ASPEN GROUP LIMITED
ABN 50 004 160 927

ASPEN PROPERTY TRUST
ARSN 104 807 767

Responsible Entity: Aspen Funds Management Ltd
ABN 48 104 322 278

Appendix 4D

For the six months ended 31 December 2012

Results for announcement to the market

Details of reporting periods:

Current period	31 December 2012
Corresponding period	31 December 2011

Revenue and Profit for the six months ended 31 December 2012

		Change %		Amount $'000
Revenue from ordinary activities	Down	17.8%	to	31,414
(Loss)/Profit after tax	Down	233%	to	(18,278)
Profit attributable to security holders of Aspen Group	Down	249%	to	(17,264)
Core Operating Profit After Tax*	Up	38.9%	to	10,415

* Core Operating Profit after Tax represents profit after tax excluding non-core operating profits which includes the operating contribution from all discontinued operations and costs relating to the divestment of non-core assets; and also excludes non operating items such as consolidation/deconsolidation losses and gains and adjustments arising from the effect of revaluing assets/liabilities.

Distributions

Aspen Property Trust	31 December 2012		31 December 2011	
	Amount per security (cents)	Total $'000	Amount per security (cents)	Total $'000
Interim distribution – Sept Qtr	-		1.050	
Interim distribution – Dec Qtr	0.750		1.050	
	0.750	9,030	2.100	12,221

Payment dates and record dates for determining entitlements to the distributions (dividends)		
	Record date	Payment date
Interim distribution – six months ended 31 December 12	31 December 2012	25 February 2013

Net tangible assets (NTA)	31 December 2012	30 June 2012
NTA per security (including non dilutive employee shares / options)	$0.26	$0.41
NTA per security (excluding non dilutive employee shares / options)	$0.26	$0.41

Associate entities

Name	Ownership (%)		Share of net profit/(loss) ($'000s)	
	31 December 2012	**31 December 2011**	**31 December 2012**	**31 December 2011**
Aspen Parks Property Fund	8.7%	11.8%	968	1,129
Aspen Dunsborough Lakes Ltd	43.2%	43.2%	-	(1,104)
Aspen Whitsunday Shores Pty Ltd (1)	54.1%	42.1%	-	(170)
St Leonards Estate Pty Ltd (2)	-	13.4%	-	42
Fern Bay Seaside Village Ltd	45.4%	45.4%	-	(1,519)
Enclave at St Leonards Ltd	10.0%	10.2%	(9)	(17)
Aspen Development Fund No 1 Ltd (1)	75.1%	47.3%	-	(1,153)
Headline loss from associates			959	(2,792)

Note 1: Due to the change in ownership of these investments during the six months ended 31 December 2012, these investments are now classified as subsidiaries and are consolidated by Aspen Group at 31 December 2012. Aspen Group gained control of Aspen Whitsunday Shores Pty Ltd on 1 August 2012 and Aspen Development Fund No1 Ltd on 27 November 2012.

Note 2: This investment was sold on 20 September 2012.

Brief Explanation of Revenue, Net Profit/(Loss) and Dividends (Distributions):

Key factors contributing to the movement in revenues and profits were:

Refer to attached ASX announcement for a full commentary on the half year result.

Aspen Group

ABN: 50 004 160 927

Interim Financial Report for the six months ended

31 December 2012

Financial Report

for the six months ended 31 December 2012

Company Particulars

Board of Directors

Frank Zipfinger	Independent Chairman
Hugh Martin	Executive Director
Clive Appleton	Non-Executive Director
Terry Budge	Non-Executive Director (resigned 23 November 2012)
Guy Farrands	Non-Executive Director (appointed 26 November 2012)
Gavin Hawkins	Managing Director (ceased 23 August 2012)

Company Secretary

Eric Lee

Registered Office

Level 3, Newspaper House
129 St Georges Terrace
PERTH WA 6000

Telephone:	(61 8) 9220 8400
Facsimile:	(61 8) 9220 8401
Email:	homemail@aspengroup.com.au
Web Address:	www.aspengroup.com.au

Share Registry

Link Market Services Limited
Ground Floor
178 St Georges Terrace
PERTH WA 6000

Australian Telephone:	1300 554 474
International Telephone:	(61 2) 8280 7111
Facsimile:	(61 2) 9287 0303

Auditor

KPMG
235 St Georges Terrace
PERTH WA 6000

Telephone:	(61 8) 9263 7171
Facsimile:	(61 8) 9263 7129

Stock Exchange Listing

Aspen Group Limited's securities are listed on the Australian Securities Exchange through Aspen Group under the ASX code APZ (stapled securities). Each stapled security comprises one share in Aspen Group Limited and one unit in Aspen Property Trust.

Directors' Report

The directors present their report together with the consolidated financial statements of Aspen Group comprising of Aspen Group Limited ("the Company"), its subsidiaries, the Group's interest in associates and jointly controlled entities, and its stapled entity Aspen Property Trust ("the Trust"), which form the consolidated entity ("Aspen Group", or "the Group"), for the six months ended 31 December 2012 and the review report thereon.

Directors

The directors of Aspen Group Limited ("AGL") and Aspen Funds Management Limited ("AFM"), the Responsible Entity of Aspen Property Trust, at any time during or since the end of the half year are:

Name	Date of Appointment
Non – Executive Directors	
Frank Zipfinger	Appointed: 31 January 2011
Terry Budge	Appointed: 5 May 2005 (resigned 23 November 2012)
Clive Appleton	Appointed: 30 April 2012
Guy Farrands	Appointed 26 November 2012
Executive Directors	
Gavin Hawkins	Appointed: 31 October 2001 (ceased 23 August 2012)
Hugh Martin	Appointed: 30 April 2012

Principal activities

The principal activities of Aspen Group during the period were investment in commercial and industrial property and funds management activities in the property sector. In August 2012, Aspen Group announced a strategic review, with a key outcome of this review being the decision to exit Aspen Group's development activities.

Operating and financial review

Core Operating Profit After Tax as assessed by the directors, for the period was $10.415 million ($7.499 million for the six months ended 31 December 2011), reflecting a 39% increase from the previous corresponding period.

Core Operating Profit includes net rental income and associated interest expense and other expenditure from all investment properties held by Aspen Property Trust and Aspen Group Ltd throughout Australia. It also includes Aspen's share of net rental income and expenditure from properties held by Franklin Street Property Trust ("FSPT") and management fees, equity profits and associated expenditure from Aspen Parks Property Fund. Core Operating Profit excludes profits/losses from all assets the Group has classified as held for sale and has commenced process of divestment.

The Operating Profit as assessed by the directors, for the period was $10.872 million ($18.622 million for the six months ended 31 December 2011), reflecting a 42% decrease from the previous corresponding period.

Operating Profit (also referred to as "net profit after tax before significant items") is a non-IFRS measure that is determined to present, in the opinion of the directors, the ongoing operating activities of Aspen Group in a way that appropriately reflects the Group'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 the Group's core ongoing business activities.

Directors' Report (continued)

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.

The consolidated entity recorded a loss after tax calculated in accordance with International Financial Reporting Standards ("IFRS") of $18.278 million for the six months ended 31 December 2012 (profit of $13.742 million for the six months ended 31 December 2011).

