

Appendix 4D – ASPEN GROUP

Half yearly report: six months ended 31 December 2003

Name of entity

Aspen Group

ABN Aspen Group Ltd ABN 50 004 160 927
 Aspen Funds Management ABN 48 104 322 278
 as responsible entity for Aspen Property Trust ARSN 104 807 767

For announcement to the market

Extracts from this report for announcement to the market.

\$A'000

| | | | | |
|--|----|------|----|-------|
| Revenues from ordinary activities | up | 343% | to | 6,065 |
| Profit (loss) from ordinary activities after tax attributable to members | up | N/A | to | 1,669 |
| Net profit (loss) for the period attributable to members | up | N/A | to | 1,669 |

| Dividends | Amount per security | Franked amount per security |
|--|------------------------------|-----------------------------|
| Interim dividend 1/7/03-31/7/03 Distribution | - | - |
| Dividend 1/8/03-30/9/03 | 0.0933 cents | 0.0933 cents |
| Distribution Dividend 1/10/03 – 31/12/03 | 0.189 cents 0.058 cents | - 0.0413 cents |
| Distribution Dividend | 0.2831 cents 0.0869 cents | - 0.0619 cents |
| Previous corresponding period | N/A | N/A |

+Record date for determining entitlements to the dividend

31 December 2003

Brief explanation of any of the figures reported above and short details of any other item(s) of importance not previously released to the market:

On the back of the strong rental distributions delivered by the new acquisitions, Aspen Group declared a net profit before tax of \$1.67 million for the six month period. Distributions for the 2004 year were \$1.69 million and are in line with forecasts made in the prospectus dated 13 June 2003.

The impact of the most recent property acquisitions, the Alcoa Head Office Complex and Elders Woolstores site on 5 August 2003 is reflected in the increased earnings and profit results.

| <i>NTA backing</i> | Current period | Previous corresponding period |
|---|----------------|-------------------------------|
| Net tangible asset backing per ⁺ ordinary security | 13.85 cents | 13.47 cents |

Control gained over entities having material effect

Name of entity (or group of entities) N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired N/A

Date from which such profit has been calculated N/A

Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period N/A

Loss of control of entities having material effect

Name of entity (or group of entities) N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control N/A

Date to which the profit (loss) in item 14.2 has been calculated N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period N/A

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control N/A

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable 20 January 2004

⁺Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺securities are not ⁺CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺securities are ⁺CHESS approved) 31 December 2003

Amount per security

| | Amount per security | Franked amount per security at % tax | Amount per security of foreign source dividend |
|---------------------------------------|---------------------|--------------------------------------|--|
| Interim dividend: Current year | | | |
| Distribution from Trust | 0.2831 cents | - | - |
| Dividend from Company | 0.0868 cents | 71.3% | - |
| Total Distribution | 0.37 cents | 16.7% | - |
| Previous year | N/A | N/A | N/A |

Interim dividend (distribution) on all securities

| | Current period \$A'000 | Previous corresponding period - \$A'000 |
|---|------------------------|---|
| +Ordinary securities (<i>each class separately</i>) | 1,696 | - |
| Preference +securities (<i>each class separately</i>) | - | - |
| Other equity instruments (<i>each class separately</i>) | - | - |
| Total | 1,696 | - |

The +dividend or distribution plans shown below are in operation.

The Group is introducing its Dividend Reinvestment Plan (DRP) for the March 2004 quarterly dividend. A copy of the DRP is available from our registered office.

