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 2013

Results for announcement to the market

Details of reporting periods:

Current period	31 December 2013
Corresponding period	31 December 2012

Revenue and Net Profit/(Loss)

		Percentage Change %		Amount $'000
Revenue from ordinary activities	up	8.37%	to	15,946
Loss after tax	up	198.52%	to	(70,173)
Loss after tax attributable to securityholders of Aspen Group	up	255.44%	to	(61,700)
Operating Profit before tax	down	21.84%	to	8,279

Dividends/Distributions

Combined

31 December 2013		31 December 2012	
Cents per Stapled Security	Total $ '000	Cents per Stapled Security	Total $ '000
7.5	9,035	7.5	9,030

Aspen Property Trust

31 December 2013				31 December 2012			
Period	Cents per Unit	Total $ '000	Deferred tax %	Period	Cents per Unit	Total $ '000	Deferred tax %
Jul – Dec 13	7.5	9,035		Jul – Dec 12	7.5	9,030	
	7.5	9,035	100.0%		7.5	9,030	100.0%

Aspen Group Limited

31 December 2013				31 December 2012			
Period	Cents per Share	Total $ '000	Tax rate for franking credit %	Period	Cents per Share	Total $ '000	Tax rate for franking credit %
Jul – Dec 13	-	-	-	Jul – Dec 12	-	-	-
	-	-			-	-	

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

Interim dividend (December)	31 December 2013

Non-controlling interest distributions

Aspen Diversified Property Fund			
31 December 2013			
Record Date	Cents per Share	Total $ '000	Tax rate for franking credit %
30 August 2013	4.19	19,000	-

Aspen Group Limited

ABN: 50 004 160 927

Interim Financial Report for the six months ended

31 December 2013

Financial Report

for the six months ended 31 December 2013

Glossary of entities and terms

Entity name	Term
Aspen Group Limited	The Company
Aspen Property Trust	The Trust
Aspen Group	Aspen Group
Aspen Funds Management Limited	AFM
Aspen Development Fund No 1 Pty Limited	ADF
12-26 Franklin Street Property Trust	FSPT
Aspen Parks Property Fund	APPF
Aspen Parks Property Trust	APPT
Aspen Diversified Property Fund	ADPF
Aspen Whitsunday Shores Pty Limited	AWSS
Enclave at St Leonards Limited	EASL
Aspen Dunsborough Lakes Limited	ADLL
Fern Bay Seaside Village Pty Limited	FBSV
Aspen Parks Wholesale Property Fund	APWPF

Other terms used

Employee Stapled Security Incentive Plan	ESSIP
Earnings Per Share	EPS
Long Term Incentive	LTI
Cents per security	cps

Company Particulars

Board of Directors

Frank Zipfinger	Non-Executive Chairman
Clem Salwin	Managing Director (appointed CEO on 1 July 2013)
Hugh Martin	Non-Executive Director
Clive Appleton	Non-Executive Director
Guy Farrands	Non-Executive Director

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 (“ASX”) 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 interim financial statements of Aspen Group comprising Aspen Group Limited ("the Company"), its subsidiaries, Aspen Group's interest in associates and jointly controlled entities, and its stapled entity Aspen Property Trust ("the Trust"), which form the Aspen Group ("Aspen Group"), for the six months ended 31 December 2013 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 half year are:

Name	Date of Appointment
Non – Executive Directors	
Frank Zipfinger	Appointed: 31 January 2011
Hugh Martin	Appointed: 30 April 2012
Clive Appleton	Appointed: 30 April 2012
Guy Farrands	Appointed: 26 November 2012
Executive Director	
Clem Salwin	Appointed: 1 July 2013

Operating and financial review

Aspen Group recorded a loss after tax calculated in accordance with International Financial Reporting Standards ("IFRS") of $70.173 million for the period ended 31 December 2013 (loss of $23.507 million for the period ended 31 December 2012).

Operating Results

Operating Profit Before Tax as assessed by the directors, for the period was $8.279 million ($10.592 million for the six months ended 31 December 2012), reflecting a 21.8% 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 Aspen 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 Aspen Group's regular business activities. These business activities incorporate all three of Aspen Group's business segments.

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.

Operating Profit is the sum of operating profit and operating loss from each of the accommodation, commercial and industrial, and development segments. The performance of each segment is discussed separately within this operating and financial review.

The Net Tangible Assets ("NTA") of Aspen Group at 31 December 2013 is 164.6 cents per security in accordance with the statutory financial statements. Refer to the Financial Position for detail of asset and liability movements which comprise the decline in NTA.

Directors' Report (continued)

The table below has not been audited or reviewed by KPMG.

Key financial results for Aspen Group during the period were as follows:

	31 December 2013 $ '000	31 December 2012 $ '000
Accommodation operating profit before tax	6,172	5,511
Commercial / industrial operating profit before tax	6,919	4,903
Development operating profit / (loss) before tax	(4,812)	178
Total operating profit before tax	8,279	10,592
Specific non-underlying items*		
Loss from discontinued operations – subsidiary assets held for sale	(23,606)	(25,750)
Profit / (loss) from discontinued operations – commercial / industrial property held for sale	(24,355)	11,072
Revenue from sale of inventories	-	800
Financial income	1,322	323
Change in fair value of investment properties	(11,500)	-
Cost of inventories sold	-	(932)
Property expenses	-	(218)
Administrative expenses	(55)	-
Other expenses	(35)	(484)
Change in fair value of assets held for sale	(770)	(18,890)
Impairment adjustments of equity accounted investees	(7,160)	-
Share of loss of equity accounted investees	(152)	(20)
Total specific non-underlying items	(66,311)	(34,099)
Consolidated statutory net loss before tax attributable to securityholders of Aspen Group	(58,032)	(23,507)
Tax expense (i)	(12,141)	-
Consolidated statutory net loss after tax attributable to securityholders of Aspen Group	(70,173)	(23,507)

* Refer to note 4, Operating segments, for further details on non-underlying items by segment.

(i) The tax expense relates to the write off of the Deferred Tax Asset balance.

Distributions for the period were as follows:

	Record Date	**Amount per stapled security 31 December 2013**	**Amount per stapled security 31 December 2012**
Aspen Group			
Income distribution	31 December 2013	7.50 cents	7.50 cents
Total		**7.50 cents**	**7.50 cents**
Aspen Diversified Property Fund			
Capital distribution to preference unitholders	30 August 2013	4.19 cents	-
Total		**4.19 cents**	**-**

Directors' Report (continued)

Operating and Financial Review

Aspen Group has three business segments outlined below:

Accommodation	Commercial / Industrial	Development
◻ Aspen Karratha Village	◻ 4 office and industrial properties	◻ Subsidiary assets held for sale
◻ Aspen Parks Property Fund:	◻ Book value of $224.427 million	◻ Aspen Living residential syndicates
▪ Management Rights	◻ Average WALE of 5.3 years	◻ Aspen Development Fund No. 1 Pty Ltd
▪ Approx 11% direct equity interest	◻ Average Cap Rate of 8.6%	◻ Aspen Diversified Property Fund
▪ Approx 35% relevant interest		

Accommodation portfolio

Aspen Group's accommodation business comprises two activities:

- Ownership of the Aspen Karratha Village ("AKV"); and
- The management of, and investment in, Aspen Parks Property Fund ("APPF").

The contribution of both of these activities to the operating result is detailed further below:

Aspen Karratha Village

AKV is a 180 room, high quality transient worker accommodation facility which is 96.7% leased at the date of signing this report. Net income from the property during 1HFY14 increased 9.7% on the prior period to $7.259 million.

During the period, following an independent valuation of AKV, a devaluation of 23.0% to $38.500 million was recorded. This revaluation reflects the terms of the two year lease extension (to January 2016) that Aspen Group secured during the period, and weaker demand in the resources accommodation sector more generally.

Aspen Parks Property Fund

Earnings from the management of, and investment in, APPF are reported as funds management earnings. In addition to being the manager, Aspen Group holds an 11.0% direct equity interest in APPF, and a 35.0% relevant interest including holdings within funds under management.

The contribution to earnings for the period from management fees was $2.599 million, down 12.1% on the comparable period of FY13 due to decreased management and performance fees.

Aspen Group's equity share of operating profit from APPF during the period was a profit of $0.623 million reflecting a 36.9% reduction from the comparable period of FY13. Aspen Group's share of statutory profit from APPF during the period was a profit of $0.471 million. Aspen Group's equity investment was impaired by $7.160 million primarily due to Aspen Group taking up an impairment provision, being Aspen Group's estimation, with respect to the portfolio revaluation that is currently in progress by APPF, but which is not yet complete.

Trading conditions for APPF during the period saw relatively steady earnings from tourism properties but further softening in demand for accommodation from users in the resources industry, as the level of new construction and maintenance activity in key resource regions of Western Australia and South Australia remains subdued.

For the period, net equity inflows into APPF from retail and wholesale investors was $1.798 million.

Directors' Report (continued)

As part of its capital recycling strategy, APPF completed the sale and settlement of three properties, with $7.500 million of net sales proceeds received.

