



**ASPEN
GROUP**

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 2008

Results for announcement to the market

Details of reporting periods:

Current period	31 December 2008
Corresponding period	31 December 2007

Revenue and Net Profit for the six months ended 31 December 2008

		Percentage Change %	Amount \$'000
Revenue from ordinary activities	Up	2	to 34,858
Profit after tax	Down	186	to (42,820)
Underlying Profit after tax*	Down	10	to 17,121
Net profit attributable to securityholders of Aspen Group	Down	186	to (42,820)

* Underlying Net Profit after Tax represents net profit after tax excluding non cash items namely movements in fair value of investment properties, equity and hedge instruments and write down of equity accounted investments.

Distributions

	31 December 2008		31 December 2007	
	Amount per security (cents)	Total \$'000	Amount per security (cents)	Total \$'000
Interim distribution – 30 Sept 2008	3.875		3.875	
Interim distribution – 31 Dec 2008	2.040		3.875	
	5.915	16,271	7.750	19,823

Payment dates and record dates for determining entitlements to the distributions (dividends)

	Record date	Payment date
-interim distribution (Sept Qtr)	30 September 2008	22 October 2008
-interim distribution (Dec Qtr)	31 December 2008	18 February 2009

The Distribution Reinvestment Plan (DRP) remains in operation. Under this plan DRP securities were issued on the distribution payment date noted above, at a 2% (which increased to 3% for the December distribution) discount to the weighted average price of Stapled Securities sold on the Australian Stock Exchange Ltd on the 5 business days after the Stapled Securities were quoted ex-distribution. The final dates for receipt of an election notice to participate in the DRP were the record dates as noted above.

Net tangible assets (NTA)	31 December 2008	31 December 2007
-NTA per security (including non dilutive employee shares / options)	\$1.15	\$1.46
-NTA per security (excluding non dilutive employee shares / options)	\$1.25	\$1.39

Associate entities

Name	Ownership (%)		Share of net profit/(loss) (\$'000s)	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Aspen Parks Property Fund	14.1%	16.6%	460	146
Aspen Diversified Property Fund	31.3%	34.3%	(8,044)	(75)
Aspen Dunsborough Lakes Ltd	20.0%	20.0%	(4,805)	223
Aspen Whitsunday Shores Pty Ltd	25.0%	25.0%	(3,217)	(18)
West Swan Estate Pty Ltd	9.6%	9.6%	(429)	(4)
Fern Bay Seaside Village Ltd	34.5%	34.5%	(7,056)	1,085
Aspen Development Fund No 1 Ltd	25.0%	43.8%	(273)	882
Aspen Villages Property Fund	49.0%	-	(4,960)	-
Headline profit from associates			(28,324)	2,239
Adjusted for:				
Change in fair value of investment properties held by associates			12,891	1,308
Provision for further write downs			14,673	-
Changes in fair value of interest rate swaps			1,253	
Underlying profit from associates			492	3,547

Brief explanation of share of profits from associate entities:

Equity accounted losses from associate entities was \$28.3 million for the half year (2007: \$2.2 million gains). This take up includes fair value adjustments made to investment properties (held by associates) that in the opinion of the directors should be adjusted to enable security holders to obtain an understanding of the results from the underlying operations.

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

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

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

Aspen Group

Interim Financial Report

For the six months ended 31 December 2008

Interim Financial Report
For the six months ended 31 December 2008

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Company Particulars

Board of Directors

Reg Gillard	Non-Executive Chairman
Angelo Del Borrello	Executive Director
Gavin Hawkins	Executive Director
Terry Budge	Non-Executive Director
Seng Fai Chan	Non-Executive Director
Matthew McCann	Non-Executive Director

Company Secretary

Gavin Hawkins

Registered Office

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256 Adelaide Terrace
PERTH WA 6000
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Facsimile: (61 8) 9220 8401
Email: homemail@aspengroup.com.au
Web Address: www.aspengroup.com.au

Share Registry

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
PERTH WA 6000
Telephone: (61 8) 9323 2000
Facsimile: (61 8) 9323 2033

Auditor

KPMG
Central Park
152-158 St George's Terrace
Perth WA 6000

Stock Exchange Listing

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

Directors' Report

The directors present their report together with the consolidated financial report of Aspen Group for the six months ended 31 December 2008 and the review report thereon. The consolidated financial report of Aspen Group comprises the financial reports of Aspen Group Limited ("the Company" or "AGL") and its controlled entities and of Aspen Property Trust ("the Trust" or "APT") which form the consolidated entity ("Aspen Group" or "the Group").

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

Name	Entity of directorship and date of appointment
Non – Executive Directors	
Reg Gillard	AGL (appointed: 24/12/2001) and AFM (appointed: 4/4/2003)
Terry Budge	AGL (appointed: 5/5/2005) and AFM (appointed: 5/5/2005)
Seng Fai Chan	AGL (appointed: 1/11/2002)
Matthew McCann	AGL (appointed: 6/8/2007) and AFM (appointed: 6/8/2007)
Executive Directors	
Angelo Del Borrello	AGL (appointed: 31/10/2001) and AFM (appointed: 4/4/2003)
Gavin Hawkins	AGL (appointed: 31/10/2001) and AFM (appointed: 4/4/2003)

Principal Activities

The principal activities of Aspen Group during the period were investment in commercial, industrial and retail property and funds management activities in the property sector. There was no significant change in the nature of the activities of the Group during the period.