The table below has not been audited or reviewed by KPMG. Key financial results for Aspen Group during the year were as follows:

	Dec-12	Dec-11
	$ '000	$ '000
Core operating profit before tax	10,415	6,681
Income tax benefit	-	818
Core operating profit after tax	**10,415**	**7,499**
Non-core items		
Rental income from investment properties	-	2,125
Funds management revenue/(loss)	(380)	4,190
Financial income	2,233	7,400
Net profit from sale of inventories	17	93
Administrative expenses	(1,768)	(2,144)
Financial expenses	(849)	-
Other expenses	(19)	(535)
Share of loss of equity accounted investees	(9)	(1,220)
Profit from discontinued operation	1,232	-
Income tax benefit	-	1,214
Total non-core items	457	11,123
Total operating profit	**10,872**	**18,622**
Non-operating items		
Funds management revenue	(151)	-
Financial income	323	-
Net movement in fair value of investment properties	13,613	13,302
Property expenses	(391)	(1,511)
Net loss on sale of inventories	(132)	-
Write-down of inventory to recoverable amount	-	(408)
Termination payments and restructuring costs	(1,305)	-
Financial expenses	(1,029)	(3,194)
Other expenses	(519)	(514)
Change in fair value of assets held for sale	(18,890)	4,143
Gain/(loss) on changes in interest in subsidiaries	(17,944)	576
Impairment of financial assets	-	(745)
Impairment adjustments of equity accounted investees	(1,132)	(18,753)
Share of loss of equity accounted investees	(20)	(2,704)
Loss from discontinued operations	(1,573)	-
Income tax benefit	-	4,928
Total non-operating items	(29,150)	(4,880)
Consolidated statutory net (loss)/profit after tax	**(18,278)**	**13,742**

Directors' Report (continued)

Income distributions for the year were as follows:

Quarter Ended	Record Date	Amount Per Stapled Security 31 December 2012	Amount Per Stapled Security 31 December 2011
September	-	-	1.050 cents
December	31 December 2012	0.750 cents	1.050 cents
Total		**0.750 cents**	**2.100 cents**

No income distributions were paid by Aspen Diversified Property Fund to non-controlling interests during the period.

Review of principal businesses

Core

1) Investment property portfolio

The Group's investment portfolio continues to perform soundly recording a 41% increase on a like for like basis in net rental income over the previous corresponding period to $16.635 million excluding the sale of two assets that occurred in FY12 and net rental income from the ATO building. Overall, the portfolio had a 99% occupancy level at 31 December 2012.

The investment portfolio has seen capital growth with a revaluation increase of $13.613 million during the financial year following independent valuations of two properties.

2) Funds Management

Core Funds Management contributed gross income of $3.984 million (2011: $4.327 million) to the Group's performance comprising the operating contribution from all funds management income streams, including management fees and equity share of profits.

Gross equity inflows remained strong, with $19.624 million in equity raised during the period (up 4.3% on the previous corresponding period). Net equity inflows for the period were $15.367 million which have increased 8.4% on the previous corresponding period.

Non-core

Aspen Group is pursuing its strategy of divesting non-core, non-income producing assets. During the period, the Group transferred all income and expenditure relating to its development syndicates, Aspen Diversified Property Fund, and the Ballina retirement village into its Non-Core segment.

Non-Core achieved an operating profit of $0.457 million (2011: $9.909 million) comprising the operating contribution from all discontinued operations and costs relating to the divestment of Non-Core assets.

Non-Core contributed a total loss of $40.049 million to the Group's performance. This has primarily arisen as a result of a loss on consolidation of Aspen Development Fund No.1 Limited (ADF) on 27 November 2012, and impairment of the Ballina retirement village on 31 December 2012.

Directors' Report (continued)

Capital Management and Financial Position

Key activities completed during the period include:

- Aspen Group successfully completed a $101.4 million capital raising. This capital raising has strengthened the Group's capital position, reduced gearing and improved the Group's liquidity.

- The Group's 50% consolidated entity 12-26 Franklin Street Property Trust (FSPT), refinanced $117.600 million of debt for a 5 year term.

The Group's gearing is 41% at 31 December 2012 which has decreased from 46% at 30 June 2012. Look through gearing has decreased from 49% to 43%.

The total cost of drawn debt as at 31 December 2012 for the consolidated entity inclusive of facility fees was 7.67% pa (2011: 8.46%).

Aspen utilises interest rate swaps to hedge its exposure to interest rate risks and at 31 December 2012, 66.5% of the senior debt facility was hedged with a contracted weighted average maturity of 1.81 years. The Group re-structured its interest rate swaps in January 2013. Following this restructure, the Group had 84.8% of its senior debt facility hedged, with a contracted weighted average maturity of 3.57 years.

Significant changes in the state of affairs

During the period Aspen Group's equity interest in two of its associates, Aspen Whitsunday Shores Pty Limited and Aspen Development Fund No1 Limited, increased above 50% and they are both now treated as subsidiaries for consolidation purposes at 31 December 2012.

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

Events subsequent to reporting date

The following material events have occurred between the reporting date and the date of this report:

- Subsequent to the reporting date, Aspen Diversified Property Fund (a subsidiary of Aspen Group) exchanged an unconditional sale contract on the Castle Hill property at $19.000 million, which is due to settle on 28 February 2013. The estimated net sale proceeds of $18.760 million will be fully utilized towards debt reduction.

Other than the above, there has not arisen any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Directors' Report (continued)

Likely developments

Aspen Group will continue to pursue strategies aimed at increasing the profitability of its business activities while at the same time maintaining appropriate levels of capital adequacy and governance to safeguard the interests of security holders. This includes the execution of the strategic review of the Group's business which was conducted during the period.

This strategic review reflects a fundamental shift away from management fee and interest revenue generated from residential and development assets, and instead focuses on organic growth opportunities and acquisitions within the Aspen Parks Property Fund, and active asset management of the existing investment property portfolio.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is included on page 9 and forms part of the Directors' Report for the six months ended 31 December 2012.

Rounding off

Aspen Group is an entity of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with the Class Order, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.

Hugh Martin
Executive Director
PERTH, 22 February 2013

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Aspen Group Limited, and Aspen Funds Management Limited, Responsible Entity of the Aspen Property Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

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

KPMG

KPMG

Kevin Smout
Partner

Perth

22 February 2013

KPMG

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

Report on the financial report

Aspen Group comprises the consolidation of Aspen Group Limited ("the Company") and its controlled entities, including Aspen Property Trust ("the Trust") and its controlled entities, which form the consolidated entity ("Aspen Group" or "the consolidated entity").