During the period, APPF completed all remaining capital expenditure projects which commenced in FY13, with expenditure totalling approximately $9.093 million during the period. These projects were aimed at generating additional revenue through increasing accommodation capacity at a number of parks, addressing infrastructure requirements and also improving the amenity for residents and visitors.

Commercial and industrial property portfolio

The commercial and industrial property portfolio consists of interests in 4 office and industrial properties, including Aspen Group's 50% equity interest in an office property joint venture. The key metrics of these properties are:

- Portfolio valued at $224.427 million, down 6.7% from June 2013;
- Weighted average lease expiry of 5.3 years at 31 December 2013 (June 2013: 5.6 years);
- Weighted average occupancy of 97.5% at 31 December 2013 (30 June 2013: 97.9%); and
- Weighted average cap rate of 8.6% at 31 December 2013, up from 8.4% at 30 June 2013.

The portfolio recorded a 5.08% increase on a like for like basis in net rental income over the previous period to $13.852 million.

During the period, Aspen Group commenced a sale process on its commercial and industrial property portfolio. The key rationale for the sale is that the existing commercial and industrial portfolio is diffuse and strategically Aspen Group does not have a leadership position in these markets. In addition, Aspen Group's financial position will be improved if the sale process is successful, providing greater financial flexibility to reduce debt and return capital to security holders.

Development portfolio

Aspen Group continues to pursue a strategy of realising value by selling all development assets in an orderly manner. During the period, this strategy generated sales of $42.447 million (FY13: $203.585 million). Details of these sales and the remaining development assets are set out below.

Development balance sheet assets directly held by Aspen Group

During the period Aspen Group sold directly held development balance sheet assets to the value of $20.695 million, which were concluded generally in line with book value.

At 31 December 2013, Aspen Group had further development balance sheet assets with a book value of $0.364 million under contract for sale. Following the completion of these sales, Aspen Group will have $2.801 million in development balance sheet assets remaining.

Aspen Diversified Property Fund ("ADPF")

In July 2012 unit holders in ADPF voted to conduct an orderly sale of the fund's assets.

In July 2013, ADPF settled all remaining properties in the ADPF portfolio, for total proceeds of $76.500 million. Net proceeds of sale were applied to the full repayment of ADPF's primary debt facility.

At 31 December 2013, ADPF held $1.493 million of units in an unlisted property fund. Once ADPF achieves the sale of these units, ADPF will commence a formal process to wind up.

Aspen Living Residential Syndicates

Aspen Group has partially exited the residential development sector, having divested one of the five residential syndicates that it managed, with the sale of its management of, and co-investment in, the St Leonards Estate in FY13.

Aspen Group continues to manage and have an equity interest in Enclave at St Leonards Ltd ("EASL"), a residential development in the West Swan district of Perth. During the period, EASL completed all development activities, and the settlement of 88 lots to the value of $19.569 million. At 31 December 2013, EASL had one lot valued at $0.235 million left

Directors' Report (continued)

to settle. Upon return of performance bonds currently held with the City of Swan, EASL will commence a formal process to wind up.

During the period $3.740 million of property assets were sold and settled in the remaining residential syndicates (Dunsborough, Fern Bay, Whitsunday Shores and Enclave) which was applied to the reduction of debt in those syndicates. At 31 December 2013, the residential syndicates had $41.340 million of property assets that were under contract for sale. Following the completion of these sales, Aspen Group will have $3.779 million in residential development assets remaining. Upon sale of all remaining assets, the remaining residential syndicates will commence formal processes to wind up.

Refer to 'Significant changes in the state of affairs' below for information about Aspen Group's change in recognition of Aspen Dunsborough Lakes Ltd ("ADLL"), Fern Bay Seaside Village Pty Ltd ("FBSV"), and Aspen Whitsunday Shores Pty Ltd ("AWSS").

<u>Aspen Development Fund No. 1 Pty Ltd ("ADF")</u>

Aspen Group has a 75.1% interest in ADF which is a subsidiary and consolidated for accounting purposes.

Sales totalling $9.300 million settled during the period, reducing the number of remaining projects to four. The proceeds were used to repay debt and provide working capital. The principal remaining project of ADF is the residual stages of the Adelaide City Central development – a mixed use landholding earmarked for potential office, retail and residential development.

At 31 December 2013, ADF had assets under contract for sale for $4.759 million, with $15.900 million of assets remaining unsold.

Refer to 'Significant changes in the state of affairs' below for information about Aspen Group's change in recognition of ADF.

Overheads

Total overheads fell by $1.851 million (21.0%) to $6.955 million for the period. This includes overheads relating to the commercial and industrial assets held for sale.

Financial Position

<u>Assets</u>

Total assets have decreased by $166.168 million to $403.184 million during the period to 31 December 2013. Cash balances have increased by $2.846 million.

<u>Liabilities</u>

Total liabilities decreased by $78.186 million to $204.470 million during the period to 31 December 2013. Interest-bearing loans and borrowings have reduced by $3.624 million to $116.268 million.

<u>Equity</u>

Equity decreased by $87.982 million during the period, as a result of the statutory loss of $70.173 million and distributions made during the period.

Capital Management

At 31 December 2013, Aspen Group's core senior debt facility was drawn to $116.392 million, down from $117.875 million at 30 June 2013. The average cost of debt fell to 7.0% during the period, down from 8.1% at June 2013.

Aspen Group's gearing is 33.9% at 31 December 2013 which has marginally increased from 33.5% at 30 June 2013. Look through gearing has increased to 45.7%, up from 42.7% at 30 June 2013.

Directors' Report (continued)

There remains a continued focus on reducing overall debt levels across Aspen Group (including managed entities). Due to the level of debt reduction achieved during the period, the last debt reduction milestone (by June 2014) is $32.150 million. During 1HFY14, the development portfolio achieved debt reduction of $55.330 million.

Aspen Group, and its managed entities, are compliant with their banking covenants and are presently exceeding their debt reduction targets.

During the period Aspen Group concluded or renegotiated debt facilities including:

- 12-26 Franklin Street Property Trust ("FSPT") refinanced $117.600 million of debt for a further 5 year term;
- As a result of refinancing FSPT's primary debt, the convertible note facility of $15.000 million (Aspen Group's 50% share) within FSPT was repaid during the period; and
- Debt facilities within ADLL and AWSS were extended to June 2014.

Aspen Group utilises interest rate swaps to hedge its exposure to interest rate risks. At 31 December 2013, 87.0% of the senior debt facility was hedged with a contracted weighted average maturity of 2.6 years.

Likely developments

Following the sale of the commercial and industrial portfolio and of the development portfolio, the business will be repositioned to focus on the accommodation sector in which Aspen Group enjoys a relatively strong position, albeit that some parts of this business are currently experiencing the impact of the significant downturn in capital expenditure in the resources sector.

In addition, Aspen Group remains focused on continuing the divestment of all interests in development assets and reducing overhead costs.

Safety and environment

No significant accidents or injuries were recorded during the period in respect of Aspen Group employees, nor were there any significant environmental issues. Prior to the reporting date, Aspen Group identified, and has commenced management of, remediation of historical land use at the Woolstores property in Bibra Lake.

Significant changes in the state of affairs

As a result of the first time application of AASB 10, Aspen Group has been required to revise its accounting policy for determining whether it has control over, and consequently whether it is required to consolidate, its investees. As a consequence, Aspen Group has changed its control conclusion in respect of its investments in ADLL and FBSV. ADLL and FBSV have both previously been accounted for as associates using the equity method. Although Aspen Group owns less than half of the voting power of the respective investees, management has determined that Aspen Group has moved to de facto control over the respective investees since 1 July 2012. Refer to note 3(a).

As a result of the first time application of AASB 11, Aspen Group has also been required to revise its accounting policy for its interests in joint arrangements, specifically its investment in FSPT. As a consequence, Aspen Group has reclassified the investment in FSPT from a jointly controlled entity to a joint venture. As a result of the reclassification, the FSPT investment has been accounted for using the equity method, not the proportionate consolidation method as accounted for previously. Refer to note 3(b).

Further details of the effects of these changes are set out in note 3 of this Condensed Consolidated Interim Financial Report.

As a result of Aspen Group commencing a sale process on the commercial and industrial property portfolio, these assets have been reclassified as Discontinued Operations within the Condensed Consolidated Interim Statement of Profit or Loss and Other. Details of this reclassification are set out in note 16 of this Condensed Consolidated Interim Financial Report.

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

Directors' Report (continued)

Principal activities

The principal activities of Aspen Group during the period were investment in property and funds management activities in the property sector. Other than as disclosed within this Operating and Financial Review, particularly with respect to Aspen Group commencing a sale process on its commercial and industrial portfolio, there was no significant change in the nature of the activities of Aspen Group 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 the Company, to affect significantly the operations of the Aspen Group, the results of those operations, or the state of affairs of the Aspen Group, in future financial years.

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

The lead auditor's independence declaration is included on page 12 and forms part of the Directors' Report for the six months ended 31 December 2013.

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.

Clem Salwin
Managing Director
PERTH, 21 February 2014

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 2013 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 audit.