Significant Changes in the State of Affairs

Other than noted elsewhere in the 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

Operating and Financial Review

The consolidated entity achieved a loss attributable to security holders calculated in accordance with International Financial Reporting Standards ("IFRS") of \$42.8 million for the half-year ended 31 December 2008. This loss includes a number of significant items, such as investment property revaluations and fair value adjustments that in the opinion of the directors, should be adjusted to enable security holders to obtain an understanding of the results from underlying operations (refer table below).

The underlying profit after tax (before significant items), as assessed by the directors, for the half-year was \$17.1 million (\$19.0 million for the half-year ended 31 December 2007), reflecting a 10.0% decrease from the previous corresponding period.

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

	Six months ended 31 December 2008 \$ '000	Six months ended 31 December 2007 \$ '000
Net (Loss)/Profit after Tax	(42,820)	49,260
Add/(subtract) Significant items (net of tax):		
Revaluation losses/(gains) on investment properties	10,624	(30,436)
Losses/(gains) on revaluation of interest rate swaps	10,424	(1,307)
Losses/(gains) on available for sale investments	1,637	-
Losses/(gains) on carrying value of inventories	10,541	-
Equity settled transactions	1,742	1,504
Fair value adjustments of investments in equity associates	24,817	-
Restructuring costs	156	-
Underlying Net Profit after Tax	17,121	19,021
Basic Earnings per security (cents) *	(16.83)	19.60
Diluted earnings per security (cents) *	(16.83)	19.36
Basic Earnings per security before significant items (cents) *	6.73	7.57
Diluted Earnings per security before significant items (cents) *	6.73	7.48
Total Assets	640,497	634,845
Total Equity	345,663	370,829
Net tangible assets per security (cents)	1.15	1.46

* Refer to Note 7 of the accompanying Financial Report for further information regarding earnings per security calculation.

Income distributions for the period were as follows:

Quarter Ended	Record Date	Amount Per Stapled Security 31 December 2008	Amount Per Stapled Security 31 December 2007
September	30 September 2008	3.875 cents	3.875 cents
December	31 December 2008	2.040 cents	3.875 cents
Total		5.915 cents	7.750 cents

Directors' Report

Review of principle businesses

Property and Investment Portfolio

Aspen's core business of property ownership and management remained unchanged during the period.

Property Portfolio

Gross revenue from the Group's property portfolio lifted 25.4% over the previous corresponding period. The higher revenue resulted principally from continued strong demand for office space in the Septimus Roe and MTAA Super House properties, a full six month contribution from L'Oreal (St Kilda Road) and new revenues from the recently completed Karratha Village asset which was formally handed over to Woodside in December 2008. The second half of the year will see a full six months of revenue contribution from the Karratha Village. The division continues to enjoy a 97% occupancy level across the portfolio and has a weighted average lease expiry of 4.1 years.

In January 2009 Aspen sold and settled the Gardentown Shopping Centre at book value of \$30 million. The sale eliminates Aspen's retail sector exposure and further removes potential development risk from the portfolio together with any requirement to fund development expenditure on the Centre.

Updated independent valuations were obtained in December 2008 and January 2009 for 98% of the Group's directly owned investment property portfolio. These independent valuations reflected an average expansion of capitalisation rates by 25%. This would normally lead to a corresponding decrease in asset values, however, the strong rental growth throughout Aspen's portfolio together with the successful completion of the Karratha Village development has resulted in only a 3.1% downward revision to asset values. Excluding Karratha the valuations on the balance of the portfolio fell 5.8%. These latest valuations have increased the portfolio's weighted average capitalisation rate by 200 points to 9.8%, up from 7.8% reported in June 2008.

Aspen is confident that current rental streams and projected growth are secure. Aspen's portfolio, which is diversified across a number of states and sectors, continues to maintain high occupancy levels and a healthy weighted average lease expiry of 4.1 years with major tenants (government and blue chip tenants) accounting for approximately 75% of the portfolio's income.

Investment Portfolio

The Group's strategy is to hold a cornerstone investment in each of its fund management entities. At 31 December 2008 a detailed review was undertaken on property carrying values within each managed entity. The review resulted in a downward revaluation of asset values at a fund level, with an equity accounted pre-tax loss of \$28.3 million recorded in the Aspen Group accounts.

The loss on equity accounted investments was principally incurred on Aspen's equity investment in Aspen Diversified Property Fund (due to downward revaluation of investment properties as a result of softening capitalisation rates) and on Aspen Living residential syndicates (due to the current depressed state of the national housing market).

The financial position of Aspen's equity accounted investments will continue to be reviewed to ensure adequate capital and funding is maintained. Capital management initiatives within some of the Funds are planned by management to allow sufficient forward funding capacity to exist, with such initiatives including cost controls, potential equity raising and select asset sales as required.

Funds Management

Recurring income from funds management activities increased 32.5% over the previous half year to \$8.6 million. This is in line with Aspen Group's business model of building a long term and sustainable property funds management business.