We have reviewed the accompanying interim financial report of Aspen Group, which comprises the consolidated statement of financial position as at 31 December 2012, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes comprising a summary of accounting policies and other explanatory information and the directors' declaration of Aspen Group comprising the Company and the Trust and the entities they controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Aspen Group Limited and Aspen Funds Management Limited, the Responsible Entity of the Aspen Property Trust are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Aspen Group's financial position as at 31 December 2012 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Aspen Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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 interim financial report of Aspen Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of Aspen Group's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and

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

KPMG

KPMG

Kevin Smout
Partner

Perth

22 February 2013

Consolidated Interim Condensed Statement of Comprehensive Income

For the six months ended 31 December 2012

	Note	**31 December 2012 $ '000**	31 December 2011 $ '000
Revenue and other income			
Income from investment properties		24,379	21,636
Revenue from sale of inventories		800	790
Funds management revenue		2,464	7,385
Finance income	7	3,619	8,309
Other income		152	118
Total revenue and other income		31,414	38,238
Change in fair value of investment properties		13,613	13,629
Property expenses		(7,050)	(8,596)
Cost of inventories sold		(914)	(696)
Write-down of inventory to recoverable amount		-	(408)
Occupancy costs		(481)	-
Termination payments and restructuring costs		(1,305)	-
Administration expenses	6	(8,335)	(8,179)
Finance expenses	7	(7,263)	(9,091)
Other expenses		(609)	(544)
Change in fair value of assets held for sale		(18,890)	4,143
Impairment of financial assets		-	(745)
Gain/loss on changes in interests in subsidiaries		-	577
Impairment adjustments of equity accounted investees	11	(1,132)	(18,754)
Share of profit/(loss) of equity accounted investees	11	959	(2,792)
Profit before income tax		7	6,782
Income tax (expense)/benefit	8	-	6,960
Profit from continuing operations		7	13,742
Discontinued operations			
Loss from discontinued operations	16	(18,285)	-
(Loss)/profit for the period		(18,278)	13,742
Total comprehensive income for the period		(18,278)	13,742
(Loss)/profit attributable to:			
Security holders of Aspen Group		(17,264)	11,605
Non-controlling interests		(1,014)	2,137
(Loss)/profit for the period		(18,278)	13,742
Total comprehensive income attributable to:			
Security holders of Aspen Group		(17,264)	11,605
Non-controlling interests		(1,014)	2,137
Total comprehensive income for the period		(18,278)	13,742
Basic earnings per stapled security	15	(2.117)	1.984
Diluted earnings per stapled security	15	(2,117)	1.984
Basic earnings per stapled security – continuing operations	15	0.001	1.984
Diluted earnings per stapled security – continuing operations	15	0.001	1.984

(The Consolidated Interim Condensed Statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the consolidated interim condensed financial statements.)

Consolidated Interim Condensed Statement of Financial Position

As at 31 December 2012

	Note	31 December 2012 $ '000	30 June 2012 $ '000
Assets			
Cash and cash equivalents		23,621	3,057
Cash in term deposits		29,534	-
Trade and other receivables		3,481	9,263
Other financial assets		11,704	1,975
Assets classified as held for sale	9	40,911	23,275
Subsidiary assets classified as held for sale	16	174,194	119,893
Investments in equity accounted investees	11	1,031	5,038
Prepayments and other current assets		4,067	1,478
Total current assets		288,543	163,979
Trade and other receivables		2,805	2,675
Other financial assets		3,000	3,000
Property, plant and equipment		3,217	1,521
Investment property	10	366,286	379,125
Investments in equity accounted investees	11	17,220	18,816
Intangible assets		330	3,829
Deferred tax assets		12,141	12,141
Other		780	2,338
Total non-current assets		405,779	423,445
Total assets		694,322	587,424
Liabilities			
Trade and other payables		19,974	25,902
Liabilities classified as held for sale		10,987	-
Subsidiary liabilities classified as held for sale	16	136,040	76,968
Interest-bearing loans and borrowings	12	27,602	136,329
Provisions		2,042	2,270
Employee benefits		741	1,064
Other financial liabilities	13	3,747	32,738
Total current liabilities		201,133	275,271
Interest-bearing loans and borrowings	12	180,935	63,587
Total non-current liabilities		180,935	63,587
Total liabilities		382,068	338,858
Net assets		312,254	248,566
Equity			
Issued capital	14	522,124	424,894
Other equity		(1,465)	(1,465)
Reserves		(9)	(9)
Retained losses		(216,972)	(190,403)
Total equity attributable to equity holders of the Company		303,678	233,017
Non-controlling interest	16	8,576	15,549
Total equity		312,254	248,566

(The Consolidated Interim Condensed Statement of Financial Position is to be read in conjunction with the accompanying notes to the consolidated interim condensed financial statements.)

Consolidated Interim Condensed Statement of Changes in Equity

For the six months ended 31 December 2012

	Attributable to owners of the Company						
	Issued capital $'000	Other equity $'000	Reserves $'000	Retained losses $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2012	424,894	(1,465)	(9)	(190,403)	233,017	15,549	248,566
Total comprehensive income for the period							
Loss for the period	-	-	-	(17,264)	(17,264)	(1,014)	(18,278)
Total comprehensive income for the period	-	-	-	(17,264)	(17,264)	(1,014)	(18,278)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Issue of shares pursuant to capital raising	101,436	-	-	-	101,436	-	101,436
Payment of equity securities issue costs	(4,207)				(4,207)		(4,207)
Issue of shares from sales of ESSIP shares	1	-	-	-	1	-	1
Distributions to security holders	-	-	-	(9,030)	(9,030)	-	(9,030)
Share based payment transactions	-	-	-	(275)	(275)	-	(275)
Total contributions by and distributions to owners of the Company	97,230	-	-	(9,305)	87,925	-	87,925
Acquisition of non-controlling interest	-	-	-	-	-	(5,959)	(5,959)
Total transactions with owners of the Company	97,230	-	-	(9,305)	87,925	(5,959)	81,966
Balance at 31 December 2012	522,124	(1,465)	(9)	(216,972)	303,678	8,576	312,254

(The Consolidated Interim Condensed Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the consolidated interim condensed financial statements.)

Consolidated Interim Condensed Statement of Changes in Equity

For the six months ended 31 December 2011

	Attributable to owners of the Company						
	Issued capital	Other equity	Reserves	Retained losses	Total	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	415,966	(1,855)	(9)	(23,745)	390,357	-	390,357
Total comprehensive income for the period							
Profit for the period	-	-	-	11,605	11,605	2,137	13,742
Total comprehensive income for the period	-	-	-	11,605	11,605	2,137	13,742
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Issue of shares pursuant to Distribution Reinvestment Plan	4,686	-	-	-	4,686	-	4,686
Distributions to security holders	-	-	-	(12,414)	(12,414)	-	(12,414)
Share based payment transactions	-	-	-	514	514	-	514
Total contributions by and distributions to owners of the Company	4,686	-	-	(11,900)	(7,214)	-	(7,214)
Acquisition of non-controlling interest	-	-	-	-	-	12,184	12,184
Increase in non-controlling interest	-	-	-	-	-	123	123
Total transactions with owners of the Company	4,686	-	-	(11,900)	(7,214)	12,307	5,093
Balance at 31 December 2011	420,652	(1,855)	(9)	(24,040)	394,748	14,444	409,192

(The Consolidated Interim Condensed Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the consolidated interim condensed financial statements.)