KPMG

KPMG

Kevin Smout
Partner

Perth

21 February 2014

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 condensed consolidated statement of financial position as at 31 December 2013, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes comprising a summary of significant 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 internal 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 2013 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 a 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 2013 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

21 February 2014

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2013

	Note	31 December 2013 $ '000	31 December 2012 Restated* $ '000
Revenue and other income			
Income from investment properties	5	10,083	9,675
Revenue from sale of inventories		-	800
Funds management revenue	5	3,774	2,576
Finance income	7	2,170	1,511
Other income		(81)	152
Total revenue and other income		15,946	14,714
Change in fair value of investment properties	10	(11,500)	-
Property expenses		(2,777)	(3,080)
Cost of inventory sold		-	(914)
Occupancy costs		(414)	(481)
Termination payments and restructuring costs		-	(218)
Administration expenses	6	(5,840)	(7,133)
Finance expenses	7	(525)	(1,266)
Other expenses		(297)	(490)
Change in fair value of assets held for sale	9	(815)	(18,890)
Impairment adjustments to equity accounted investees	11	(7,160)	-
Share of profit of equity accounted investees	11	703	959
Loss before income tax		(12,679)	(16,799)
Income tax expense	8	(12,141)	-
Loss from continuing operations		(24,820)	(16,799)
Discontinued operations			
Loss from discontinued operations – subsidiary assets held for sale, net of tax	15	(28,319)	(24,797)
Profit / (loss) from discontinued operations – commercial / industrial properties held for sale, net of tax	16	(17,034)	18,089
Loss for the period		(70,173)	(23,507)
Total comprehensive expense for the period		(70,173)	(23,507)
Loss attributable to:			
Securityholders of Aspen Group		(61,700)	(17,359)
Non-controlling interests		(8,473)	(6,148)
Loss for the period		(70,173)	(23,507)
Total comprehensive expense attributable to:			
Securityholders of Aspen Group		(61,700)	(17,359)
Non-controlling interests		(8,473)	(6,148)
Total comprehensive expense for the period		(70,173)	(23,507)
Basic earnings per stapled security (cps)	14	(51.588)	(21.284)
Diluted earnings per stapled security (cps)	14	(51.588)	(21.284)
Basic earnings per stapled security – continuing operations (cps)	14	(20.752)	1.582
Diluted earnings per stapled security – continuing operations (cps)	14	(20.752)	1.582

* Refer to note 3.

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

Condensed Consolidated Interim Statement of Financial Position

As at 31 December 2013

	Note	31 December 2013 $ '000	30 June 2013 Restated* $ '000
Assets			
Cash and cash equivalents		15,451	15,305
Cash in term deposits		25,000	22,300
Trade and other receivables		4,142	4,051
Other financial assets		5,779	2,831
Assets classified as held for sale	9	4,609	26,119
Subsidiary assets classified as held for sale	15	70,261	178,818
Commercial / industrial property assets classified as held for sale	16	224,427	-
Investments in equity accounted investees	11	106	961
Prepayments and other current assets		1,811	1,129
Total current assets		351,586	251,514
Other financial assets		-	3,000
Property, plant and equipment		2,127	2,427
Investment property	10	38,500	261,000
Investments in equity accounted investees	11	10,629	38,958
Deferred tax assets		-	12,141
Other		342	312
Total non-current assets		51,598	317,838
Total assets		403,184	569,352
Liabilities			
Trade and other payables		6,842	10,104
Liabilities classified as held for sale		-	11,903
Subsidiary liabilities classified as held for sale	15	60,562	124,546
Commercial / industrial property liabilities classified as held for sale	16	107,268	-
Interest-bearing loans and borrowings	12	2,876	3,034
Provisions		19,793	11,506
Employee benefits		633	766
Other financial liabilities		372	905
Total current liabilities		198,346	162,764
Interest-bearing loans and borrowings	12	6,124	119,892
Total non-current liabilities		6,124	119,892
Total liabilities		204,470	282,656
Net assets		198,714	286,696
Equity			
Issued capital	13	523,031	522,051
Other equity		(1,465)	(1,465)
Reserves		(9)	(9)
Retained losses		(307,154)	(236,755)
Total equity attributable to equity holders of the Company		214,403	283,822
Non-controlling interest	15	(15,689)	2,874
Total equity		198,714	286,696

* Refer to Note 3.

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

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2013

	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 2013	522,051	(1,465)	(9)	(236,755)	283,822	2,874	286,696
Total comprehensive expense for the period							
Loss for the period	-	-	-	(61,700)	(61,700)	(8,473)	(70,173)
Total comprehensive expense for the period	-	-	-	(61,700)	(61,700)	(8,473)	(70,173)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Issue of securities	980	-	-	-	980	-	980
Distributions to securityholders	-	-	-	(9,035)	(9,035)	(8,450)	(17,485)
Share based payment transactions	-	-	-	336	336	-	336
Total contributions by and distributions to owners of the Company	980			(8,699)	(7,719)	(8,450)	(16,169)
Acquisition of non-controlling interest	-	-	-	-	-	(1,640)	(1,640)
Total transactions with owners of the Company	980			(8,699)	(7,719)	(10,090)	(17,809)
Balance at 31 December 2013	523,031	(1,465)	(9)	(307,154)	214,403	(15,689)	198,714

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

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2012

	Attributable to owners of the Company						
	Issued capital	Other equity	Reserves	Retained losses Restated*	Total Restated*	Non-controlling interest Restated*	Total equity Restated*
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Balance at 1 July 2012	424,894	(1,465)	(9)	(191,133)	232,287	14,690	246,977
Total comprehensive expense for the period							
Loss for the period	-	-	-	(17,359)	(17,359)	(6,148)	(23,507)
Total comprehensive expense for the period	-	-	-	(17,359)	(17,359)	(6,148)	(23,507)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Issue of securities pursuant to capital raising	101,436	-	-	-	101,436	-	101,436
Payment of equity securities issue costs	(4,207)				(4,207)		(4,207)
Issue of securities from sales of ESSIP shares	1	-	-	-	1	-	1
Distributions to securityholders	-	-	-	(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
Total transactions with owners of the Company	97,230	-	-	(9,305)	87,925	-	87,925
Balance at 31 December 2012	522,124	(1,465)	(9)	(217,797)	302,853	8,542	311,395

* Refer to note 3.

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

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 31 December 2013

	31 December 2013	31 December 2012 Restated*
	$ ‘000	$ ‘000
Cash flows from / (used in) operating activities		
Cash receipts from customers	50,431	101,338
Cash payments to suppliers and employees	(39,780)	(80,992)
Cash generated from operating activities	10,651	20,346
Dividends received	2,248	1,160
Interest received	2,516	7,245
Interest and other costs of finance paid	(6,376)	(24,300)
Net cash from operating activities	9,039	4,451
Cash flows from / (used in) investing activities		
Cash invested in term deposits and restricted funds	(2,700)	(29,300)
Acquisition of property, plant and equipment	39	(1,919)
Improvements to assets held for sale	-	(46)
Improvements to investment properties	-	(1,797)
Acquisition of equity accounted investees	(8,480)	-
Disposal of equity accounted investees	885	24,319
Acquisition of subsidiary, net of cash acquired	(2,140)	(25,366)
Proceeds from sale of investments	-	18,140
Proceeds from sale of assets held for sale	7,724	6,397
Proceeds from sale of investment properties	73,803	-
Net cash from / (used in) investing activities	69,131	(9,572)
Cash flows from / (used in) financing activities		
Proceeds from issue of equity securities	980	101,436
Payment of equity securities issue costs	-	(4,207)
Repayments of borrowings	(62,186)	(64,841)
Loans to associates and jointly controlled entities	-	(12,157)
Repayments from associates	-	445
Distributions paid to non-controlling interests	-	(113)
Distributions paid	(17,442)	-
Net cash from / (used in) financing activities	(78,648)	20,563
Net increase / (decrease) in cash and cash equivalents	(478)	15,442
Cash and cash equivalents at beginning of period	18,862	2,559
Cash and cash equivalents at end of period	18,384	18,001
Less: cash included in subsidiary assets held for sale	(2,933)	(2,536)
Cash and cash equivalents at end of period	15,451	15,465

* Refer to note 3.

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

Notes to the Condensed Consolidated Interim Financial Statements

1. Reporting entity

Aspen Group was established for the purpose of facilitating a joint quotation of the Trust and the Company and its controlled entities on the ASX. Both the Trust, the Company and their controlled entities are domiciled in Australia. The address of Aspen Group's registered office is Level 3, Newspaper House, 129 St Georges Terrace, Perth, Western Australia. The Constitution of the Trust and the Articles of Association 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 unitholders and shareholders be identical.

The condensed consolidated interim financial statements of Aspen Group as at and for the six months ended 31 December 2013 comprise the Company and the Trust along with their subsidiaries and their interests in associates and jointly controlled entities. Aspen Group is a for-profit entity and is primarily involved in investment in property and funds management activities in the property sector.

2. Basis of preparation

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. 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 Group since the last annual consolidated financial statements as at and for the year ended 30 June 2013. The condensed consolidated interim financial statements do not include all information required for full annual financial statements prepared in accordance with IFRS, and should be read in conjunction with the consolidated annual financial statements of Aspen Group as at and for the year ended 30 June 2013.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors ("the Board") on 21 February 2014.