Income from establishment fees totalled \$1.3 million for the half year which was down 81% from \$6.7 million in the previous corresponding period. The reduced fee revenues in the first half reflect the reduced appetite for acquisitions in the current economic climate.

Directors' Report

Capital Management and Financial Position

The Group's gearing position currently stands at 38% (post investment property write downs and sale of Gardentown Shopping Centre) and within the Group's stated long term gearing range of 30% - 40%.

Subsequent to 31 December 2008, the Group has unconditionally secured, subject to formal documentation, a new facility with its existing primary financier, National Australia Bank.

The new facility incorporates three tranches, as described below:

Tranche A - Key Terms

- Loan to value ("LVR") covenant, relating to Tranche A and Tranche C, of 60% to 31 December 2010, reducing to an LVR covenant of 55% from 1 January 2011
- interest coverage ratio covenant of at least 1.5 times investment property rental income
- an extended three-year term out to 28 February 2012

Tranche B - Key Terms

- \$40 million working capital facility
- step down facility with a maturity date of 31 December 2009
- this facility effectively replaces the previous "Tranche B" facility which had a 180 day repayment date on debt drawn down

Tranche C – Key Terms

- project specific facility for the Karratha Accomodation Village
- this facility is fully drawn and will be amortised at \$250,000 per month commencing January 2009
- maturity date December 2013

All Tranches are secured over the Group's investment property portfolio.

The current total cost of debt based on the new facility for the Group inclusive of margin is 7.33%.

At 31 December 2008, a bank guarantee of \$10.0 million had been drawn under the Tranche B facility – refer to note 15.

In June 2008, the Group established a loan facility with Westpac Banking Corporation of \$9.3 million. This facility is fully drawn and has an expiry date of June 2009 and is partly secured over the investment property located at Ballina, NSW and inventory at Byford, WA. Discussions are in place to refinance this facility with another lender prior to maturity.

Aspen uses interest rate swaps to hedge its exposure to interest rate risks and at 31 December 2008, 51% of the senior debt facility was hedged with a weighted average maturity of 2.06 years.

The Group's net tangible assets (NTA) per security at 31 December 2008 (post asset write-down) is \$1.15. Excluding dilutive employee shares/options the NTA per security is \$1.25.

Group expenses

With a strong focus on creating cost efficiencies, management undertook a detailed review of the overhead cost structure of the Group during the first quarter of 2008. The result was the implementation by the second quarter of a number of cost saving initiatives including:

- Reviewing organisational structures resulting in a reduction in head count of over 20%
- Reducing non-executive director fees and executive director remuneration by 10%
- Reducing other key overheads including discretionary spending

Directors' Report

These initiatives were implemented in the last two months of the year and are therefore not fully reflected in the half year result. The full effect of these savings will be recognised in the second half of the financial year and in future periods.

Events Subsequent to Reporting Date

Subsequent to 31 December 2008, the Group has unconditionally secured, subject to formal documentation a new facility with its existing primary financier, National Australia Bank. Details of the new facility are noted in the Capital Management and Financial Position section above.

On 13 January 2009, the Group announced the sale of the Gardentown Shopping Centre for \$30 million with settlement completed on 19 January 2009.

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

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 9 and forms part of the Directors' Report.

Rounding Off

Aspen Group is of the 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 Interim Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.



Angelo Del Borrello
Executive Director
PERTH, 24 February 2009



Gavin Hawkins
Executive Director
PERTH, 24 February 2009



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

To: the directors of Aspen Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A stylized, handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature in black ink, appearing to read 'B C Fullarton'.

B C Fullarton
Partner

Perth

24 February 2009



Independent auditor's review report to the members of Aspen Group Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Aspen Group Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 16 and the directors' declaration set out on pages 12 to 28 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 the Group's financial position as at 31 December 2008 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 Limited, 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.



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 Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2008 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

B C Fullarton
Partner

Perth

24 February 2009

Directors' Report

Directors' Declaration

In the opinion of the directors of Aspen Group Limited ("the Company") and Aspen Funds Management Limited (as responsible entity for the Aspen Property Trust):

1. the financial statements and notes set out on pages 13 to 28 are in accordance with the Corporations Act 2001 including:
 - a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flows 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; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors



Angelo Del Borrello
Executive Director
PERTH, 24 February 2009



Gavin Hawkins
Executive Director
PERTH, 24 February 2009

Consolidated Interim Income Statement
For the six months ended 31 December 2008

	Note	31 December 2008 (\$ '000)	31 December 2007 (\$ '000)
Revenue and other income			
Rental income from investment properties	3	20,234	16,141
Funds management revenue	3	10,137	14,462
Financial income	4	4,132	3,562
Other income		355	90
Total revenue and other income		34,858	34,255
Net movement in fair value of investment properties		(12,445)	36,850
Net change in fair value of financial assets at fair value through profit and loss	4	(10,424)	1,307
Write-down of inventory to recoverable amount		(15,059)	-
Impairment of available for sale investments		(2,339)	-
Property expenses		(6,141)	(4,674)
Funds management commission expense		(276)	(587)
Administrative expenses	5	(11,669)	(10,918)
Other expenses		(273)	(200)
Financial expenses	4	(6,239)	(5,636)
Share of profit/(loss) of equity accounted investees	12	(28,324)	2,239
Profit/(loss) before tax		(58,331)	52,636
Income tax (expense)/benefit	6	15,511	(3,376)
Profit/(loss) for the period		(42,820)	49,260
Attributable to:			
Security holders of Aspen Group		(42,820)	49,260
Basic earnings per stapled security	7	(16.828)	19.601
Diluted earnings per stapled security	7	(16.828)	19.360