The last date(s) for receipt of election notices for the +dividend or distribution plans

31 March 2004

Any other disclosures in relation to dividends (distributions). (*For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting*)

Details of aggregate share of profits (losses) of associates and joint venture entities

| Group's share of associates' and joint venture entities': | Current period \$A'000 | Previous corresponding period - \$A'000 |
|--|------------------------|---|
| Profit (loss) from ordinary activities before tax | N/A | N/A |
| Income tax on ordinary activities | N/A | N/A |
| Profit (loss) from ordinary activities after tax | N/A | N/A |
| Extraordinary items net of tax | N/A | N/A |
| Net profit (loss) | N/A | N/A |
| Adjustments | N/A | N/A |
| Share of net profit (loss) of associates and joint venture entities | N/A | N/A |

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)

| Name of entity | Percentage of ownership interest held at end of period or date of disposal | | Contribution to net profit (loss) | |
|--|--|-------------------------------|-----------------------------------|---|
| | Current period | Previous corresponding period | Current period \$A'000 | Previous corresponding period - \$A'000 |
| Equity accounted associates and joint venture entities | | | | |
| Total | N/A | N/A | N/A | N/A |
| Other material interests | N/A | N/A | N/A | N/A |
| Total | N/A | N/A | N/A | N/A |

Foreign Entities

For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

N/A

Audit Dispute or Qualification

For all entities, if the +accounts are subject to audit dispute or qualification, a description of the dispute or qualification should follow:

N/A

Aspen Group

Financial Report for the Half Year Ended
31 December 2003

Financial Report For The Half Year Ended 31 December 2003

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Aspen Group

Company Particulars

BOARD OF DIRECTORS

| | |
|---------------------|---|
| Reg Gillard | (Non-Executive Chairman) |
| Gavin Hawkins | (Executive Director) |
| Angelo Del Borrello | (Executive Director) |
| Peter Hall | (Non-Executive Director) |
| Seng Fai Chan | (Non-Executive Director) |
| Stuart Price | (Executive Director – Aspen Funds Management Limited) |

REGISTERED OFFICE

Level 8, Septimus Roe Square
256 Adelaide 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

COMPANY SECRETARY

Gavin Hawkins

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

Deloitte Touche Tohmatsu
Level 16, Central Park
152 – 158 St George's Terrace
PERTH WA 6000

SOLICITORS

Mallesons Stephen Jaques
Level 10, Central Park
152 – 158 St George's Terrace
PERTH WA 6000

STOCK EXCHANGE LISTING

Aspen Group's securities are listed on the Australian Stock Exchange Limited under the ASX code APZ (stapled securities) and APZO (stapled options).

Aspen Group

Directors' Report

The directors of Aspen Group Limited and Aspen Funds Management Limited (as the responsible entity for Aspen Property Trust) present their combined financial report for the Aspen Group for the half year ended 31 December 2003. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows.

The names and particulars of the directors of Aspen Group during or since the end of the half year are:

Name

| | |
|---------------------|---|
| Reg Gillard | (Chairman) |
| Angelo Del Borrello | (Managing Director) |
| Gavin Hawkins | (Executive Director) |
| Peter Hall | (Non-Executive Director) |
| Seng Fai Chan | (Non-Executive Director) |
| Stuart Price | (Executive Director – Aspen Funds Management Limited) |

Principal Activities

The Group's principal activity during the period was property investment and management.

Review of Operations

On 10 June 2003, a shareholders' meeting was held to approve the following:

- The issue of up to 161,875,000 shares at 16 cents to raise funds for the acquisition of the Alcoa Office Complex and the Elders Wool Stores site. A prospectus was lodged on 13 June 2003 relating to this capital raise.
- Resolutions to allow for the stapling of Aspen Group Limited's ("AGL") shares to the units in the Aspen Property Trust ("APT").

Following this meeting, total funds of \$20.2 million were raised during the period, and the stapling of APT units to AGL shares was finalised.

The key combined financial results for the Group for the financial period were as follows:

| | Half year ended 31 December 2003 | Year ended 30 June 2003 | Half year ended 31 December 2002 |
|-----------------------------|---|------------------------------------|---|
| | \$ '000s | \$ '000s | \$ '000s |
| Revenues | 6,065 | 4,532 | 1,369 |
| Net Profit (Loss) after tax | 1,669 | 728 | (37) |
| Total Assets | 102,935 | 44,887 | 43,721 |
| Equity | 35,384 | 17,629 | 16,729 |

Income distributions, after the property acquisitions in the first half of the period, were as follows:

| Nature | Record Date | Amount Per Security |
|---------------------------|--------------------|--------------------------------|
| Interim to July 2003 | 22 August 2003 | 0.093 cents |
| Interim to September 2003 | 10 October 2003 | 0.247 cents |
| Interim to December 2003 | 31 December 2003 | 0.37 cents |

These distributions were in line with that forecast per the Group's prospectus dated 13 June 2003.