Consolidated Interim Condensed Statement of Cash Flows

For the six months ended 31 December 2012

	31 December 2012 $ '000	Restated 31 December 2011 $ '000
Cash flows from operating activities		
Cash receipts from customers	62,888	35,718
Cash payments to suppliers and employees	(42,674)	(24,845)
Cash generated from operating activities	20,214	10,873
Dividends received	1,160	1,494
Interest received	594	962
Interest and other costs of finance paid	(15,563)	(5,275)
Net cash from operating activities	6,405	8,054
Cash flows from investing activities		
Cash invested in term deposits	(29,300)	-
Acquisition of property, plant and equipment	(1,919)	(375)
Improvements to assets held for sale	(46)	-
Improvements to investment properties	(1,797)	(3,414)
Development of investment properties	(7,219)	(21,287)
Capitalised interest to assets under development	-	(2,214)
Acquisition of equity accounted investees	-	(548)
Disposal of equity accounted investees	9,319	250
Acquisition of subsidiary, net of cash acquired	(23,982)	(5,494)
Proceeds from sale of investments	18,140	17,700
Proceeds from sale of assets held for sale	6,397	2,094
Net cash from investing activities	(30,407)	(13,288)
Cash flows from financing activities		
Proceeds from issue of equity securities	101,436	-
Payment of equity securities issue costs	(4,207)	-
Repayments of borrowings	(38,503)	-
Proceeds from borrowings	23,654	10,108
Loans to associates and jointly controlled entities	(36,846)	(30,752)
Repayments from associates	445	28,853
Distributions paid to non-controlling interest	(113)	(193)
Distributions paid	-	(7,178)
Net cash used in financing activities	45,866	838
Net increase/(decrease) in cash and cash equivalents	21,864	(4,396)
Cash and cash equivalents at beginning of period	3,474	11,145
Total cash and cash equivalents at end of period	25,338	6,749
Less: cash included in subsidiary assets held for sale	(1,717)	-
Cash and cash equivalents at end of period	23,621	6,749

(The Consolidated Interim Condensed Statement of Cash Flows is to be read in conjunction with the accompanying notes to the consolidated interim condensed financial statements.)

Notes to the Consolidated Interim Condensed Financial Statements

1. Reporting entity

Aspen Group was established for the purpose of facilitating a joint quotation of Aspen Property Trust ("the Trust") and Aspen Group Limited and its controlled entities on the Australian Securities Exchange. Both the Trust, Aspen Group Limited and their controlled entities are domiciled in Australia. The address of the Group's registered office is Level 3, Newspaper House, 129 St Georges Terrace, Perth, Western Australia. The Constitution of Aspen Property Trust and the Articles of Association of Aspen Group Limited 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 consolidated interim financial statements of Aspen Group as at and for the six months ended 31 December 2012 comprise Aspen Group Limited ("the Company") and Aspen Property Trust ("the Trust") along with their subsidiaries and their interests in associates and jointly controlled entities (together referred to as the "Group" or "consolidated entity" and individually as "Group entities"). The Group is a for-profit entity and is primarily involved in investment in commercial, industrial and retail property and funds management activities in the property sector.

2. Basis of preparation

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with AASB 134 Interim Financial Reporting. 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 the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2012. These consolidated interim financial statements do not include all information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

The consolidated interim financial statements were authorised for issue by the Board of Directors on 22 February 2013.

(b) Use of estimates and judgements

Preparing the interim financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

In preparing these consolidated interim financial statements, significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2012.

(c) Financial position

During the period ended 31 December 2012 the Group recorded a loss after tax of $18.278 million (December 2011: profit after tax of $13.742 million). At 31 December 2012 the Group had net assets of $312.254 million (June 2012: $248.566 million) and current assets exceeded current liabilities by $87.410 million (June 2012: net current deficit of $111.292 million). The 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 Directors believe that the Group will continue as a going concern and base this view on the following factors:

Notes to the Consolidated Interim Condensed Financial Statements (continued)

1. The Group's cash flow forecast supports the Directors' opinion that the Group's working capital position will remain positive for at least the next twelve months from the date of these financial statements.

2. Aspen Group and its associated entities have committed to debt reduction of $106.200 million to its primary financier through a series of contracted step downs by December 2013, being:
   a. $35.000 million by October 2012 (achieved);
   b. $5.400 million by December 2012 (achieved);
   c. $32.700 million by June 2013; and
   d. $33.100 million by December 2013.

   The remaining step-downs are primarily to be achieved through progression of non-core asset sales in underlying associates. The Group has an active sales program in place whereby it is seeking to dispose of non-core on balance sheet assets with a book value of $215.105 million. At the date of signing this report, the Group has contracted $38.611 million of its on-balance sheet assets which are due to settle by 31 December 2013, with $29.251 million to be used to meet future debt step-downs with its primary financier.

3. The Group has finalised a strategic review of its business which will simplify the business model to concentrate on the activities in which the Group has core strengths and is able to achieve economic scale of operations. As part of this strategic review, the Group has secured agreement from all of its financially dependent development syndicates to commence orderly sale processes.

4. The Group is compliant with its Weighted Lease Duration (WLD) covenant. The covenant steps up from 1.25 years to 2.0 years on 1 July 2013. As at 31 December 2012 the Group's WLD was 2.13 years. The Group continues to communicate with its financier in respect to this covenant, and is pursuing leasing activities with tenants, to ensure the Group remains compliant with this covenant.

3. Significant accounting policies

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2012.

4. Operating segments

Since 30 June 2012, the Group has revised its segments to reflect the outcome of the Group's strategic review and current debt reduction arrangements. The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units hold different asset classes and offer different products and services, and are based on the consolidated entity's management and internal reporting structure. For each of the strategic business units, the Executive Directors review internal management reports on at least a quarterly basis. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The following describes the operations in each of the Group's reportable segments:

- Core - This segment includes net rental income and associated interest expense and other expenditure from all investment properties held by Aspen Property Trust and Aspen Group Ltd throughout Australia. It also includes Aspen's share of net rental income and expenditure from properties held by Franklin Street Property Trust ("FSPT") and management fees, equity profits and associated expenditure from Aspen Parks Property Fund.
- Non-Core – This segment includes all assets that the Group has deemed as held for sale and has commenced divestment strategies on. This includes all development syndicates that Aspen Group manages, its on-balance sheet assets held for sale, Aspen Diversified Property Fund, Aspen Whitsunday Shores Pty Limited and Aspen Development Fund No1 Limited. Non-core also includes interest from related parties and dividends from investments which cannot be allocated to the core segment noted above.

  Prior period figures have been restated as required under AASB 8 '*Operating Segments'*.

Notes to the Consolidated Interim Condensed Financial Statements (continued)

4. Operating segments (continued)

Information about reportable segments

	Core		Non Core		Total	
	Dec 2012 **$'000**	Restated Dec 2011 $'000	**Dec 2012** **$'000**	Restated Dec 2011 $'000	**Dec 2012** **$'000**	Restated Dec 2011 $'000
External revenues	27,526	22,825	15,582	7,104	43,108	29,929
Interest income	1,063	909	2,688	7,400	3,751	8,309
Total segment revenue	28,589	23,734	18,270	14,504	46,859	38,238
Interest expense	(6,414)	(8,695)	(849)	(396)	(7,263)	(9,091)
Reportable segment profit before income tax and share of profits from investments accounted for using the equity method (and other significant items below)	9,427	5,549	466	11,129	9,893	16,679
Share of profits from investments accounted for using the equity method (before significant items below)	988	1,132	(9)	(1,220)	979	(88)
Segment profit/(loss) before significant items below	10,415	6,681	457	9,909	10,872	16,591
Change in fair value of subsidiary assets held for sale	-	-	(1,573)	4,644	(1,573)	4,644
Revenue from sale of inventories	-	-	800	-	800	-
Funds management revenue	-	-	(151)	-	(151)	-
Financial income	-	-	323	-	323	-
Change in fair value of investment properties	13,613	13,302	-	-	13,613	13,302
Property expenses	(391)	(1,511)	-	-	(391)	(1,511)
Cost of inventories sold	-	-	(932)	-	(932)	-
Termination payments and restructuring costs	(1,087)	-	(218)	-	(1,305)	-
Administrative expenses	(309)	-	-	-	(309)	-
Financial expenses	(1,029)	(2,798)	-	(396)	(1,029)	(3,194)
Other expenses	-	-	(485)	-	(485)	-
Change in fair value of assets held for sale	-	-	(18,890)	(501)	(18,890)	(501)
Impairment of financial assets	-	-	-	(745)	-	(745)
Write-down of inventory to recoverable amount	-	-	-	(408)	-	(408)
Gain/Loss on changes in interest in subsidiaries	-	3,500	(17,944)	(2,924)	(17,944)	576
Impairment adjustments of equity accounted investees	-	(94)	(1,132)	(18,659)	(1,132)	(18,753)
Share of profit/(loss) of equity accounted investees	(20)	-	-	(2,704)	(20)	(2,704)
Segment profit/(loss) after significant items	21,192	19,080	(39,745)	(11,784)	(18,553)	7,296
Reportable segment assets	476,454	395,847	217,868	320,256	694,322	716,103
Investments in associates	17,220	18,790	-	18,282	17,220	37,071