(The income statement is to be read in conjunction with the accompanying notes to the financial statements)

Consolidated Interim Balance Sheet

As at 31 December 2008

	Note	31 December 2008 (\$ '000)	30 June 2008 (\$ '000)
Current assets			
Cash and cash equivalents		1,887	18,376
Trade and other receivables		38,316	39,318
Other financial assets		12,750	20,373
Prepayments and other current assets		8,244	6,601
Total current assets		61,197	84,668
Non-current assets			
Trade and other receivables		74,127	38,192
Property, plant and equipment		2,476	1,466
Investments in equity accounted investees	12	53,788	81,931
Investment property	8	407,736	393,770
Inventories	9	24,496	35,022
Intangible assets		6,452	6,404
Deferred tax assets		171	-
Other investments		8,416	9,976
Other		1,638	1,315
Total non-current assets		579,300	568,076
Total Assets		640,497	652,744
Current liabilities			
Trade and other payables		20,073	15,217
Interest-bearing loans and borrowings	10	15,822	15,990
Provisions		6,087	10,254
Employee benefits		621	889
Other financial liabilities		4,924	-
Other		2,327	1,529
Total current liabilities		49,854	43,879
Non-current liabilities			
Interest-bearing loans and borrowings	10	244,980	213,612
Deferred tax liabilities		-	15,340
Total non-current liabilities		244,980	228,952
Total Liabilities		294,834	272,831
Net Assets		345,663	379,913
Security holders' funds			
Issued capital	11	324,997	301,890
Reserves		(2,039)	(555)
Retained earnings		22,705	78,578
Total security holders' funds		345,663	379,913

(The balance sheet is to be read in conjunction with the accompanying notes to the financial statements)

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2008

	Issued Capital	Hedge Reserves	Available for Sale Reserve	Retained Earnings/ (Accumulated Losses)	Total Security Holders' Funds
	\$ '000	\$ '000	\$'000	\$ '000	\$ '000
Opening balance at 1 July 2008	301,890	(274)	(280)	78,578	379,914
Cash flow hedge loss transferred to income statement	-	76	-	-	76
Net change in fair value of available for sale financial assets	-	-	(1,561)	-	(1,561)
Total income and expense recognised directly in equity	301,890	(198)	(1,841)	78,578	378,429
Net profit/(loss) for the period	-	-	-	(42,820)	(42,820)
Total recognised income and expense	301,890	(198)	(1,841)	35,758	335,609
Equity issued for the period	24,040	-	-	-	24,040
Equity issue costs	(933)	-	-	-	(933)
Equity settled transactions	-	-	-	1,735	1,735
Distributions to security holders	-	-	-	(14,788)	(14,788)
Closing balance at 31 December 2008	324,997	(198)	(1,841)	22,705	345,663

(The statement of changes in equity are to be read in conjunction with the accompanying notes to the financial statements)

Consolidated Interim Statement of Changes in Equity

For the six months ended 31 December 2007

	Issued Capital	Hedge Reserves	Available for Sale Reserve	Retained Earnings/ (Accumulated Losses)	Total Security Holders' Funds
	\$ '000	\$ '000	\$'000	\$ '000	\$ '000
Opening balance at 1 July 2007	290,074	(426)	-	42,172	331,820
Cash flow hedge loss transferred to income statement	-	76	-	-	76
Total income and expense recognised directly in equity	290,074	(350)	-	42,172	331,896
Net profit for the period	-	-	-	49,260	49,260
Total recognised income and expense	290,074	(350)	-	91,432	381,156
Equity issued for the period	7,992	-	-	-	7,992
Equity settled transactions	-	-	-	1,504	1,504
Distributions to security holders	-	-	-	(19,823)	(19,823)
Closing balance at 31 December 2007	298,066	(350)	-	73,113	370,829

(The statement of changes in equity are to be read in conjunction with the accompanying notes to the financial statements)

Consolidated Interim Statement of Cash Flows
For the six months ended 31 December 2008

	31 December 2008 \$ '000	31 December 2007 \$ '000
Cash flows from operating activities		
Cash receipts from customers	24,584	30,717
Cash payments to suppliers and employees	(13,339)	(15,840)
Cash generated from operations	11,245	14,877
Dividends received	1,161	4,536
Interest received	2,732	4,869
Interest and other costs of finance paid	(8,264)	(5,636)
Net cash from operating activities	6,874	18,646
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,110)	(170)
Redevelopment works	(2,824)	(59,040)
Improvements to investment properties	(26,045)	(7,516)
Acquisition of intangible assets	(48)	-
Acquisition of funds management equity investments	(925)	(2,795)
Net cash used in investing activities	(30,952)	(69,521)
Cash flows from financing activities		
Proceeds from issue of equity securities	22,196	136
Payment for equity securities issue costs	(933)	-
Proceeds from borrowings	56,879	85,250
Repayments of borrowings	(25,667)	(32,700)
Loans to associates	(46,205)	-
Repayments from associates	18,429	9,452
Distributions paid	(17,110)	(10,435)
Net cash from financing activities	7,589	51,703
Net (decrease)/increase in cash and cash equivalents	(16,489)	828
Cash and cash equivalents at 1 July	18,376	4,373
Cash and cash equivalents at 31 December	1,887	5,201