Aspen Group

Directors' Report (continued)

Significant Changes In State Of Affairs

Stapled Structure

The Stapled entity Aspen Group was created through the stapling of the securities of AGL and APT. This stapling of the securities of the two entities was approved at a shareholders' meeting on 10 June 2003. On 29 July 2003 all conditions precedent to the stapling were satisfied and the Aspen Group entity was admitted to the ASX as a stapled security.

The stapling results in the creation of a more efficient and flexible capital structure for Aspen Group security holders. The financial report for the half-year ended 31 December 2003 combines the results of Aspen Group Limited, all of its subsidiaries and Aspen Property Trust.

Capital Raising and Property Settlements

Under the terms of the prospectus lodged on 13 June 2003, Aspen Group issued 126.48 million stapled securities at an issue price of \$0.16 to raise in excess of \$20 million. The funds raised were to fund the following:

On 5 August 2003 Aspen Group settled on the following commercial property acquisitions:

- Alcoa Booragoon Office Building Complex, Perth, Western Australia
- Elders Woolstores in Spearwood, Perth, Western Australia

Key features of the acquisitions included:

The Alcoa Office Complex is located at the corner of Marmion and Davy Streets, Booragoon, and is generally known as the Alcoa Building. The Complex has a single lease to its tenant, Alcoa of Australia Ltd, and has 11 years of a 12 year lease remaining, with 2 four-year options.

The Elders Woolstores is located at the corner of Phoenix Road and Sudlow Road, Spearwood. The Complex is tenanted by Elders Ltd, with 9 years remaining on a 15 year lease.

| | Purchase Consideration | Year 1 Yield | Lease Term to Expiry |
|-------------------|-----------------------------------|-------------------------|---------------------------------|
| Alcoa Complex | \$17.35 mill | 10% | 11 years |
| Elders Woolstores | \$35.5 mill | 10% | 9 years |

Future Developments

Aspen Group will look to expand on its interests in the commercial property sector through future strategic property investments, as well as continuing to develop its asset structuring and funds management operations.

Rounding Off Of Amounts

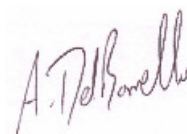
The Group is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the directors



Gavin Hawkins
Executive Director
PERTH, 25 February 2004



Angelo Del Borrello
Executive Director
PERTH, 25 February 2004

Aspen Group

Independent Review Report

Deloitte

Deloitte Touche Tohmatsu
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INDEPENDENT REVIEW REPORT TO THE MEMBERS

OF ASPEN GROUP

Scope

We have reviewed the financial report of Aspen Group for the half-year ended 31 December 2003 as set out on pages 7 to 14. The financial report includes the combined financial statements of the combined entity comprising Aspen Property Trust, Aspen Group Limited and the entities controlled by Aspen Group Limited at the end of the half-year or from time to time during the half-year. Aspen Group's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aspen Group is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the combined entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



LEANNE KARAMFILES

Partner
Chartered Accountants
Perth, 25 February 2004

Member of
Deloitte Touche Tohmatsu

The liability of Deloitte Touche Tohmatsu, is limited by, and to the extent of,
the Accountants' Scheme under the Professional Standards Act, 1994 (NSW).