(b) Use of estimates and judgements

Preparing the condensed consolidated 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 condensed consolidated interim financial statements, significant judgements made by management in applying Aspen 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 2013, with the exception of the assessment of subsidiaries and joint arrangements, refer to note 3.

(c) Financial position

During the period ended 31 December 2013 Aspen Group recorded a loss after tax of $70.173 million (December 2012: loss after tax of $23.507 million). At 31 December 2013 Aspen Group had net assets of $198.714 million (June 2013: $286.696 million) and current assets exceeded current liabilities by $153.240 million (June 2013: $88.750 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 Board believe that Aspen Group will continue as a going concern and base this view on the factors outlined on the following page:

Notes to the Condensed Consolidated Interim Financial Statements (continued)

2. Basis of preparation (continued)

(c) Financial position (continued)

1. Aspen Group's cash flow forecast supports the Board's opinion that Aspen 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 controlled entities have committed to future debt reduction of $32.150 million to its primary bank through a series of contracted step downs by June 2014.

   The step-downs are primarily to be achieved through development asset sales in controlled entities. Aspen Group is presently seeking to dispose of development assets with a book value of $70.261 million.
3. Aspen Group is compliant with its Weighted Lease Duration (WLD) covenant. The covenant steps up from 1.25 years to 2.0 years on 29 January 2014. As at 31 December 2013 Aspen Group's WLD was 2.36 years.

3. Significant accounting policies

Except as described below, the accounting policies applied by Aspen Group in these condensed consolidated interim financial statements are the same as those applied by Aspen Group in its consolidated financial statements as at and for the year ended 30 June 2013. The following changes in accounting policies are also expected to be reflected in Aspen Group's consolidated financial statements as at and for the year ending 30 June 2014.

Changes in accounting policies

Aspen Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

- AASB 10 *Consolidated Financial Statements* (2011) ("AASB 10") (see (a));
- AASB 11 *Joint Arrangements* ("AASB 11") (see (b)); and
- AASB 13 *Fair Value Measurement* ("AASB 13") (see (c)).

The nature and the effect of the changes are further explained below.

(a) Subsidiaries

As a result of the first time application of AASB 10 (2011), Aspen Group has revised its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether Aspen Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of AASB 10 (2011), Aspen Group reassessed the control conclusion for its investees at 1 July 2013. As a consequence, Aspen Group has changed its control conclusion in respect of its investments in ADLL and FBSV, which were both previously accounted for as associates using the equity method. Although Aspen Group owns less than half of the voting power of the respective investees, management has determined that Aspen Group has moved to de facto control over the respective investees since 1 July 2012. Aspen Group holds significantly more voting rights of the respective investees than any other vote holders or organised group of vote holders, and the other shareholdings of the respective investees are widely dispersed. Accordingly, Aspen Group applied acquisition accounting to the respective investments at 1 July 2012, as if the respective investees had been consolidated from that date. Further details of the effect of the change are set out in note (d) below.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3. Significant accounting policies (continued)

(b) Joint arrangements

As a result of the first time application of AASB 11, Aspen Group has revised its accounting policy for its interests in joint arrangements. Under AASB 11, Aspen Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on Aspen Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, Aspen Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other relevant facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

Aspen Group has re-evaluated its involvement in its only joint arrangement, being FSPT, and has reclassified the investment from a jointly controlled entity to a joint venture. As a result of the reclassification, the FSPT investment has been accounted for using the equity method, not the proportionate consolidation method as accounted for previously. Further details of the effect of the change are set out in note (d) below.

(c) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, Aspen Group has included additional disclosures in this regard (see note 17).

In accordance with the transitional provisions of AASB 13, Aspen Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of Aspen Group's assets and liabilities.

(d) Summary of quantitative impact

The following tables summarise the material impacts resulting from the above changes in accounting policies on Aspen Group's financial position, comprehensive income and cash flows.

As Aspen Group has taken advantage of the transitional provisions of *Consolidated Financial Statements, Joint Arrangements and Disclosure of interests in Other Entities: Transition Guidance* (Amendments to AASB 10, AASB 11 and AASB 12 respectively), the following tables do not include the effect of the change in accounting policy for subsidiaries on the current period.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3. Significant accounting policies (continued)

(d) Summary of quantitative impact (continued)

(i) Condensed consolidated statement of financial position as at 1 July 2012

	Effect of changes in accounting policies			
	As previously reported	Subsidiaries (refer note (a))	Joint ventures (refer note (b))	As restated
1 July 2012	**$ ’000**	**$ ’000**	**$ ’000**	**$ ’000**
Cash and cash equivalents	3,057	-	(916)	2,141
Other financial assets	1,975	(1,525)	-	450
Subsidiary assets classified as held for sale	119,893	165,608	-	285,501
Total current assets	163,979	164,083	(916)	327,146
Investment property	379,125	-	(82,683)	296,442
Investments in equity accounted investees	18,816	-	33,491	52,307
Total non-current assets	423,445	-	(49,192)	374,253
Total assets	587,424	164,083	(50,108)	701,399
Trade and other payables	25,901	-	(3,084)	22,817
Subsidiary liabilities classified as held for sale	76,969	165,672	-	242,641
Total current liabilities	275,271	165,672	(3,084)	437,859
Interest-bearing loans and borrowings	63,587	-	(47,024)	16,563
Total non-current liabilities	63,587	-	(47,024)	16,563
Total liabilities	338,858	165,672	(50,108)	454,422
Net assets	248,566	(1,589)	-	246,977
Retained losses	(190,403)	(730)	-	(191,133)
Non-controlling interest	15,549	(859)	-	14,690
Total equity	248,566	(1,589)	-	246,977

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3. Significant accounting policies (continued)

(d) Summary of quantitative impact (continued)

(ii) Condensed consolidated statement of financial position as at 30 June 2013

	Effect of changes in accounting policies			
	As previously reported	Subsidiaries (refer note (a))	Joint ventures (refer note (b))	As restated
30 June 2013	**$ ’000**	**$ ’000**	**$ ’000**	**$ ’000**
Cash and cash equivalents	15,794	-	(489)	15,305
Trade and other receivables	4,080	(27)	(2)	4,051
Other financial assets	11,817	(8,986)	-	2,831
Subsidiary assets classified as held for sale	136,263	42,555	-	178,818
Prepayments and other current assets	1,523	-	(394)	1,129
Total current assets	218,857	33,542	(885)	251,514
Investment property	360,500	-	(99,500)	261,000
Investments in equity accounted investees	13,695	-	25,263	38,958
Total non-current assets	392,075	-	(74,237)	317,838
Total assets	610,932	33,542	(75,122)	569,352
Trade and other payables	11,460	-	(1,356)	10,104
Subsidiary liabilities classified as held for sale	91,667	32,879	-	124,546
Interest-bearing loans and borrowings	3,050	-	(16)	3,034
Other financial liabilities	855	-	50	905
Total current liabilities	131,207	32,879	(1,322)	162,764
Interest-bearing loans and borrowings	193,692	-	(73,800)	119,892
Total non-current liabilities	193,692	-	(73,800)	119,892
Total liabilities	324,899	32,879	(75,122)	282,656
Net assets	286,033	663	-	286,696
Retained losses	(237,071)	316	-	(236,755)
Non-controlling interest	2,527	347	-	2,874
Total equity	286,033	663	-	286,696

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3. Significant accounting policies (continued)

(d) Summary of quantitative impact (continued)

(iii) Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2012

	Effect of changes in accounting policies			
	As previously reported	Subsidiaries (refer note (a))	Joint ventures (refer note (b))	As restated
For the six months ended 31 December 2012	**$ ’000**	**$ ’000**	**$ ’000**	**$ ’000**
Income from investment properties	24,379	-	(1,522)	22,857
Funds management revenue	2,464	151	40	2,655
Financial income	3,619	-	(2,108)	1,511
Total revenue and other income	31,414	151	(3,590)	27,975
Change in fair value of investment properties	13,613	-	(5,627)	7,986
Property expenses	(7,050)	-	(209)	(7,259)
Administrative expenses	(8,335)	-	10	(8,325)
Financial expenses	(7,263)	-	1,345	(5,918)
Impairment adjustments of equity accounted investees	(1,132)	1,132	-	-
Share of profit of equity accounted investees	959	-	8,071	9,030
Profit before income tax	7	1,283	-	1,290
Discontinued operations				
Loss from discontinued operations	(18,285)	(6,512)	-	(24,797)
Loss for the year	(18,278)	(5,229)	-	(23,507)
Loss attributable to:				
Securityholders of Aspen Group	(17,264)	(95)	-	(17,359)
Non-controlling interests	(1,014)	(5,134)	-	(6,148)
Loss for the year	(18,278)	(5,229)	-	(23,507)
Earnings per stapled security				
Basic earnings per stapled security	(21.168)			(21.284)
Diluted earnings per stapled security	(21.168)			(21.284)
Earnings per stapled security - continuing operations				
Basic earnings per stapled security	0.010			1.582
Diluted earnings per stapled security	0.010			1.582

Notes to the Condensed Consolidated Interim Financial Statements (continued)

3. Significant accounting policies (continued)

(d) Summary of quantitative impact (continued)