(The statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements)

Condensed Notes to the Interim Financial Statements

1. Significant accounting policies

Aspen Group was established for the purpose of facilitating a joint quotation of Aspen Property Trust (“the Trust”) and Aspen Group Limited and its controlled entities on the Australian Securities Exchange. Both the Trust, Aspen Group Limited and its controlled entities are domiciled in Australia. The Constitution of Aspen Property Trust and the Articles of Association of Aspen Group Limited ensure that, for so long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in the Corporation shall be equal and that Unitholders and Shareholders be identical. Both the Responsible Entity of the Trust and the Corporation must at all times act in the best interests of Aspen Group.

The stapling arrangement will cease to operate on the earlier of:

- either of Aspen Group Limited or Aspen Property Trust resolving by special resolution in general meeting and in accordance with the constitution to terminate the stapling provisions; or
- the commencement of the winding up of either Aspen Group Limited or Aspen Property Trust.

With the establishment of Aspen Group, the combined group has common business objectives, and operates as a combined entity in the core business of property investment and funds management.

The Aspen Group entities comprising the stapled Group remain separate legal entities in accordance with the Corporations Act 2001 and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the Corporations Regulations 2001.

The Interim Financial Report of Aspen Group comprises the financial report of Aspen Group Limited (“the Company”) and its controlled entities, and the Trust, which form the consolidated entity (“Aspen Group” or “the Group”).

The Interim Financial Report has been prepared based upon a business combination of the parent entity, the Company, and Aspen Property Trust and their controlled entities, in accordance with Australian Interpretation (“AI”) 1013 “Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements”.

The Interim Financial Report was authorised for issue by the directors on 24 February 2009.

(a) Statement of compliance

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the information required for a full annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by the Aspen Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of preparation

The Interim Financial Report is presented in Australian dollars, which is the Group's functional currency.

The Interim Financial Report has been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as available-for-sale and investment property.

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 Interim Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Condensed Notes to the Interim Financial Statements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These accounting policies and key sources of estimation uncertainty have been consistently applied by Aspen Group and are in line with the policies as at and for the year ended 30 June 2008.

(c) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 December 2008, but have not been applied in preparing this financial report:

- Revised AASB 101 Presentation of Financial Statements introduces as a financial statement (formerly “primary” statement) the “statement of comprehensive income”. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group’s 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group’s disclosures.
- Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group’s 30 June 2010 financial statements. Unless the Group becomes involved in a qualifying asset in future periods; amendments are not expected to have any impact on the financial report.

2. Segment reporting

The consolidated entity comprises the following main business segments:

- Property Investment - Property investment includes rental income from all properties held by Aspen Group throughout Australia.
- Funds Management - Property funds management includes fees and other income from unlisted property funds that Aspen Group establishes and manages.

	Property Investment	Funds Management	Unallocated/ Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000
31 December 2008				
Segment revenues	21,950	10,483	(2,062)	30,371
Other income	-	-	4,487	4,487
Significant items:				
Revaluation/fair value adjustments	(27,504)	(28,324)	-	(55,828)
Segment result (before tax)	(26,643)	(21,618)	(10,070)	(58,331)
31 December 2007				
Segment revenues	16,345	14,462	(204)	30,603
Other income	-	-	90	90
Significant items:				
Revaluation/fair value adjustments	36,850	-	-	36,850
Segment result (before tax)	44,807	12,444	(4,615)	52,636

Condensed Notes to the Interim Financial Statements

3. Revenue

	31 December 2008 (\$'000)	31 December 2007 (\$'000)
Revenue from trading activities		
Revenue from property investments	20,234	16,141
Funds management fees – asset management fees	8,623	6,509
– establishment fees	1,314	6,710
– other	200	1,243
	10,137	14,462

4. Net financing costs

	31 December 2008 (\$'000)	31 December 2007 (\$'000)
Financial income		
Interest income	3,874	3,554
Dividend income	258	8
Financial income	4,132	3,562
Net change in cash flow hedge transferred to profit and loss	76	76
Change in fair value of interest rate swaps	(10,500)	1,231
Net change in fair value of financial assets through profit and loss	(10,424)	1,307
Financial expenses		
Interest expense on financial liabilities measured at amortised cost	(6,768)	(5,636)
Less amounts capitalised to qualifying assets	529	-
Net Financing Costs	(6,239)	(5,636)

5. Administration expenses

	31 December 2008 (\$'000)	31 December 2007 (\$'000)
Wages and salaries including on-costs	(6,696)	(6,810)
Contributions to defined contribution superannuation funds	(759)	(634)
Equity-settled share based payment transactions	(1,735)	(1,505)
Other administration costs	(2,479)	(1,969)
	(11,669)	(10,918)

Condensed Notes to the Interim Financial Statements

6. Income tax expense

Numerical reconciliation between tax expense and pre-tax net profit	31 December 2008 (\$'000)	31 December 2007 (\$'000)
Profit/(loss) before income tax	(58,331)	52,636
Prima facie income tax calculated at 30%	(17,499)	15,791
Less prima facie income tax on profit from Trust	(3,265)	(13,050)
Increase in income tax expense due to:		
Non-deductible expenses	5,253	635
Income tax (benefit)/expense on pre-tax net profit	(15,511)	3,376

Deferred tax liabilities

The deferred tax liability has reduced in the half-year primarily as a result of the tax effect of revaluation/fair value adjustments.