Aspen Group

Directors' Declaration

The directors declare that:

- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the combined entity;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Gavin Hawkins
Executive Director

PERTH, 25 February 2004



Angelo Del Borrello
Executive Director

PERTH, 25 February 2004

Aspen Group

Combined Statement of Financial Performance for the Half Year ended 31 December 2003

| | Note | Combined | |
|---|------|--|--|
| | | Half year ended 31 December 2003 \$ '000 | Half year ended 31 December 2002 \$ '000 |
| Revenue from ordinary activities | | 6,065 | 1,369 |
| Property expenses | | (1,605) | - |
| Administration expenses | | (688) | (1,085) |
| Borrowing costs | | (2,000) | (321) |
| Profit/(Loss) From Ordinary Activities Before Income Tax Expense | | 1,772 | (37) |
| Income tax expense relating to ordinary activities | | (103) | - |
| Net Profit/(Loss) Attributable to Members of the Parent Entity | | 1,669 | (37) |
| Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity | | - | - |
| Total Changes in Equity other than those resulting from Transactions with Owners as Owners | | 1,669 | (37) |
| Earnings/(loss) per stapled security: | | | |
| Basic (cents per security) | 2 | 0.743 | (0.05) |
| Diluted (cents per security) | 2 | 0.743 | (0.05) |

Notes to the financial statements are included on pages 11 to 14.

Aspen Group

Combined Statement of Financial Position as at 31 December 2003

| | Note | Combined | |
|--------------------------------------|------|--------------------------------|----------------------------|
| | | 31 December 2003 \$ '000 | 30 June 2003 \$ '000 |
| Current Assets | | | |
| Cash assets | | 1,335 | 201 |
| Receivables | | 1,019 | 323 |
| Other financial assets | | 627 | 484 |
| Other | | 760 | 1,187 |
| Total Current Assets | | 3,741 | 2,195 |
| Non-Current Assets | | | |
| Other financial assets | | - | 136 |
| Property, plant and equipment | | 484 | 59 |
| Investment properties | 4 | 98,312 | 42,494 |
| Other | | 398 | 3 |
| Total Non-Current Assets | | 99,194 | 42,692 |
| Total Assets | | 102,935 | 44,887 |
| Current Liabilities | | | |
| Payables | | 534 | 337 |
| Current tax liabilities | | 32 | 476 |
| Deferred income | | 989 | - |
| Provisions | | 996 | 395 |
| Deferred consideration | | 350 | - |
| Total Current Liabilities | | 2,901 | 1,208 |
| Non-Current Liabilities | | | |
| Interest bearing liabilities | 5 | 64,650 | 26,050 |
| Total Non-Current Liabilities | | 64,650 | 26,050 |
| Total Liabilities | | 67,551 | 27,258 |
| Net Assets | | 35,384 | 17,629 |
| Equity | | | |
| Contributed equity | 6 | 62,640 | 44,858 |
| Retained Losses | 7 | (27,256) | (27,229) |
| Total Equity | | 35,384 | 17,629 |

Notes to the financial statements are included on pages 11 to 14.

Aspen Group

Combined Statement of Cash Flows for the Half Year ended 31 December 2003

| | Combined | |
|---|---|---|
| | Inflows (Outflows) | |
| | Half year ended 31 Dec 2003 \$ '000 | Half year ended 31 Dec 2003 \$ '000 |
| <i>Cash Flows From Operating Activities</i> | | |
| Receipts from customers | 6,247 | 539 |
| Payments to suppliers and employees | (1,785) | (496) |
| Interest received | 62 | - |
| Interest and other costs of finance paid | (2,000) | - |
| Income tax paid | (546) | - |
| Net cash provided by operating activities | 1,978 | 43 |
| <i>Cash Flows From Investing Activities</i> | | |
| Payment for property, plant and equipment | (440) | - |
| Payment for investment properties | (55,818) | (33,152) |
| Other | - | 11 |
| Net cash used in investing activities | (56,258) | (33,141) |
| <i>Cash Flows From Financing Activities</i> | | |
| Proceeds from issues of equity securities | 20,237 | 7,745 |
| Payment for share issue costs | (2,455) | (801) |
| Recoupment of issue costs | 858 | - |
| Proceeds from borrowings | 38,600 | 26,298 |
| Loans issued | (274) | (192) |
| Payment for arrangement of borrowings | (452) | - |
| Dividends paid | (1,100) | - |
| Net cash provided by financing activities | 55,414 | 33,050 |
| <i>Net Increase/(Decrease) In Cash Held</i> | 1,134 | (48) |
| <i>Cash At The Beginning Of The Financial Year</i> | 201 | 124 |
| <i>Cash At The End Of The Period</i> | 1,335 | 76 |

Notes to the financial statements are included on pages 11 to 14.