Notes to the Consolidated Interim Condensed Financial Statements (continued)

4. Operating Segments (continued)

Reconciliations of reportable segment revenues, profit or loss and assets

	31 December 2012 $ '000	31 December 2011 $ '000
Revenues		
Total revenues for reportable segments	46,859	38,238
Elimination of discontinued operations	(15,445)	-
Consolidated revenue	31,414	38,238
Profit or loss		
Total profit/(loss) for reportable segments after significant items	(18,553)	7,296
Equity settled transactions	275	(514)
Elimination of discontinued operations	(18,285)	-
Consolidated profit before income tax	7	6,782
Assets		
Consolidated assets	694,322	716,103
Elimination of assets of subsidiaries held for sale (discontinued operations)	(174,194)	-
Total assets	520,128	716,103

Geographical segments

Aspen Group is an Australian based Company, and as such has its current operating activities spread throughout Australia. No other geographical segments are currently evident.

Major Customers

Revenues from one customer of the Group's Property Portfolio represent approximately $9.527 million of the Group's total revenues (31 December 2011: $7.928 million)

5. Revenue

		31 December 2012 $ '000	31 December 2011 $ '000
Income from investment properties		24,379	21,636
Funds management	– asset management fees	2,464	7,078
	– establishment fees	-	307
		2,464	7,385

6. Administration expenses

	31 December 2012 $ '000	31 December 2011 $ '000
Wages and salaries including on-costs	5,781	5,164
Depreciation and amortisation	223	342
Contributions to defined contribution superannuation funds	379	288
Equity-settled share based payment transactions	(275)	514
Other administration costs	2,227	1,871
	8,335	8,179

Notes to the Consolidated Interim Condensed Financial Statements (continued)

7. Net finance income/expenses

		31 December 2012 $ '000	31 December 2011 $ '000
Finance income			
Interest income	– bank deposits	691	112
	– on loans to related parties	2,233	1,744
	– on loans to associates	327	5,789
		3,251	7,645
Dividend income		368	664
		3,619	8,309
Finance expenses			
Change in fair value of interest rate swaps		(747)	(3,193)
Interest expense on financial liabilities measured at amortised cost		(7,680)	(8,463)
Less amounts capitalised to qualifying assets		1,164	2,565
		(7,263)	(9,091)
Net finance expenses		(3,644)	(782)

8. Income tax expense

	31 December 2012 $ '000	31 December 2011 $ '000
Recognised in comprehensive income		
Current tax expense/(benefit)		
Current year	-	(9,300)
	-	(9,300)
Deferred tax expense		
Origination and reversal of temporary differences	17,690	2,340
Deferred tax assets not recognised	(17,690)	-
	-	2,340
Total income tax expense/(benefit)	-	(6,960)
Numerical reconciliation between tax expense and pre-tax net profit		
Profit/(loss) before income tax including discontinued operations	(18,278)	6,782
Prima facie income tax calculated at 30%	(5,483)	2,035
Less prima facie income tax on profit from Trust	(12,422)	(9,206)
Increase in income tax expense due to:		
Non-deductible expenses	(89)	211
Movement in temporary differences not recognised	992	-
Carried forward tax losses not recognised	17,002	-
Income tax expense/(benefit) on pre-tax net profit	-	(6,960)

Notes to the Consolidated Interim Condensed Financial Statements (continued)

9. Assets classified as held for sale

	31 December 2012 $'000	30 June 2012 $'000
At 1 July	23,275	4,854
Additions to inventories	46	-
Disposals	(6,398)	(670)
Transfer in from equity accounted investments	-	14,300
Transfers in from other investments	2,079	-
Transfer in from/(out to) inventories	-	10,270
Transfer in from/(out to) investment properties	40,799	(3,004)
Fair value/impairment adjustments	(18,890)	(2,475)
At 30 June	40,911	23,275
Previously classified as:		
Investment property	23,589	-
Investments	8,512	12,298
Inventories	8,810	10,977
	40,911	23,275

As part of a review of the Group's development property portfolio a number of non-strategic assets have been identified to be offered for sale. The majority of these assets are pledged as security as part of loans and borrowings (refer note 12).

$10.311 million of assets held for sale were revalued as at 31 December 2012 ($1.501 million impairment adjustments made) to reflect contractual sale prices that have been achieved by the Group during the period or up to the date of signing this report. In addition, the Group transferred the Ballina retirement village from investment properties to assets held for sale as at 31 December 2012. As a result of this transfer a downwards revaluation of $17.211 million was required to reflect the estimated realisation value of this asset through an orderly sale process, as whilst held as investment properties the carrying value of the Ballina retirement village was based on the value-in-use method.

10. Investment property

	31 December 2012 $'000	30 June 2012 $'000
At 1 July	379,125	327,364
Acquisitions and additions (1)	14,347	69,270
Disposals (2)	-	(35,572)
Deconsolidation of share of joint venture asset (1)	-	(27,990)
Reclassifications (3)	(40,799)	4,277
Fair value adjustments	13,613	41,776
At 30 June	366,286	379,125

Notes:

(1) This includes the acquisition by 12-26 Franklin Street Property Trust ('FSPT') of the ATO land and building development in Adelaide from Aspen Development Fund No1 Limited in June 2011. In July 2011 Aspen Property Trust sold 50% of its shareholding in FSPT to Telstra Super Pty Limited ('Telstra Super').

(2) This represents the carrying value of properties sold at the date of disposal.

Notes to the Consolidated Interim Condensed Financial Statements (continued)

(3) At 31 December 2012, two investment properties were classified to assets held for sale: the Ballina retirement village and the vacant site at Morrison Road, Midland.

Property portfolio revaluations

At 31 December 2012, the Group received independent valuations for 49% of the investment properties and conducted directors' valuations on the remainder. This resulted in a net increase in the carrying value of investment properties of $13.613 million.

Investment properties are measured at fair value. Fair value is determined on the basis of either an independent valuation prepared by external valuation experts as at the date of the statement of financial position, or directors' valuation.

Independent valuations of property investments are obtained at intervals of not more than two years. Independent valuations were performed by registered independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Fair values were determined in accordance with the accounting policy set out in note 3 of the financial statements for the year ended 30 June 2012 and having regard to recent market transactions for similar properties in the same location as the Group's investment property.

As at 31 December 2012, the weighted average cap rate for the portfolio (excluding Karratha which has a cap rate of 22.0% and has been excluded as it is not indicative of the rest of the portfolio) was 8.8%. The Weighted Average Lease Expiry (WALE) for the portfolio was 4.52 years.