(iv) Condensed consolidated statement of cash flows for the six months ended 31 December 2012

		Effect of changes in accounting policies		
	As previously reported	**Subsidiaries (refer note (a))**	**Joint ventures (refer note (b))**	**As restated**
For the six months ended 31 December 2012	**$ ’000**	**$ ’000**	**$ ’000**	**$ ’000**
Cash receipts from customers	62,888	39,264	(814)	101,338
Cash payments to suppliers and employees	(42,674)	(39,607)	1,289	(80,992)
Cash generated from operating activities	20,214	(343)	475	20,346
Interest received	594	6,656	(5)	7,245
Interest paid	(15,563)	(8,702)	(35)	(24,300)
Net cash from operating activities	6,405	(2,389)	435	4,451
Development of investment properties	(7,219)	-	7,219	-
Disposal of equity accounted investees	9,319	-	15,000	24,319
Acquisition of subsidiary, net of cash acquired	(23,982)	(1,384)	-	(25,366)
Net cash from investing activities	(30,407)	(1,384)	22,219	(9,572)
Repayment of borrowings	(38,503)	(26,338)	-	(64,841)
Proceeds from borrowings	23,654	-	(23,654)	-
Loans to associates and jointly controlled entities	(36,846)	24,689	-	(12,157)
Net cash generated from financing activities	45,866	(1,649)	(23,654)	20,563
Net increase/(decrease) in cash and cash equivalents	21,864	(5,422)	(1,000)	15,442
Cash and cash equivalents at beginning of period	3,474			2,559
Cash and cash equivalents at end of period	25,338			18,001
Less: cash included in subsidiary assets held for sale	(1,717)			(2,536)
Cash and cash equivalents at end of period	23,621			15,465

Notes to the Condensed Consolidated Interim Financial Statements (continued)

4. Operating segments

Since 30 June 2013, Aspen Group has revised its segments to reflect the outcome of Aspen Group's strategic review, current debt reduction arrangements and divestment programmes. Aspen Group has three reportable segments, as described below, which are Aspen Group's strategic business units. The strategic business units hold different asset classes and offer different products and services, and are based on the Aspen Group's management and internal reporting structure.

For each of the strategic business units, the CEO and Key Management Personnel 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 Aspen Group's reportable segments:

- Accommodation - This segment includes income and associated interest expense and other expenditure from Aspen Group's investments in the accommodation sector. This includes Aspen Group's cornerstone investment in, and funds management of, Aspen Parks Property Fund, along with all income and expenditure associated with the Aspen Karratha Village investment property.
- Commercial / Industrial – This segment includes all rental income and associated interest expense and other expenditure from Aspen Group's commercial and industrial property portfolio. This includes Septimus Roe, Woolstores, 215 Browns Rd Noble Park, and Aspen Group's equity investment in FSPT. This segment now has been classified as a discontinued operation.
- Development – This segment includes all development assets that Aspen Group has deemed as held for sale and has commenced divestment strategies on. This includes all Aspen Group on-balance sheet assets held for sale, ADPF, AWSS, ADF, ADLL, EASL & FBSV. Development also includes interest from related parties and dividends from investments which cannot be allocated to the accommodation or commercial / industrial segments noted above. This segment is classified as a discontinued operation.

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

4. Operating segments (continued)

Information about reportable segments	Accommodation		Commercial / Industrial		Development		Total	
	31 Dec 2013	31 Dec 2012 Restated	**31 Dec 2013**	31 Dec 2012 Restated	**31 Dec 2013**	31 Dec 2012 Restated	**31 Dec 2013**	31 Dec 2012 Restated
	$ '000	$ '000	**$ '000**	$ '000	**$ '000**	$ '000	**$ '000**	$ '000
External revenues	12,610	12,783	13,503	13,285	15,990	49,790	42,104	75,858
Interest income	745	1,057	-	-	314	7,241	1,060	8,298
Total segment revenue	**13,355**	13,840	**13,503**	13,285	**16,304**	57,031	**43,164**	84,156
Interest expense	**(404)**	(418)	**-**	-	**(121)**	-	**(525)**	(418)
Reportable segment profit before income tax and share of profits from investments accounted for using the equity method (and other significant items below)	5,549	4,522	5,325	4,561	(5,044)	187	5,830	9,270
Share of profits from investments accounted for using the equity method (before significant items below)	623	988	1,594	342	231	(9)	2,449	1,321
Segment profit / (loss) before significant items below	**6,172**	5,510	**6,919**	4,903	**(4,813)**	178	**8,279**	10,591
Profit/loss from discontinued operations - subsidiary assets held for sale	-	-	-	-	(23,606)	(25,750)	(23,606)	(25,750)
Profit/loss from discontinued operations - commercial / industrial properties held for sale	-	-	(24,355)	11,072	-	-	(24,355)	11,072
Revenue from sale of inventories	-	-	-	-	-	800	-	800
Financial income	-	-	-	-	1,322	324	1,322	324
Change in fair value of investment properties	(11,500)	-	-	-	-	-	(11,500)	-
Cost of inventories sold	-	-	-	-	-	(931)	-	(931)
Termination payments and restructuring costs	-	-	-	-	-	(218)	-	(218)
Administrative expenses	375	-	-	-	(430)	-	(55)	-
Other expenses	-	-	-	-	(33)	(485)	(33)	(485)
Change in fair value of assets held for sale	-	-	-	-	(770)	(18,890)	(770)	(18,890)
Impairment adjustments of equity accounted investees	(7,160)	-	-	-	-	-	(7,160)	-
Share of profit / (loss) of equity accounted investees	(152)	(20)	-	-	-	-	(152)	(20)
Segment profit / (loss) after significant items before tax	**(12,265)**	5,490	**(17,436)**	15,975	**(28,330)**	(44,972)	**(58,030)**	(23,507)
Reportable segment assets	**94,668**	93,133	**226,777**	295,773	**81,739**	270,651	**403,184**	659,557
Investments in equity accounted investees	**10,629**	17,220	**-**	26,562	**106**	-	**10,735**	43,782
Reportable segment liabilities	**23,751**	26,985	**119,406**	112,660	**61,313**	207,937	**204,470**	347,582

Notes to the Condensed Consolidated Interim Financial Statements (continued)

4. Operating Segments (continued)

Reconciliations of reportable segment revenues, profit or loss and assets

	31 December 2013 $ '000	31 December 2012 Restated $ '000
Revenues		
Total revenues for reportable segments	43,163	84,156
Elimination of discontinued operations - subsidiary assets held for sale	(13,503)	(13,285)
Elimination of discontinued operations – commercial properties held for sale	(13,714)	(56,157)
Consolidated revenue	15,946	14,714
Profit or loss		
Total loss for reportable segments after significant items	(58,030)	(23,507)
Elimination of discontinued operations - subsidiary assets held for sale	28,319	24,797
Elimination of discontinued operations - commercial properties held for sale	17,034	(18,089)
Consolidated loss before income tax	(12,677)	(16,799)
Assets		
Consolidated assets	403,184	659,557
Total assets	403,184	659,557
Liabilities		
Consolidated liabilities	204,470	347,582
Total liabilities	204,470	347,582

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 Aspen Group's property portfolio represent approximately $10.010 million of Aspen Group's total revenues (31 December 2012: $9.675 million)

5. Revenue

	31 December 2013 $ '000	31 December 2012 Restated $ '000
Income from investment properties	10,083	9,675
Funds management – asset management fees	3,774	2,576

6. Administration expenses

	31 December 2013 $ '000	31 December 2012 Restated $ '000
Wages and salaries including on-costs	3,519	4,589
Depreciation and amortisation	258	223
Contributions to defined contribution superannuation funds	250	379
Equity-settled share based payment transactions	336	(275)
Other administration costs	1,477	2,217
	5,840	7,133

Notes to the Condensed Consolidated Interim Financial Statements (continued)

7. Net finance income / (expenses)

		31 December 2013 $ '000	31 December 2012 Restated $ '000
Finance income			
Interest income	– bank deposits	789	691
	– on loans to related parties	102	125
	– on loans to associates	-	327
		891	1,143
Dividend income / (expense)		(44)	368
Change in fair value of interest rate swaps		54	-
Gain on disposal of held for sale financial asset		1,269	-
		2,170	1,511
Finance expenses			
Change in fair value of interest rate swaps		-	(256)
Interest expense on financial liabilities measured at amortised cost		(525)	(2,174)
Less amounts capitalised to qualifying assets		-	1,164
		(525)	(1,266)
Net finance expenses		1,645	245

8. Income tax expense

	31 December 2013 $ '000	31 December 2012 Restated $ '000
Recognised in comprehensive income		
Current tax expense		
Current year	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Deferred tax assets derecognised	12,141	-
	12,141	-
Total income tax expense	12,141	-

Notes to the Condensed Consolidated Interim Financial Statements (continued)

9. Assets classified as held for sale

	31 December 2013 $ '000	30 June 2013 $ '000
At 1 July	26,119	23,275
Additions to assets classified as held for sale	-	283
Disposals	(20,695)	(20,755)
Transfer in from other non-current assets	-	2,079
Transfer in from investment properties	-	40,800
Fair value adjustments	(815)	(19,563)
At 31 December / 30 June	4,609	26,119
Previously classified as:		
Investment property	3,165	23,118
Other non-current assets	1,444	3,001
	4,609	26,119

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

$20.695 million of assets held for sale were disposed of for the six month period ended 31 December 2013, primarily being settlement of the Ballina retirement village.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

10. Investment property

	31 December 2013	30 June 2013 Restated
	$ '000	$ '000
At 1 July	261,000	279,625
Acquisitions and additions	-	13,833
Recognition of rent review and other assets	-	670
Reclassifications (1)	(211,000)	(35,023)
Fair value adjustments (2)	(11,500)	1,895
At 31 December / 30 June	38,500	261,000

(1) At 31 December 2013, three of Aspen Group's investment properties were reclassified to the commercial / industrial property discontinued operations held for sale balance as a result of the decision in August 2013 to dispose of the following assets: Septimus Roe, Woolstores and 215 Browns Road, Noble Park, Victoria. Refer to note 16 for more details.