7. Earnings per stapled security

		31 December 2008 (cents)	31 December 2007 (cents)
Basic earnings per security	(a)	(16.828)	19.601
Diluted earnings per security	(b)	(16.828)	19.360
Basic earnings per stapled security before significant items	(c)	6.729	7.569
Diluted earnings per stapled security before significant items	(c)	6.729	7.476

(a) Basic earnings per stapled security

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

	31 December 2008 (\$'000)	31 December 2007 (\$'000)
Profit/(loss) attributable to stapled security holders	(42,820)	49,260

	31 December 2008 (No. '000)	31 December 2007 (No. '000)
Weighted average number of securities (basic)		
Weighted average number of securities as at 31 December	254,452	251,312

Condensed Notes to the Interim Financial Statements

(b) Diluted earnings per stapled security

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

	31 December 2008 (\$'000)	31 December 2007 (\$'000)
Profit/(loss) attributable to stapled security holders	(42,820)	49,260
Weighted average number of securities (diluted)	(No. '000)	(No. '000)
Weighted average number of securities as at 31 December	254,452	254,432

(c) Earnings per stapled security before significant items

The profit/(loss) attributable to security holders includes a number of significant items that in the opinion of the directors, should be adjusted to enable security holders to obtain an understanding of the results from underlying operations. Basic earnings per stapled security before significant items is calculated by dividing profit/(loss) before significant items attributable to security holders of Aspen Group (as detailed below) by the weighted average number of ordinary securities outstanding during the half year.

	31 December 2008 (\$'000)	31 December 2007 (\$'000)
Profit/(loss) attributable to stapled security holders	(42,820)	49,260
<i>Significant items (net of tax):</i>		
Revaluation losses/(gains) on investment properties	10,624	(30,436)
Losses/(gains) on revaluation of interest rate swaps	10,424	(1,307)
Losses/(gains) on available for sale investments	1,637	-
Losses/(gains) on carrying value of inventories	10,541	-
Equity settled transactions	1,742	1,504
Fair value adjustments of investments in equity associates	24,817	-
Restructuring costs	156	-
	17,121	19,021
Weighted average number of securities (basic)	(No. '000)	(No. '000)
Weighted average number of securities as at 31 December	254,452	251,312
Weighted average number of securities (diluted)	(No. '000)	(No. '000)
Weighted average number of securities as at 31 December	254,452	254,432

Condensed Notes to the Interim Financial Statements

8. Investment property

Property	Original Acquisition Date	Original Acquisition Cost \$ '000	Latest Independent Valuation Date	Latest Independent Valuation \$ '000	Book Value at 31 Dec 2008 \$ '000	Book Value at 30 June 2008 \$ '000
256 Adelaide Tce (Septimus Roe) – WA	Oct 2002	29,648	Dec 2008	88,000	88,000	93,902
Phoenix Rd, Bibra Lake (Elders) – WA	Aug 2003	37,483	Dec 2008	58,000	58,000	57,504
Davy St, Booragoon (Alcoa) – WA	Aug 2003	18,329	Dec 2008	27,000	27,000	26,218
51 Heaton St, Rocklea – Qld	Oct 2004	9,184	Dec 2008	13,400	13,400	14,750
215 Browns Rd, Noble Park – Vic	Oct 2004	22,625	Dec 2008	20,100	20,100	22,750
564 St Kilda Road – Vic	Dec 2004	26,426	Dec 2008	34,000	34,000	32,083
222 Margaret St Toowoomba – Qld *	April 2005	38,103	Jan 2009	30,000	30,094	30,000
5/33 York St – NSW	June 2005	3,169	Dec 2008	3,250	3,250	3,242
55 Currie St – SA	June 2006	66,980	Dec 2008	84,000	84,000	94,268
Morrison Rd, Midland – WA	June 2007	5,500	Dec 2008	3,000	3,000	4,500
Karratha Village – WA **	June 2005	1,000	Dec 2008	41,000	41,000	8,564
Aspen LV Plus Ballina, Ballina – NSW	Nov 2007	3,809	-	-	5,892	5,989
					407,736	393,770

* Sold and settled for \$30 million in January 2009

** Includes development expenditure of \$24.1m

Property portfolio revaluations:

At 31 December 2008, the Group revalued 98% of all investment properties resulting in a total decrease in the carrying value of investment properties of \$12.4 million (the balance of the net increase between periods is a result of capital improvements to existing properties and development expenditure at Karratha Village).

