater than 1 year but not more than 5 years	5,207	5,476
More than 5 years	99	253
	6,665	6,969
<i>Group as lessor (ii)</i>		
Within one year	5,831	9,245
Greater than 1 year but not more than 5 years	2,481	12,428
More than 5 years	-	48
	8,312	21,721
<b>Capital commitments (iii)</b>		
<i>Contracted but not provided for and payable:</i>		
Within 1 year (iv)	212	10,271
Greater than one year but not more than 5 years	-	-
	212	10,271
<b>Other expenditure commitments</b>		
Bank guarantees issued to third parties	2,194	2,547
Insurance bond guarantees	2,500	2,500
	4,694	5,047

- (i) Aspen leases various offices under non-cancellable operating leases. In addition, Aspen leases properties, under non-cancellable leases, on which it operates accommodation businesses. Operating lease expense for the period was \$0.065 million (1H FY17: \$0.056 million).
- (ii) Relates to leases of Aspen owned properties and former corporate offices sub leased.
- (iii) Comprises commitments to expenditure on PPE.

Other than the above, Aspen Group is not aware of any material contingent liabilities existing at 31 December 2017 or at the date of completion of these condensed consolidated interim condensed financial statements.

## 15. Subsequent events

There has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Aspen, to affect significantly the operations of Aspen, the results of those operations, or the state of affairs of Aspen, in future financial periods.

## 16. Related party transactions

Related party arrangements during the period are consistent with those at 30 June 2017. Refer to the consolidated financial statements for the year ended 30 June 2017 for details of related party arrangements.

# Notes to the condensed consolidated financial statements

for the period ended 31 December 2017

## 17. Other accounting policies

### (a) New and amended standards adopted from 1<sup>st</sup> July 2017

All new and amended accounting policies and measurement bases have been adopted in this report for the period ended 31 December 2017. There has been no change to the group's accounting policies and are consistent with those disclosed in the Annual Report for the year ended 30 June 2017.

### (a) New and amended standards and interpretations issued but not yet effective

The following standards, amendments to standards and interpretations are relevant to current operations. They are available for early adoption but have not been applied by Aspen in this financial report.

Reference	Description	Application of Standard	Application by Group
AASB 9 <i>Financial Instruments</i> AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) and AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)	AASB 9 includes requirements for the classification and measurement of financial assets and was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements aim to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 <i>Financial Instruments: Recognition and Measurement</i> . It also includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.  Management does not expect a material impact on the Group's consolidated financial statements from the adoption of this standard amendment.	1 January 2018	1 July 2018
AASB 15 Revenue from contracts with customers	The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.	1 January 2018	1 July 2018
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	A new five-step process must be applied before revenue can be recognised: <ul style="list-style-type: none"> <li>• Identify contracts with customers</li> <li>• Identify the separate performance obligations</li> <li>• Determine the transaction price of the contract</li> <li>• Allocate the transaction price to each of the separate performance obligations, and</li> <li>• Recognise the revenue as each performance obligation is satisfied.</li> </ul> <p>Key changes to current practice are:</p> <ul style="list-style-type: none"> <li>• Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.</li> <li>• Revenue must be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.</li> <li>• The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at some point in time at the end of a contract may have to be recognised over the contract term and vice versa.</li> <li>• There are new specific rules on licences, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.</li> <li>• As with any new standard, there are also increased disclosures.</li> </ul> <p>Entities will have a choice of full retrospective application, or prospective application with additional disclosures.</p> <p>Management does not expect a material impact on the Group's consolidated financial statements from the adoption of this standard amendment.</p>		
AASB 16 Leases	The new standard supersedes AASB 117 Leases and specifies recognition, measurement, presentation and disclosure requirements of leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with lessor accounting substantially unchanged from AASB 117.  Management is assessing the potential impact of this future standard.	1 January 2019	1 July 2019

# Notes to the condensed consolidated financial statements

for the period ended 31 December 2017

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## Directors' Declaration

1. In the opinion of the directors of Aspen Group Limited and Aspen Fund Management Limited (as responsible entity for Aspen Property Trust):
  - (a) the condensed consolidated interim financial statements and notes on pages 14 to 33, are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial period ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*; and other mandatory professional reporting requirements.
  - (b) there are reasonable grounds to believe that Aspen Group Limited will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from the CEO and CFO for the period ended 31 December 2017.
3. The directors draw attention to the notes to the condensed consolidated interim financial statements, which includes statement of compliance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board*.

Signed in accordance with a resolution of the directors.



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Clive Appleton

Chairman

SYDNEY, 23 February 2018