(2) As at 31 December 2013, the Aspen Karratha Village investment property was revalued by an independent valuer, which resulted in an impairment of $11.500 million to the asset.

Investment properties are measured at fair value. Fair value is determined on the basis of either an independent valuation prepared by external valuers 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 three years. Independent valuations were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

The following table presents individual properties owned by Aspen Group:

Property	Original acquisition date	Original acquisition cost $ '000	Latest independent valuation date	Latest independent valuation $ '000	Book value at 31 December 2013 $ '000	Book value at 30 June 2013 Restated $ '000
Commercial and industrial						
256 Adelaide Terrace, (Septimus Roe) – WA (1), (2)	Oct 2002	29,648	Dec 2013	94,000	-	105,500
Phoenix Rd, Bibra Lake (Woolstores) – WA (1), (2)	Aug 2003	37,483	Dec 2012	82,000	-	82,000
215 Browns Rd, Noble Park – Vic (1), (2)	Oct 2004	22,625	June 2013	23,500	-	23,500
Accommodation park						
Aspen Karratha Village – WA (2)	June 2005	28,881	Jan 2014	38,500	38,500	50,000
					38,500	261,000

(1) These assets were transferred to the commercial / industrial property assets held for sale balance at 31 December 2013 (refer to note 16).

(2) At 31 December 2013 the investment property has been pledged as security against loan facilities with Aspen Group's financier. Refer to note 12 for further details.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

11. Investments in equity accounted investees

Aspen Group accounts for investments in associates using the equity method. Aspen Group has the following investments in associates using the equity method which are all incorporated in Australia:

		Ownership		Share of associates' net assets equity accounted	
	Principal activities	**31 December 2013**	30 June 2013 Restated	**31 December 2013 $ '000**	30 June 2013 Restated $ '000
Aspen Parks Property Fund	Tourist park investment	11.0%	8.5%	10,629	13,695
Enclave at St Leonards Limited	Residential property development	10.0%	10.0%	106	961
12-26 Franklin Street Property Trust (1)	Commercial Property	50.0%	50.0%	-	25,263
Total				10,735	39,919

(1) This investment was added as at 1 July 2012 (restated) due to the change in accounting treatment of the FSPT joint venture as a result of AASB 11 *Joint Arrangements* to the equity method (refer to note 3). As at 31 December 2013 this investment has been reclassified as an asset held for sale, refer to note 16 for details.

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

	31 December 2013 $ '000	31 December 2012 Restated $ '000
Share of associate profit before income tax	802	956
Share of income tax (expense) / benefit	(99)	3
Share of associate profit after income tax	703	959
Impairment of equity accounted investments	(7,160)	-
Share of associates net profit / (loss) accounted for using the equity method	(6,457)	959

The carrying value of investments in equity accounted investees was reviewed during the period ending 31 December 2013.

Each investment was treated as a separate cash generating unit and the fair value less costs to sell method was used to determine the appropriate impairments for the APPF and EASL investments.

The impairment provision of Aspen Group's equity accounted investment in APPF is due to the likely decline in net assets of APPF as a result of a revaluation of APPF's entire property portfolio currently in progress but not yet complete.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

12. Interest-bearing loans and borrowings

	31 December 2013 $ '000	30 June 2013 Restated $ '000
Current liabilities		
Secured debt facility	2,876	3,034
Secured debt facility – commercial / industrial property assets classified as held for sale (i)	107,268	-
	110,144	3,034
Non-current liabilities		
Secured debt facility	6,124	119,892
	6,124	119,892
	116,268	122,926

(i) The interest-bearing loans and borrowings are associated with the commercial / industrial property assets held for sale due to their provision as security and have therefore been reclassified as current as at 31 December 2013 in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Refer to note 16 for further details.

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Currency	Maturity	Face value at December 2013 $ '000	Carrying amount at December 2013 $ '000	Face value at June 2013 Restated $ '000	Carrying amount at June 2013 Restated $ '000
Secured debt facility (i)	AUD	Aug 2015	9,000	9,000	10,500	10,500
Secured debt facility	AUD	Aug 2015	107,392	107,268	107,375	107,018
Secured debt facility	AUD	Dec 2014	-	-	5,408	5,408
			116,392	116,268	123,283	122,926

(i) Amortised at $0.250 million per month.

Financing arrangements

Secured debt facility

At 31 December 2013, Aspen Group's total debt facility with its primary financier consisted of $117.250 million. The debt facilities are split into two tranches, being:

- Tranche A – Facility limit of $108.250 million, currently drawn to $107.268 million
- Tranche C – Facility limit of $9.000 million, currently drawn to $9.000 million

Both tranches are secured over the properties in Aspen Group's accommodation and commercial / industrial portfolios (excluding the Australian Taxation Office Building).

During the six month period ended, Aspen Group fully repaid its debt facility of $5.408 million with another external financier as a result of the disposal of the Ballina retirement village.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

12. Interest-bearing loans and borrowings (continued)

	31 December 2013	30 June 2013 Restated
	$ '000	$ '000
Financing facilities		
Secured debt facilities	117,250	124,141
	117,250	124,141
Facilities utilised at reporting date		
Secured debt facilities	116,392	123,283
Bank guarantees	820	815
	117,212	124,098
Facilities not utilised at reporting date		
Secured debt facilities	38	43
Bank guarantees	-	-
	38	43

13. Capital and reserves

Issued capital	Stapled securities	
	31 December 2013	30 June 2013
	No.	No.
On issue at 1 July	1,192,665,422	598,500,884
Issued during the period – pre share consolidation	7,150,236	596,681,195
Cancellation of EDLTIP and ESSIP securities during the period – pre share consolidation	(361,890)	(2,516,657)
Effect of share consolidation*	(1,079,507,402)	-
Issued during the period – post share consolidation	3,097	-
Cancellation of EDLTIP and ESSIP securities during the period – post share consolidation	(20,890)	-
On issue at 31 December / 30 June – fully paid	119,928,573	1,192,665,422

* On 8 November 2013 Aspen Group completed a securities consolidation of 10 fully paid ordinary securities into one fully paid ordinary security as approved by the securityholders at the 2013 Annual General Meeting. The number of securities on issue at 31 December 2013 as well as the earnings per stapled security disclosures for 31 December 2013 and 31 December 2012 have been updated accordingly.

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

13. Capital and reserves (continued)

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

For the six months ended 31 December 2013

Issued capital	December 2013 No. '000	December 2013 $ '000
On issue at 1 July 2013	1,191,773	522,051
Stapled securities issued during the period – pre share consolidation (i)	7,150	980
Effect of share consolidation	(1,079,030)	-
Stapled securities issued during the period – post share consolidation (ii)	3	-
On issue at 31 December 2013 – fully paid	119,896	523,031

Equity instruments issued pursuant to Aspen Group stapled security plans accounted for as options	December 2013 No. '000	December 2013 $ '000
01 July 2013 – balance	892	-
Cancellation of ESSIP securities – pre share consolidation	(362)	-
Effect of share consolidation	(477)	-
Cancellation of ESSIP securities – post share consolidation	(21)	-
31 December 2013 – balance	32	-
Total securities listed on ASX	119,928	523,031

(i) Relates to the issue of stapled securities during the period, 80% of which were to the Managing Director at $0.17 each and the rest due to vesting of performance rights of employees.

(ii) Relates to the issue of stapled securities during the period due to vesting of performance rights of employees.