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

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

Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

9. Inventories

Property Development	31 December 2008 (\$'000)	30 June 2008 (\$'000)
Land	24,496	35,022

Write down

At 31 December 2008, the Group recognised a write-down of land held for development and investment of \$15.1 million as a result of independent valuations.

Condensed Notes to the Interim Financial Statements

	31 December 2008 (\$'000)	30 June 2008 (\$'000)
10. Interest-bearing loans and borrowings		
Current liabilities		
Current portion of secured bank loans	15,793	15,960
Hire Purchase liability	29	30
	15,822	15,990
Non-current liabilities		
Secured bank loans	244,980	213,600
Hire Purchase liability	-	12
	244,980	213,612
	260,802	229,602

Financing arrangements

At 31 December 2008, the Group's total debt consisted of:

- (i) \$251.5 million including its Tranche A senior debt facility (\$224.0 million) and debt drawn under its Tranche B and Tranche C facilities (\$27.5 million). These facilities are with National Australia Bank.
- (ii) \$9.3 million under its facility with Westpac Banking Corporation.

Subsequent to 31 December 2008, the Group has unconditionally secured, subject to formal documentation, a new facility with its existing primary financier, National Australia Bank. The new facility consists of three Tranches, as detailed below:

Tranche A - Key Terms

- Loan to Value ("LVR") covenant, relating to Tranche A and Tranche C, of 60% to 31 December 2010, reducing to an LVR covenant of 55% from 1 January 2011
- interest coverage ratio covenant of at least 1.5 times investment property rental income
- an extended three-year term out to 28 February 2012

Tranche B - Key Terms

- \$40 million working capital facility
- step down facility to nil by the maturity date of 31 December 2009
- this facility effectively replaces the previous "Tranche B" facility which had a 180 day repayment date on debt drawn down

Tranche C – Key Terms

- project specific facility for the Karratha Accommodation Village
- this facility is fully drawn and will be amortised at \$250,000 per month commencing January 2009
- maturity date December 2013

All Tranches are secured over the Group's investment property portfolio.

The current total cost of debt based on the new facility for the Group inclusive of margin is 7.33%.

At 31 December 2008, a bank guarantee of \$10.0 million had been drawn under the Tranche B facility – refer to note 15.

Condensed Notes to the Interim Financial Statements

In June 2008, the Group established a loan facility with Westpac Banking Corporation of \$9.3 million. This facility is fully drawn and has an expiry date of June 2009 and is partly secured over the investment property located at Ballina, NSW and inventory at Byford, WA. Discussions are in place to refinance this facility with another lender prior to maturity.

Aspen uses interest rate swaps to hedge its exposure to interest rate risks and at 31 December 2008, 51% of the senior debt facility was hedged with a weighted average maturity of 2.06 years.

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

Consolidated

	Currency	Nominal Interest Rate	Maturity	Face value at Dec 2008 \$ '000	Carrying amount at Dec 2008 \$ '000	Face value at Jun 2008 \$ '000	Carrying amount at Jun 2008 \$ '000
Secured bank loan	AUD	6.09%	Dec 2009	3,500	3,500	-	-
Secured bank loan	AUD	6.09%	Dec 2013	24,000	24,000	-	-
Secured bank loan	AUD	6.09%	Feb 2012	223,980	223,980	-	-
Secured bank loan	AUD	5.80%	Jun 2009	9,293	9,293	9,360	9,360
Secured bank loan	AUD	8.41%	Jul 2008	-	-	6,600	6,600
Secured bank loan	AUD	8.41%	Oct 2011	-	-	40,000	40,000
Secured bank loan	AUD	8.46%	Oct 2011	-	-	110,000	110,000
Secured bank loan	AUD	8.49%	Oct 2011	-	-	63,600	63,600
Hire Purchase liability	AUD	8.41%	Oct 2009	29	29	42	42
				260,802	260,802	229,602	229,602

	31 December 2008 (\$'000)	30 June 2008 (\$'000)
Financing facilities		
Secured bank loans	260,773	249,493
Bank guarantees	10,582	22,200
	271,355	271,693
Facilities utilised at reporting date		
Secured bank loans	260,773	229,560
Bank guarantees	10,582	22,200
	271,355	251,760
Facilities not utilised at reporting date		
Secured bank loans	-	19,933
	-	19,933

Condensed Notes to the Interim Financial Statements

11. Issued Capital

	31 December 2008 (\$'000)	30 June 2008 (\$'000)
Issued capital	324,997	301,890
	No. '000	(\$'000)
Movements in ordinary units on issue		
At 1 July 2008	264,600	301,890
Distribution reinvestment plan	1,638	1,844
Securities issued pursuant to share plans	3,000	129
Issue of ordinary shares	24,519	22,067
Less: issue costs	-	(933)
Securities on issue at 31 December 2008	293,757	324,997

12. Investments in equity accounted investees

The consolidated entity accounts for investments in associates using the equity method.