Notes to the Financial Statements

1. Summary of Accounting Policies

Financial Reporting Framework

The half year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, AASB 1029 "Interim Financial Reporting" and UIG Abstracts 13 "The Presentation of the Financial Report of Entities whose Securities are 'Stapled'".

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2003 annual financial report of Aspen Group Limited.

The Aspen Group – Stapling of Securities

The Aspen Group was formed by the stapling of securities of two entities comprising Aspen Group Limited and Aspen Property Trust.

The resulting Aspen Group Stapled Securities, quoted and traded together on the Australian Stock Exchange, comprise one Aspen Group Limited share and one Aspen Property Trust unit. The stapled securities cannot be traded or dealt with separately.

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

The Aspen 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 Law 2001.

The stapled security structure will cease to operate on the first to occur 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.

The Australian Stock Exchange reserves the right (but without limiting its absolute discretion) to remove one or more entities with stapled securities from the official list if any of their securities cease to be 'stapled' together, or any equity securities of the same class are issued by one entity which are not stapled to equivalent securities in the other entity.

Notwithstanding the above, Aspen Group Limited is still considered to be the reporting entity. Accordingly the consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the company and its controlled entities as defined in accounting standard AASB 1024 "Consolidated Accounts" including Aspen Property Trust. Consistent accounting policies are employed in the preparation and presentation of the combined financial statements.

The combined financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the combined financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

Significant Accounting Policies

The accounting policies adopted in the preparation of the half-year report are consistent with those adopted and disclosed in the 2003 annual financial report of Aspen Group Limited.

Aspen Group

Notes to the Financial Statements (continued)

| | Half year ended 31 December 2003 Cents per stapled security | Half year ended 31 December 2002 Cents per stapled security |
|--|--|--|
| 2. Earnings Per Stapled Security | | |
| Basic earnings (loss) per stapled security | 0.743 | (0.05) |
| Diluted earnings (loss) per stapled security | 0.743 | (0.05) |

The earnings and weighted average number of ordinary stapled securities used in the calculation of basic and diluted earnings per stapled security are as follows:

| | Half year ended 31 December 2003 \$'000 | Half year ended 31 December 2002 \$'000 |
|---|---|---|
| Earnings (loss) (a) | 1,669 | (37) |
| | Half year ended 31 December 2003 No. '000's | Half year ended 31 December 2002 No. '000's |
| Weighted average number of stapled securities (2002 – shares) used in the basic and diluted earnings per stapled security calculation (b) | 224,490 | 69,357 |

- a) Earnings used in the calculation of basic earnings per stapled security agrees directly to net profit in the statement of financial performance.
- b) Stapled Options totalling 44,187,509 have been excluded from the diluted earnings per stapled security calculation, as they were not dilutive for the period presented.

3. Distributions

| | 2003 | | 2002 | |
|--------------------------------|----------------------------------|------------------|----------------------------------|------------------|
| | Cents per Stapled Security | Total \$ '000 | Cents per Stapled Security | Total \$ '000 |
| Period for: 1/7/03 – 31/7/03 | | | | |
| Dividend | 0.0933 cents | 120 | - | - |
| Period for: 1/8/03 – 30/9/03 | | | | |
| Distribution | 0.189 cents | 483 | - | - |
| Dividend | 0.058 cents | 148 | - | - |
| Period for: 1/10/03 – 31/12/03 | | | | |
| Distribution | 0.2831 cents | 723 | - | - |
| Dividend | 0.0869 cents | 222 | - | - |
| | | 1,696 | - | - |

Aspen Group

Notes to the Financial Statements (continued)