For the year ended 30 June 2013

Issued capital	June 2013 No. '000	June 2013 $ '000
On issue at 1 July 2012	595,089	424,894
Stapled securities issued at $0.17 net of equity raising costs (i)	596,681	97,156
Sale of ESSIP shares	3	1
On issue at 30 June 2013 – fully paid	1,191,773	522,051

Equity instruments issued pursuant to Aspen Group stapled security plans accounted for as options	June 2013 No. '000	June 2013 $ '000
01 July 2012 – balance	3,412	-
Sale of ESSIP shares	(3)	-
Cancellation of ESSIP securities	(2,517)	-
30 June 2013 - balance	892	-
Total securities listed on ASX	1,192,665	522,051

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

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

13. Capital and reserves (continued)

Income distributions

Income distributions for the period were as follows:

31 December 2013	Cents per security	Total amount $'000	Date of payment	Tax deferred
Aspen Group Limited				
Nil	-	-	-	-
Aspen Property Trust				
Income distribution	7.50	9,035	23 February 2014	100.00%
	7.50	9,035		

14. Earnings per stapled security

	Note	31 December 2013 cents per stapled security	31 December 2012 Restated* cents per stapled security
Basic earnings per stapled security	(a)	(51.588)	(21.284)
Diluted earnings per stapled security	(b)	(51.588)	(21.284)
Continuing operations:			
Basic earnings per stapled security – continuing operations	(a)	(20.752)	1.582
Diluted earnings per stapled security – continuing operations	(b)	(20.752)	1.582
Discontinued operations:			
Basic earnings per stapled security – discontinued operations	(a)	(30.836)	(22.865)
Diluted earnings per stapled security – discontinued operations	(b)	(30.836)	(22.865)

***** The revised earnings per stapled security calculations at 31 December 2012 have been disclosed as a result of the share consolidation. Refer to note 13 for further details.

(a) Basic earnings per stapled security

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

Profit / (loss) attributable to ordinary stapled securityholders (basic)

	2013			2012		
	Continuing operations $'000	Discontinued operations $'000	Total $'000	Continuing operations Restated $'000	Discontinued operations Restated $'000	Total Restated $'000
Profit / (loss) for the period	(24,820)	(45,353)	(70,173)	1,290	(24,797)	(23,507)
Non-controlling interest share of loss	-	8,473	8,473	-	6,148	6,148
Profit / (loss) attributable to ordinary stapled securityholders (basic)	(24,820)	(36,880)	(61,700)	1,290	(18,649)	(17,359)

Notes to the Condensed Consolidated Interim Financial Statements (continued)

14. Earnings per stapled security (continued)

(a) Basic earnings per stapled security (continued)

Weighted average number of securities (basic)	2013 No. '000	2012 Restated No. '000
Weighted average number of securities at 31 December (1)	119,602	81,560

(1) Excludes non-dilutive LTI instruments

(b) Diluted earnings per stapled security

Diluted earnings per security is calculated by dividing profit / (loss) attributable to securityholders 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 securityholders (diluted)

	2013			2012		
	Continuing operations $ '000	Discontinued operations $ '000	Total $ '000	Continuing operations Restated $ '000	Discontinued operations Restated $ '000	Total Restated $ '000
Profit / (loss) for the period	(24,820)	(45,353)	(70,173)	1,290	(24,797)	(23,507)
Non-controlling interest share of loss	-	8,473	8,473	-	6,148	6,148
Profit / (loss) attributable to ordinary stapled securityholders (diluted)	(24,820)	(36,880)	(61,700)	1,290	(18,649)	(17,359)

Weighted average number of securities (diluted)	2013 No. '000	2012 Restated No. '000
Weighted average number of stapled securities at 31 December	119,602	81,560
Effect of stapled security options on issue	-	-
Weighted average number of securities (diluted) at 31 December	119,602	81,560

Notes to the Condensed Consolidated Interim Financial Statements (continued)

15. Acquisition of subsidiaries and subsidiaries held as discontinued operations

Summary of non-controlling interests

For the six months ended 31 December 2013

	AWSS	ADF	ADPF	ADLL	FBSV	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Opening balance at 1 July 2013	(479)	(8,657)	11,663	(395)	742	2,874
Share of Comprehensive Income / (Expense)	(1,679)	(5,630)	(205)	(1,717)	758	(8,473)
Distribution to non-controlling interest	-	-	(8,450)	-	-	(8,450)
Non-controlling interest portion of put option	-	-	(1,640)	-	-	(1,640)
Closing balance at 31 December 2013	(2,158)	(14,287)	1,368	(2,112)	1,500	(15,689)

For the year ended 30 June 2013 (restated)

	AWSS	ADF	ADPF	ADLL	FBSV	Total
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Opening balance at 1 July 2012	-	(859)	15,549	-	-	14,690
Share of Comprehensive Income / (Expense)	(479)	(7,798)	(2,338)	(395)	742	(10,268)
Distribution to non-controlling interest	-	-	(791)	-	-	(791)
Disposal of non-controlling interest	-	-	(757)	-	-	(757)
Closing balance at 30 June 2013	(479)	(8,657)	11,663	(395)	742	2,874

As required under AASB 10 *Consolidated Financial Statements*, Aspen Group has recognised non-controlling interests for AWSS, ADF and ADLL even though these non-controlling interests are negative. AWSS, ADF and ADLL are limited companies, and there is no ability for Aspen Group to recoup the negative equity attributed to non-controlling interests.

(i) AWSS

Subsidiary held for sale - AWSS

As AWSS has resolved to sell its assets, the assets and liabilities of AWSS are recognised as held for sale in the Consolidated Statement of Financial Position of Aspen Group as at 31 December 2013. Details of the assets and liabilities at 31 December 2013 and 30 June 2013 and the loss from discontinued operations for the six months ended 31 December 2013 and 31 December 2012 (restated) are as follows:

	31 December 2013 $ '000	30 June 2013 $ '000
Assets classified as held for sale		
Cash and cash equivalents	115	59
Trade and other receivables	21	64
Assets held for sale	3,378	6,862
Prepayments and other assets	20	19
	3,534	7,004
Liabilities classified as held for sale		
Trade and other payables	28	45
Interest-bearing loans and borrowings (i)	5,785	5,785
Provisions	35	34
Deferred consideration	413	1,102
	6,261	6,966

(i) For details of guarantees provided by Aspen Group refer to note 37 in the 30 June 2013 Annual Report.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

15. Acquisition of subsidiaries and subsidiaries held as discontinued operations (continued)

(i) AWSS (continued)

For the six months ended 31 December 2013, AWSS generated a loss of $3.654 million to Aspen Group's results, of which $1.679 million is attributable to non-controlling interests who hold 45.94% of AWSS at 31 December 2013.

Loss from discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 Restated $ '000
Revenue from sale of development properties	-	1,037
Cost of goods sold	-	(553)
Write down of assets held for sale to recoverable amounts	(2,825)	-
Project management expenses	(388)	-
Management and administration expenses	(217)	(230)
Marketing and selling costs	(1)	(241)
Finance expenses	(223)	(307)
Loss from discontinued operations	(3,654)	(294)

Cash flows from / (used in) discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 $ '000
Net cash from / (used in) operating activities	(445)	142
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Cash flows from / (used in) discontinued operations	(445)	142

(ii) ADF

Subsidiary held for sale - ADF

As ADF has resolved to sell its assets, the assets and liabilities of ADF are recognised as held for sale in the Consolidated Statement of Financial Position of Aspen Group as at 31 December 2013. Details of the assets and liabilities at 31 December 2013 and 30 June 2013 and the loss from discontinued operations for the six months ended 31 December 2013 and 31 December 2012 (restated) are as follows:

	31 December 2013 $ '000	30 June 2013 $ '000
Assets classified as held for sale		
Cash and cash equivalents	437	211
Trade and other receivables	526	711
Assets held for sale	20,659	48,867
Prepayments and other assets	170	299
	21,792	50,088
Liabilities classified as held for sale		
Trade and other payables	383	1,363
Interest-bearing loans and borrowings (i)	14,972	22,450
Provisions	8,242	13,009
	23,597	36,822

(i) For details of guarantees provided by Aspen Group refer to note 37 in the 30 June 2013 Annual Report.

For the six months ended 31 December 2013 ADF contributed revenue of $8.752 million and loss of $22.581 million to Aspen Group's results, of which $5.629 million is attributable to non-controlling interests who hold 24.93% of ADF by 31 December 2013.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

15. Acquisition of subsidiaries and subsidiaries held as discontinued operations (continued)

(ii) ADF (continued)

Loss from discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 Restated $ '000
Revenue and other development income	8,752	30,358
Cost of sales	(9,791)	(28,573)
Write down of assets held for sale to recoverable amounts	(20,383)	(29,439)
Other income	43	7,134
Other expenses	(168)	-
Finance income	3	1,463
Finance expenses	(1,037)	(4,806)
Loss from discontinued operations	(22,581)	(23,863)

Cash flows from / (used in) discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 $ '000
Net cash from / (used in) operating activities	194	(2,343)
Net cash from investing activities	-	-
Net cash used in financing activities	(7,478)	(21,886)
Cash flows used in discontinued operations	(7,284)	(24,229)

(iii) ADPF

Other subsidiaries held for sale - ADPF

On 12 July 2013, ADPF sold its investment property portfolio for $76.500 million, comprising of $74.325 million of cash and $2.175 million of subscription units. The proceeds of the sale were utilised to fully repay $54.787 million of debt and pay a $19.000 million capital return to preference unitholders of which $8.450 million was attributable to non controlling interest.

At 31 December 2013, ADPF held $1.692 million of cash, $1.493 million of subscription units, no debt, with a total of $3.043 million of equity.