Consolidated	31 December 2008 (\$'000)	31 December 2007 (\$'000)
Share of associate profit/(loss) before income tax	(28,324)	2,239
Significant items:		
Provision for write down of inventory to recoverable amount	14,672	-
Revaluation losses on investment property	12,891	1,308
Losses on revaluation of interest rate swaps	1,253	-
Underlying profit from associates before income tax	492	3,547

The consolidated entity has the following investments in equity accounted investees:

	Principal activities	Ownership	
		31 December 2008	31 December 2007
Aspen Parks Property Fund	Tourist park investment	14.1%	16.6%
Aspen Diversified Property Fund	Commercial property investment	31.3%	34.3%
Aspen Dunsborough Lakes Ltd	Residential property development	20.0%	20.0%
Aspen Whitsunday Shores Pty Ltd	Residential property development	25.0%	25.0%
Fern Bay Seaside Village Ltd	Residential property development	34.5%	34.5%
St Leonards Estate Pty Ltd	Residential property development	9.6%	9.6%
Aspen Development Fund No 1 Ltd *	Diversified property development	25.0%	43.8%
Aspen Villages Property Fund	Modular, affordable accommodation	49.0%	-

* The change in ownership of Aspen Development Fund No 1 Ltd represents the part sale of the initial investment and an amount that is reclassified as available for sale.

Condensed Notes to the Interim Financial Statements

Share of associate's net assets equity accounted	31 December 2008 (\$'000)	30 June 2008 (\$'000)
Aspen Parks Property Fund	13,722	13,368
Aspen Diversified Property Fund	8,541	17,296
Aspen Dunsborough Lakes Ltd	3,156	7,961
Aspen Whitsunday Shores Pty Ltd	1,477	4,694
Fern Bay Seaside Village Ltd	3,062	10,117
St Leonards Estate Pty Ltd	1,962	2,391
Aspen Development Fund No 1 Ltd	21,754	21,528
Aspen Villages Property Fund	114	4,576
	53,788	81,931

The carrying value of investments in equity accounted investees was comprehensively reviewed during the half-year ending 31 December 2008. The review incorporated obtaining independent valuations on the majority of property assets in each fund entity.

The result of this review was the downward revaluation of asset values as assessed by Aspen Group at a fund level with Aspen Group equity accounting for its share of the write-downs of \$24.8 million (net of tax). The write-downs were based on Aspen Group's ownership share of each fund taking into account the fund's net assets per share/unit post underlying asset revaluations. Where required, the funds have renegotiated debt facilities with their bankers and have unconditionally secured, subject to formal documentation, extended maturity dates to at least 31 August 2010, except for the Aspen Villages facility which matures on 30 June 2009. Discussions are in place to refinance this facility with another lender prior to maturity.

The Aspen Diversified Property Fund, as at 31 December 2008, had an outstanding bill facility of \$110.6 million. The fund continues to meet its obligations under the facility agreement. Subsequent to the period end the property portfolio was revalued and if these valuations are accepted by the fund's financier this may result in the facility's loan to value ratio covenant being exceeded. The fund is currently in discussions with its financier to ensure adequate capital and funding is maintained. The fund has implemented cost control strategies and is pursuing asset sales which the fund anticipates will address this issue.

Loans to associates

The loan portfolio of \$88.4 million consists of loans to Aspen Group's funds management entities. A detailed review was performed on the recoverability of all loans to associates. Subsequent to the carrying value assessments at each syndicate level as noted above, all associates were in net asset positions and therefore any loans outstanding are considered fully recoverable at period end. The following at call loans are from the Group and are outstanding at 31 December 2008. These loans have been classified \$17.1 million as current and \$71.3 million as non-current (\$25.8 million current and \$34.8 million non-current at 30 June 2008).

Condensed Notes to the Interim Financial Statements

	31 December 2008 (\$'000)	30 June 2008 (\$'000)
Aspen Parks Property Fund	13,165	1,464
Aspen Diversified Property Fund	29,506	30,041
Aspen Dunsborough Lakes Ltd	6,408	2,500
Aspen Whitsunday Shores Pty Ltd	9,565	7,087
Fern Bay Seaside Village Ltd	13,330	10,795
St Leonards Estate Pty Ltd	3,152	-
Aspen Development Fund No.1 Ltd	2,704	-
Aspen Villages Property Fund	10,603	8,775
	88,433	60,662

13. Related party transactions

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the Financial Report for the year ended 30 June 2008.

14. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the financial report as at and for the year ended 30 June 2008.

15. Contingent liability

Bank guarantee

Aspen Group has guaranteed the payment of \$10 million (to an unrelated party) on behalf of Aspen Parks Property Fund, a related entity. The guarantee relates to the deferred consideration on the acquisition of a portfolio of parks by that fund in November 2007. Of the total guarantee for \$20 million, \$10 million has been discharged with the balance to be discharged within the next 6 month period.

The Group has indemnified the Aspen Villages Property Fund ("AVPF") in relation to the sale of land held in AVPF at Herne Hill, WA. The land which has a carrying value of \$3.7m does not form part of the fund's initial portfolio and is currently on the market for sale. Under the indemnity, the profit or loss on disposal of land or any carrying value adjustments will be passed onto Aspen Group with nil impact to AVPF.

16. Subsequent events

Subsequent to 31 December 2008, the Group has unconditionally secured, subject to formal documentation, a new facility with its existing primary financier, National Australia Bank. Refer to note 10 for further details.

On 13 January 2009, the Group announced the sale of the Gardentown Shopping Centre for \$30 million with settlement completed on 19 January 2009.