The following table presents individual properties owned by the Group:

Property	**Original Acquisition Date**	**Original Acquisition Cost $ '000**	**Latest Independent Valuation Date**	**Latest Independent Valuation $ '000**	**Book Value at 31 December 2012 $ '000**	Book Value at 30 June 2012 $ '000
Commercial and Industrial						
256 Adelaide Terrace, (Septimus Roe) – WA	Oct 2002	29,648	June 2012	105,500	105,500	105,500
Phoenix Rd, Bibra Lake (Woolstores) – WA	Aug 2003	37,483	Dec 2012	82,000	82,000	73,000
215 Browns Rd, Noble Park – Vic	Oct 2004	22,625	Dec 2011	22,100	22,100	22,100
ATO Building, Adelaide – SA (1)	June 2011	49,627	Nov 2012	199,000	99,086	82,998
Vacant site						
Morrison Rd, Midland – WA (2)	June 2007	5,500	Dec 2010	2,900	-	2,900
Accommodation park						
Karratha Village – WA	June 2005	1,000	June 2012	57,600	57,600	57,600
Retirement living						
Aspen LV Plus, Ballina – NSW (2)	Nov 2007	3,809	-	-	-	35,027
					366,286	**379,125**

(1) ATO Building was acquired in June 2011, and represents investment property under construction. The value of this property at 31 December 2012 represents the Group's 50% interest in the total book value of the property as it is now part of the joint venture assets of Franklin Street Property Trust since 20 July 2011.

(2) These assets were transferred to assets held for sale at 31 December 2012 (refer to note 9).

Notes to the Consolidated Interim Condensed Financial Statements (continued)

(3) At 31 December 2012 all investment properties have been pledged as security against loan facilities with the Group's bankers. Refer to note 12 for further details.

11. Investments in equity accounted investees

The consolidated entity accounts for investments in associates using the equity method. The consolidated entity has the following investments in associates using the equity method which are all incorporated in Australia:

	Principal activities	Ownership 31 December 2012	Ownership 30 June 2012	Share of associates' net assets equity accounted 31 December 2012 $'000	Share of associates' net assets equity accounted 30 June 2012 $'000
Aspen Parks Property Fund	Tourist park investment	8.7%	10.3%	17,220	18,816
Aspen Dunsborough Lakes Limited	Residential property development	43.2%	43.2%	-	-
Aspen Whitsunday Shores Pty Limited (note 1)	Residential property development	54.1%	42.1%	-	-
Fern Bay Seaside Village Limited	Residential property development	45.4%	45.4%	-	-
St Leonard's Estate Pty Limited (note 2)	Residential property development	-	13.4%	-	4,000
Aspen Development Fund No 1 Limited (note 1)	Diversified property development	75.1%	47.3%	-	-
Enclave at St Leonards Limited	Residential property development	10.0%	10.0%	1,031	1,038
Total				18,251	23,854

1) These investments are now classified as subsidiaries and were consolidated by Aspen Group at 31 December 2012. Refer to note 16.

2) This investment was sold during the six months ending 31 December 2012.

The share of associates' net profit accounted for using the equity method is as follows:

	31 December 2012 $'000	31 December 2011 $'000
Share of associate profit/(loss) before income tax	956	(4,472)
Share of income tax expense/benefit	3	1,680
Share of associate loss after income tax	959	(2,792)
Impairment of equity accounted investments	(1,132)	(18,754)
Share of associates net loss accounted for using the equity method	(173)	(21,546)

The carrying value of investments in equity accounted investees was reviewed during the period ending 31 December 2012.

Each investment was treated as a separate cash generating unit and the value-in-use method was used to determine the appropriate impairment, with the exception of Aspen Dunsborough Lakes Ltd, Aspen Whitsunday Shores Pty Ltd, Fern Bay Seaside Village Ltd and Aspen Development Fund No 1 Ltd where carrying values were assessed using an estimated realisation basis. Value-in-use was calculated with reference to independent valuations, with Enclave at St Leonards Ltd using a pre-tax discount rate of 19.0%.

Notes to the Consolidated Interim Condensed Financial Statements (continued)

Loans to Associates

Aspen Group manages the following entities: Aspen Parks Property Trust, Aspen Dunsborough Lakes Limited, Fern Bay Seaside Village Limited, and Enclave at St Leonards Limited. Aspen Group provides loan funds to these associates (with the exception of Aspen Parks Property Trust and Enclave at St Leonards Limited) to assist their working capital and/or their development funding requirements.

The following unsecured loans are from the Group and are outstanding at 31 December 2012.

Loans to associates	Average Interest rate	Gross 31 December 2012 $'000	Impairment 31 December 2012 $'000	Net 31 December 2012 $'000	Net 30 June 2012 $ '000
Aspen Living:					
Aspen Whitsunday Shores Pty Limited	-	-	-	-	1,525
St Leonards Estate Pty Limited	-	-	-	-	445
Other	-	4	-	4	5
		4	-	4	1,975

The loans to Aspen Whitsunday Shores Pty Limited and Aspen Development Fund No1 Limited are not included above because these investments are now treated as subsidiaries and therefore the loans are eliminated on consolidation.

The following secured loans are from the Group and are outstanding at 31 December 2012.

Loans to associates	Average Interest rate	Gross 31 December 2012 $'000	Impairment 31 December 2012 $'000	Net 31 December 2012 $'000	Net 30 June 2012 $ '000
Aspen Living:					
Aspen Dunsborough Lakes Limited	9.02%	37,469	(32,480)	4,989	-
Fern Bay Seaside Village Limited	9.02%	37,214	(36,743)	471	-
		74,683	(69,223)	5,460	-

Aspen Group holds a second ranking registered mortgage over the project assets of these associates.

During the period, no further impairments to the carrying value of these loans were required (30 June 2012: $117.560 million). Whilst impairments of $117.560 million have been made in reporting periods up to and including 30 June 2012, the Group still retains a legal entitlement to the gross value of the loans.

Notes to the Consolidated Interim Condensed Financial Statements (continued)

12. Interest-bearing loans and borrowings

	31 December 2012 $'000	30 June 2012 $'000
Current liabilities		
Current portion of secured bank loans	27,602	136,329
Non-current liabilities		
Share of joint venture loan	58,919	47,024
Share of joint venture convertible note	15,000	-
Secured bank loans	107,016	16,563
	180,935	63,587
	208,537	199,916

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Currency	Maturity	Face value at December 2012 $'000	Carrying amount at December 2012 $'000	Face value at June 2012 $'000	Carrying amount at June 2012 $'000
Secured bank loan	AUD	Dec 2013	12,000	12,000	13,448	13,448
Secured bank loan	AUD	Feb 2014	107,392	107,016	122,881	122,881
Secured bank loan	AUD	Dec 2013	10,602	10,602	11,563	11,563
Secured bank loan	AUD	Dec 2013	5,000	5,000	5,000	5,000
Share of joint venture loan	AUD	Dec 2017	58,800	58,919	47,024	47,024
Share of joint venture convertible note	AUD	Sep 2015	15,000	15,000	-	-
			208,794	208,537	199,916	199,916

Financing arrangements

Secured Bank Loans

At 31 December 2012, the Group's bank debt with its primary financier consisted of $119.392 million. The debt facility is split into two tranches, being:

- Tranche A – Facility Limit of $108.250 million, currently drawn to $107.392 million
- Tranche C – Facility Limit of $12.000 million, currently drawn to $12.000 million

Both tranches are secured over the consolidated entity's commercial investment property portfolio (excluding the ATO Building).