On 2 July 2012, the unitholders of ADPF resolved to commence an orderly sale of the properties of the fund within a reasonable period and to wind up the affairs of the fund shortly thereafter. Therefore, the assets and liabilities of ADPF have since been shown as held for sale on the Consolidated Statement of Financial Position of Aspen Group from 31 December 2012 onwards.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

15. Acquisition of subsidiaries and subsidiaries held as discontinued operations (continued)

(iv) ADLL

Per the consolidation requirements of AASB 10 (2011), Aspen Group was deemed to have obtained de facto control of ADLL on 1 July 2012 (refer to note 3), and therefore Aspen Group has consolidated ADLL as a subsidiary from that date.

Subsidiary held for sale - ADLL

As ADLL has resolved to sell its assets, the assets and liabilities of ADLL are recognised as held for sale in the Consolidated Statement of Financial Position of Aspen Group as at 31 December 2013. Details of the assets and liabilities at 31 December 2013 and 30 June 2013 and the loss from discontinued operations for the six months ended 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013 $ '000	30 June 2013 $ '000
Assets classified as held for sale		
Cash and cash equivalents	471	554
Trade and other receivables	714	186
Assets held for sale	22,678	25,159
Prepayments and other assets	211	69
	24,074	25,968
Liabilities classified as held for sale		
Trade and other payables	124	250
Interest-bearing loans and borrowings (i)	16,081	17,446
Provisions and other liabilities	266	608
	16,471	18,304

(i) For details of guarantees provided by Aspen Group refer to note 37 in the 30 June 2013 Annual Report.

For the six months ended 31 December 2013 ADLL contributed revenue of $3.625 million and loss of $3.022 million to Aspen Group's results, of which $1.717 million is attributable to non-controlling interests who hold 56.82% of ADLL by 31 December 2013.

Loss from discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 Restated $ '000
Revenue and other development income	3,625	4,958
Cost of sales	(3,950)	(3,732)
Write down of assets held for sale to recoverable amounts	(1,870)	-
Other income	-	5
Other expenses	(275)	(1,220)
Finance income	120	164
Finance expenses	(672)	(1,612)
Loss from discontinued operations	(3,022)	(1,437)

Cash flows used in discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 $ '000
Net cash used in operating activities	(2,134)	(665)
Net cash used in investing activities	-	-
Net cash used in financing activities	(910)	(4,045)
Cash flows used in discontinued operations	(3,044)	(4,710)

Notes to the Condensed Consolidated Interim Financial Statements (continued)

15. Acquisition of subsidiaries and subsidiaries held as discontinued operations (continued)

(v) FBSV

Per the consolidation requirements of AASB 10 (2011), Aspen Group was deemed to have obtained de facto control of FBSV on 1 July 2012 (refer to note 3), and therefore Aspen Group has consolidated FBSV as a subsidiary from that date.

Subsidiary held for sale – FBSV

As FBSV has resolved to sell its assets, the assets and liabilities of FBSV are recognised as held for sale in the Consolidated Statement of Financial Position of Aspen Group as at 31 December 2013. Details of the assets and liabilities at 31 December 2013 and 30 June 2013 and the profit / (loss) from discontinued operations for the six months ended 31 December 2013 and 31 December 2012 are as follows:

	31 December 2013 $ '000	30 June 2013 $ '000
Assets classified as held for sale		
Cash and cash equivalents	218	437
Trade and other receivables	10	5
Assets held for sale	17,462	16,155
Prepayments and other assets	(14)	(10)
	17,676	16,587
Liabilities classified as held for sale		
Trade and other payables	10	-
Interest-bearing loans and borrowings (i)	14,004	14,348
Provisions and employee benefits	100	227
	14,114	14,575

(i) For details of guarantees provided by Aspen Group refer to note 37 in the 30 June 2013 Annual Report.

For the six months ended 31 December 2013 FBSV contributed revenue of $0.744 million and profit of $1.400 million to Aspen Group's results, of which $0.758 million is attributable to non-controlling interests who hold 54.62% of FBSV by 31 December 2013.

Profit from discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 Restated $ '000
Revenue and other development income	744	-
Cost of sales	(931)	-
Write up / (down) of developer loan to recoverable amounts	2,052	(362)
Other income	67	6
Management and administration expenses	(46)	(262)
Marketing and selling costs	(1)	(464)
Finance income	3	5,043
Finance expenses	(488)	(2,803)
Profit from discontinued operations	1,400	1,158

Cash flows from / (used in) discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 $ '000
Net cash from operating activities	1,274	478
Net cash from investing activities	-	-
Net cash used in financing activities	(1,155)	(407)
Cash flows from / (used in) discontinued operations	119	71

Notes to the Condensed Consolidated Interim Financial Statements (continued)

16. Commercial / industrial properties classified as held for sale and discontinued operations

During the period ended Aspen Group announced its decision to commence the disposal process of its commercial and industrial properties. In terms of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, the commercial and industrial properties (including Aspen Group's equity accounted investment in FSPT) are classified as a 'discontinued operation' as they are a 'component of an entity' that is classified as held for sale and represent a major line of Aspen Group's business.

As a result, Aspen Group has reclassified the Septimus Roe, Woolstores and Noble Park assets from investment properties to commercial / industrial property assets held for sale as at 31 December 2013. In addition, FSPT has been transferred from investments in equity accounted investees to commercial / industrial property assets held for sale as at 31 December 2013.

	31 December 2013 $ '000
Commercial / industrial property assets classified as held for sale – current	
Assets held for sale	224,427
	224,427
Commercial / industrial property liabilities classified as held for sale - current	
Interest bearing loans and borrowings (i)	107,268
	107,268

(i) Refer to note 12 for details in relation to the interest bearing loans and borrowings associated with the commercial properties classified as held for sale.

Profit / (loss) from commercial / industrial property discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 Restated $ '000
Revenue	13,852	13,182
Funds management revenue	100	79
Change in fair value of investment properties	(16,044)	7,986
Property expenses	(11,568)	(4,179)
Termination payments and restructuring costs	-	(1,087)
Administration expenses	(701)	(1,192)
Finance expenses	(4,135)	(4,652)
Other expenses	-	(119)
Share of profit of equity accounted investees	1,462	8,071
Income tax	-	-
Profit / (loss) from discontinued operations	(17,034)	18,089

Cash flows from / (used in) commercial / industrial property discontinued operations for the six months ended	**31 December 2013 $ '000**	31 December 2012 $ '000
Net cash from operating activities	672	2,108
Net cash from investing activities	(2,807)	(1,014)
Net cash used in financing activities	-	15,000
Cash flows from discontinued operations	(2,135)	16,094

Notes to the Condensed Consolidated Interim Financial Statements (continued)

17. 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 2013.

Carrying amounts versus fair values

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated statement of financial position, are as follows:

	31 December 2013 Carrying amount $ '000	31 December 2013 Fair value $ '000
Non-current financial assets		
Investments in available for sale securities	1,459	1,459
	1,459	1,459
Current financial assets		
Cash and cash equivalents	15,451	15,451
Cash and cash equivalents – subsidiaries held for sale	2,933	2,933
Cash in term deposits	25,000	25,000
Trade and other receivables	4,142	4,142
Other financial assets	5,779	5,779
	53,305	53,305
Non-current financial liabilities		
Interest-bearing loans and borrowings (secured bank loans)	6,124	6,124
	6,124	6,124
Current financial liabilities		
Trade and other payables	6,842	6,842
Interest-bearing loans and borrowings	2,876	3,000
Interest-bearing loans and borrowings – subsidiaries held for sale	50,842	50,842
Interest-bearing loans and borrowings – commercial / industrial properties held for sale	107,268	104,392
Other financial liabilities	372	372
	168,200	165,448

Financial instruments carried at fair value

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Notes to the Condensed Consolidated Interim Financial Statements (continued)

17. Financial risk management (continued)

Financial instruments carried at fair value (continued)

Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
31 December 2013	**$ ’000**	**$ ’000**	**$ ’000**	**$ ’000**
Available-for-sale financial assets	-	-	1,459	1,459
Derivative financial liabilities	-	(372)	-	(372)
	-	(372)	1,459	1,087
30 June 2013				
Available-for-sale financial assets	-	-	1,747	1,747
Derivative financial liabilities	-	(376)	-	(376)
	-	(376)	1,747	1,371

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period ended 31 December 2013 (for the year ended 30 June 2013: nil transfers).

Level 2 fair values

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of Aspen Group and counterparty when appropriate.

Level 3 fair values

The following table shows a reconciliation of movements in Aspen Group’s financial instruments classified as Level 3 within the fair value hierarchy for the period ended 31 December 2013 and year ended 30 June 2013:

	Available for Sale Assets	
	31 December 2013	30 June 2013
	$ ’000	$ ’000
Opening balance at 1 July	1,747	2,093
Total gains or losses:		
In the Statement of Profit or Loss and Other Comprehensive Income	(233)	(314)
Disposals	(55)	(32)
Closing balance at 31 December / 30 June	1,459	1,747

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 year-end date. The investment comprises an investment in a closed fund which is not currently meeting redemption requests.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

18. Related party transactions

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 2013.

19. 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 the Company, to affect significantly the operations of the Aspen Group, the results of those operations, or the state of affairs of the Aspen Group, in future financial years.

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

(i) giving a true and fair view of Aspen Group's financial position as at 31 December 2013 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 Aspen 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.

Clem Salwin
Managing Director
PERTH, 21 February 2014