4. Investment Properties

| Property | Date Acquired | Cost | Directors' Valuation | Book Value | Book Value |
|--------------|---------------|------------------|----------------------|------------------|--------------|
| | | 31 December 2003 | 31 December 2003 | 31 December 2003 | 30 June 2003 |
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Septimus Roe | 16/10/2002 | 29,653 | 29,653 | 29,653 | 29,648 |
| Midland | 13/11/2002 | 5,258 | 5,258 | 5,258 | 5,258 |
| Champion | 22/11/2002 | 7,589 | 7,589 | 7,589 | 7,588 |
| Elders | 05/08/2003 | 37,482 | 37,482 | 37,482 | - |
| Alcoa | 05/08/2003 | 18,330 | 18,330 | 18,330 | - |
| | | 98,312 | 98,312 | 98,312 | 42,494 |

Land and Buildings are measured on the fair value basis. Fair value is determined on the basis of an independent valuation prepared by external valuation experts. Independent valuations of property investments are obtained at intervals of not more than three years. In the absence of an independent valuation as at reporting date the Directors assess fair value by applying an indexation to the latest independent valuation that reflects the growth in the property market for similarly categorised land and buildings since the date of the last independent valuation.

5. Non-current interest bearing liabilities

| | 31 December 2003 | 30 June 2003 |
|----------------|------------------|--------------|
| | \$ '000 | \$ '000 |
| Secured | | |
| Bank loans | 64,650 | 26,050 |
| | 64,650 | 26,050 |

Bank loans are secured by mortgage over the consolidated entity's investment properties, the current market value of which exceeds the value of the mortgage.

6. Contributed Equity

| | 31 December 2003 | 30 June 2003 |
|---|-------------------------|----------------|
| | \$ '000 | \$ '000 |
| 255,540,247 fully paid ordinary stapled securities (30 June 2003: 129,058,000) | 62,640 | 44,858 |
| | | |
| | 31 December 2003 | |
| | No. '000 | \$ '000 |
| Fully Paid Ordinary Stapled Security Capital | | |
| Balance at beginning of financial period | 129,058 | 44,858 |
| Stapled securities issued at 16 cents | 126,482 | 20,237 |
| Less: stapled security issue costs | | (2,455) |
| Balance at end of financial period | 255,540 | 62,640 |

Aspen Group

Notes to the Financial Statements (continued)

6. Contributed Equity Continued

Stapled Security Options

| Option Type | Number of Options Granted | Type of Option | No of Ordinary Stapled Securities Under Option | Expiry Dates of Option | Exercise Price |
|------------------|---------------------------|----------------|--|----------------------------|-------------------------|
| Unlisted Options | 19,711,000 | Unlisted | 19,711,000 | From 2 Nov 05 to 15 Oct 07 | From \$0.1875 to \$0.25 |
| Listed Options | 24,476,509 | Listed | 24,476,509 | 10 October 2005 | \$0.25 |

7. Retained losses

31 December

2003

\$ '000

Balance at beginning of period

(27,229)

Net profit attributable to members of the combined group

1,669

Dividends provided for or paid

(1,696)

Balance at end of period

(27,256)

8. Segment Information

The company has operated only in the commercial property sector within Australia for the half year to 31 December 2003

9. Changes in the Composition of the Consolidated Entity

Stapled Structure

The Stapled entity "Aspen Group" was created through the stapling of the securities of Aspen Group Limited ("AGL") and Aspen Property Trust ("APT"). This stapling of the securities of the two entities was approved at a shareholders' meeting on 10 June 2003. On 29 July 2003 all conditions precedent to the stapling were satisfied and the Aspen Group entity was admitted to the ASX as a stapled security.

The stapling results in the creation of a more efficient and flexible capital structure for Aspen Group security holders. The financial report for the half-year ended 31 December 2003 consolidates the results of Aspen Group Limited, and all of its subsidiaries and the Aspen Property Trust.

10. Subsequent Events

There has not been any matter or circumstances that has arisen since the end of the half year ended 31 December 2003 that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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