The Group also holds bank debt with another external financier. This debt facility is split as follows:

- $12.000 million construction facility for development of a retirement village (drawn to $10.602 million). Use of funds from this facility is restricted to land and building construction costs.
- $5.000 million facility for partial reimbursement of equity (drawn to $5.000 million).

This facility is secured over the consolidated entity's retirement village investment and other assets held for sale.

In addition to the above, the Group has provided corporate guarantees of $9.551 million in respect of debt facilities on its associates (refer to financial report as at and for the year ended 30 June 2012 for further details).

Notes to the Consolidated Interim Condensed Financial Statements (continued)

Joint Venture Loan

During the six months ended 31 December 2012, Aspen Funds Management Limited, as Trustee for 12-26 Franklin Street Property Trust (FSPT), entered into a 5 year facility with a financier not being the Group's primary financier. This facility is fully drawn at $117.600 million and is secured over the consolidated entity's commercial investment in the ATO Building.

Joint Venture Convertible Note

In September 2012, the Group secured $15.000 million of funding via redemption of Aspen Property Trust's units in FSPT. The funding was been made available through FSPT entering into a convertible note facility. The Group's portion of the facility is fully drawn at $15.000 million, and the Group has provided its 50% unit holding in FSPT as security to this facility.

The total cost of drawn bank debt as at 31 December 2012 for the consolidated entity inclusive of facility fees was 7.67% pa (31 December 2011: 8.46% pa).

	31 December 2012 $'000	30 June 2012 $'000
Financing facilities		
Share of joint venture loan	58,800	58,800
Share of joint venture convertible note	15,000	-
Secured bank loans	135,853	154,239
	209,653	213,039
Facilities utilised at reporting date		
Share of joint venture loan	58,800	47,024
Share of joint venture convertible note	15,000	-
Secured bank loans	134,995	152,892
Bank guarantees	858	858
	209,653	200,774
Facilities not utilised at reporting date		
Share of joint venture loan	-	11,776
Secured bank loans	-	489
	-	12,265

13. Other financial liabilities

	31 December 2012 $'000	30 June 2012 $'000
Current liabilities		
Interest rate derivatives – fair value through profit and loss	3,747	5,898
Put option	-	26,840
	3,747	32,738

The put option was exercised during the period resulting in Aspen Group paying $25.315 million to the option holder. As a result Aspen Group now holds 75.07% of the share capital of Aspen Development Fund No1 Limited. Refer to note 16 for further details.

Notes to the Consolidated Interim Condensed Financial Statements (continued)

14. Capital and reserves

Issued capital	Stapled securities 31 December 2012 No.	30 June 2012 No.
On issue at 1 July	598,500,884	579,826,041
Issued during the period	596,681,195	20,681,285
Cancellation of EDLTIP and ESSIP securities during the period	(2,378,588)	(2,006,442)
On issue at 31 December/30 June – fully paid	1,192,803,491	598,500,884

The Group does not have 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 security holder meetings. The liability of a member is limited to any remaining unpaid amount in relation to a member's subscription for securities.

The Group recorded the following amounts within shareholder's equity as a result of the issuance of ordinary stapled securities.

For the six months ended 31 December 2012

Issued capital	December 2012 No. '000	December 2012 $'000
On issue at 1 July 2012	595,089	424,894
Stapled securities issued at $0.17 (i)	596,681	97,229
Sale of ESSIP shares	3	1
On issue at 31 December 2012 – fully paid	1,191,773	522,124

Equity instruments issued pursuant to Aspen Group stapled security plans accounted for as options	2012 No. '000	2012 $'000
01 July 2012 – Balance	3,412	-
Sale of ESSIP shares	(3)	-
Cancellation of ESSIP securities	(2,378)	-
31 December 2012 - Balance	1,031	-
Total securities listed on ASX	1,192,804	522,124

(i) Relates to the issue of stapled securities pursuant to a non-renounceable pro-rata entitlement offer in October 2012.

Notes to the Consolidated Interim Condensed Financial Statements (continued)

For the year ended 30 June 2012

Issued capital	**June 2012 No. '000**	**June 2012 $'000**
On issue at 1 July 2011	573,497	415,836
Stapled securities issued at $0.4296 (ii)	5,159	2,217
Stapled securities issued at $0.3846 (ii)	6,099	2,347
Stapled securities issued at $0.4196 (ii)	5,122	2,151
Stapled securities issued at $0.4703 (ii)	4,301	2,024
Sale of ESSIP shares	911	319
On issue at 30 June 2012 – fully paid	595,089	424,894

Equity instruments issued pursuant to Aspen Group stapled security plans accounted for as options	**June 2012 No. '000**	**June 2012 $'000**
01 July 2011 – Balance	6,329	130
Sale of ESSIP shares	(911)	(130)
Cancellation of ESSIP securities	(2,006)	-
30 June 2012 - Balance	3,412	-
Total securities listed on ASX	598,501	424,894

(ii) Relates to the issue of stapled securities under the Distribution Reinvestment Plan (DRP)

Fully paid Stapled Securities carry one vote per security and carry the right to distributions.

Other equity

The balance of other equity comprises the amounts paid to non-controlling interests in excess of the net asset values held by controlled entities in order to obtain 100% ownership of the Aspen Villages Property Fund and the gains on the sale of interests in Aspen Diversified Property Fund to non-controlling interests during the year ended 30 June 2012.

15. Earnings per stapled security	**Note**	**31 December 2012 cents per stapled security**	31 December 2011 cents per stapled security
Basic earnings per stapled security	(a)	(2.117)	1.984
Diluted earnings per stapled security	(b)	(2.117)	1.984
Continuing operations:			
Basic earnings per stapled security – continuing operations	(a)	0.001	1.984
Diluted earnings per stapled security – continuing operations	(b)	0.001	1.984
Discontinued operations:			
Basic earnings per stapled security – discontinued operations	(a)	(2.118)	-
Diluted earnings per stapled security – discontinued operations	(b)	(2.118)	-

Notes to the Consolidated Interim Condensed Financial Statements (continued)

(a) Basic earnings per stapled security

Basic earnings per security is calculated by dividing profit/(loss) attributable to security holders of Aspen Group by the weighted average number of ordinary securities outstanding during the period:

Profit/(loss) attributable to ordinary stapled security holders (basic)

	2012 Continuing operations $'000	2012 Discontinued operations $'000	2012 Total $'000	2011 Continuing operations $'000	2011 Total $'000
Profit/(loss) for the period	7	(18,285)	(18,278)	11,605	11,605
Non-controlling interest share of profit/(loss)	-	1,014	1,014	-	-
Profit/(loss) attributable to ordinary stapled security holders (basic)	7	(17,271)	(17,264)	11,605	11,605

Weighted average number of securities (basic)	2012 No. '000	2011 No. '000
Weighted average number of securities at 31 December(1)	815,603	584,970

(1) Excludes non-dilutive LTI instruments

(b) Diluted earnings per stapled security

Diluted earnings per security is calculated by dividing profit/(loss) attributable to security holders of Aspen Group by the weighted average number of ordinary securities outstanding during the period after adjusting for the effect of dilutive securities granted under share plans accounted for as options and rights granted under employee share plans.

Profit/(loss) attributable to ordinary stapled security holders (diluted)

	2012 Continuing operations $'000	2012 Discontinued operations $'000	2012 Total $'000	2011 Continuing operations $'000	2011 Total $'000
Profit/(loss) for the period	7	(18,285)	(18,278)	11,605	11,605
Non-controlling interest share of profit/(loss)	-	1,014	1,014	-	-
Profit/(loss) attributable to ordinary stapled security holders (diluted)	7	(17,271)	(17,264)	11,605	11,605

Weighted average number of securities (diluted)	2012 No. '000	2011 No. '000
Weighted average number of stapled securities at 31 December	815,603	584,970
Effect of stapled security options on issue	-	(34)
Weighted average number of securities (diluted) at 31 December	815,603	584,936

16. Acquisition of subsidiaries and subsidiaries held as discontinued operations

Incorporation of new subsidiary

During the period ended 31 December 2012, the Trust incorporated a new subsidiary company called Aspen Equity Investments Pty Ltd (AEI).

Notes to the Consolidated Interim Condensed Financial Statements (continued)

Acquisition of non-controlling interest in Aspen Whitsunday Shores Limited

On 1 August 2012, the Group obtained control of AWSS by converting $1.525 million of debt to equity for 11.93% of the shares and voting interests in the AWSS. As a result, the Group's equity interest in AWSS increased from 43.13% to 54.06%.

In the period from 1 August 2012 to 31 December 2012 AWSS generated revenue of $0.938 million and a loss of $0.922 million to the Group's results, of which $0.423 million is attributable to non-controlling interests who hold 45.94% of AWSS by 31 December 2012.

Identifiable assets acquired and liabilities assumed at the consolidation date were as follows:

	$'000
Cash and cash equivalents	142
Trade and other receivables	61
Assets held for sale	7,351
Prepayments and other assets	16
Trade and other payables	(113)
Interest – bearing loans and borrowings	(6,184)
Provisions	(31)
Deferred consideration	(1,242)
Total net identifiable assets	-

No gain or loss was recognised upon obtaining control of AWSS.

Subsidiary held for sale

As the Board of AWSS has resolved to sell the assets of the company, the assets and liabilities of this subsidiary are recognised as held for sale in the statement of financial position as at 31 December 2012.

	$'000
Assets classified as held for sale	
Cash and cash equivalents	138
Trade and other receivables	70
Assets held for sale	7,082
Prepayments and other assets	26
	7,316
Liabilities classified as held for sale	
Trade and other payables	48
Interest bearing loans and borrowings	5,785
Provisions	28
Deferred consideration	1,122
	6,983

Loss from discontinued operations	$'000
Revenue from sale of development properties	938
Cost of goods sold	(510)
Management and administration expenses	(196)
Marketing and selling costs	(237)
Finance expenses	(289)
Loss from discontinued operations	(294)

Notes to the Consolidated Interim Condensed Financial Statements (continued)

Acquisition of non-controlling interest in Aspen Development Fund No1 Limited

On 27 November 2012. the Group obtained control of Aspen Development Fund No1 Limited (ADF No1), by purchasing 27.8% of the shares and voting interests in the Company as a result of a shareholder exercising its put option held by Aspen Group Limited. Aspen Group paid cash consideration of $25.315 million for this interest. As a result, the Group's equity interest in ADF No1 increased from 47.27% to 75.07%.

In the period from 27 November 2012 to 31 December 2012 ADF No1 contributed revenue of $8.503 million and loss of $0.905 million to the Group's results, of which $0.226 million is attributable to non-controlling interests who hold 24.93% of the Fund by 31 December 2012.

Identifiable assets acquired and liabilities assumed at the consolidation date were as follows:

	$'000
Cash and cash equivalents	1,242
Trade and other receivables	144
Assets held for sale	73,009
Prepayments and other assets	677
Trade and other payables	(3,949)
Interest – bearing loans and borrowings	(70,570)
Provisions	(24,456)
Total net identifiable assets	(23,903)

The re-measurement to fair value of the Group's existing 35.9% interest in the Fund at the consolidation date resulted in an impairment of $17.944 million which has been recognised in the loss on discontinued operations in the consolidated statement of comprehensive income.

Subsidiary held for sale

As the Board of ADF No1 has resolved to sell the assets of the company, the assets and liabilities of this subsidiary are recognised as held for sale in the statement of financial position as at 31 December 2012.

	$'000
Assets classified as held for sale	
Cash and cash equivalents	781
Trade and other receivables	204
Assets held for sale	64,642
Prepayments and other assets	789
	66,416
Liabilities classified as held for sale	
Trade and other payables	4,520
Interest bearing loans and borrowings	38,232
Provisions	21,498
	64,250

Notes to the Consolidated Interim Condensed Financial Statements (continued)

Loss from discontinued operations	**$'000**
Revenue and other development income	8,503
Cost of sales	(7,909)
Write down of assets held for sales to recoverable amounts	(563)
Other income	225
Other expenses	(149)
Finance income	15
Finance expenses	(537)
Loss from discontinued operations	(415)

Other subsidiaries held for sale

On 2 July 2012, the shareholders of Aspen Diversified Property Fund resolved to wind up the fund and therefore the assets and liabilities of this subsidiary are shown as held for sale on the statement of financial position. Details of the assets and liabilities at 31 December 2012 and the profit from discontinued operations for the six months ended 31 December 2012 are as follows:

	$'000
Assets classified as held for sale	
Cash and cash equivalents	798
Trade and other receivables	268
Investment properties	98,962
Prepayments and other assets	434
	100,462
Liabilities classified as held for sale	
Trade and other payables	573
Interest bearing loans and borrowings	62,887
Other financial liabilities	1,347
	64,807

Profit from discontinued operations	**$'000**
Revenue from investment properties	5,872
Property expenses	(1,709)
Gain on disposal of investment property	283
Change in fair value of investment properties	(1,362)
Administration expenses	(40)
Finance income	117
Finance expenses	(2,793)
Profit from discontinued operations	368

17. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 30 June 2012.

Notes to the Consolidated Interim Condensed Financial Statements (continued)

18. Related party transactions

On 1 August 2012, Aspen Group (through its wholly owned subsidiary Aspen Equity Investments Pty Ltd) converted $1.525 million of debt into equity within AWSS.

On 11 September 2012, Aspen Group agreed to waive its loan to ADF No1 of $37.354 million as at that date, and to waive all future management fees from this date, in exchange for ADF No 1agreeing to conduct an orderly sale process.

All other arrangements with related parties continue to be in place. For details of these arrangements, refer to the consolidated financial statements for the year ended 30 June 2012.

19. Subsequent events

The following material events have occurred between the reporting date and the date of this report:

- Subsequent to the reporting date, Aspen Diversified Property Fund (a subsidiary of Aspen Group) exchanged an unconditional sale contract on the Castle Hill property at $19.000 million, which is due to settle on 28 February 2013. The estimated net sale proceeds of $18.760 million will be fully utilized towards debt reduction.

Other than the above, there has not arisen any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Directors' Declaration

1. In the opinion of the directors of Aspen Group Limited ('the Company') and Aspen Fund Management Limited (as responsible entity for Aspen Property Trust):

(a) the consolidated interim financial statements and notes are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

   (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Hugh Martin
Executive Director
PERTH, 22 February 2013