

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

20 Four Media Holdings Pty Ltd – 39.55% ownership.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

The Interim Report of Chapmans Limited for the half-year ended 30 June 2017 is attached.

12. Signed

Signed



Peter Dykes
Executive Chairman

Date: 4 September 2017

Chapmans Limited

ACN 000 012 386

Interim Report - 30 June 2017

Chapmans Limited
Directors' report
30 June 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Chapmans Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2017.

Directors

The following persons were directors of Chapmans Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr. Peter Dykes
Mr. Anthony Dunlop
Mr. Chris Newport
Dato' Muhamad Adlan bin Berhan (appointed 11 August 2017)

Review of operations

The principal activities of the group during the period were as a specialist investment company providing growth capital and advisory services to private and public companies across a concentrated but diverse range of industries including resources, engineering and technical services and mobile technology.

The company's investment philosophy and approach are based on achieving reliably high returns from a unique mix of high conviction and special situation features characterised by low entry prices, actively managing risks and significant upside opportunities from concentration of investments in known growth industries. All investments are actively managed over shorter to medium term holding periods with medium term equity and debt based investments structured around specific events, assets and opportunities.

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$2,156,844 (30 June 2016: profit of \$615,481).

Events after the reporting period

On 11 August 2017, the Company announced the appointment of Dato' Muhamad Adlan bin Berhan as an Executive Director to the board of Chapmans Limited.

On 21 August 2017, the Company issued 400,000,000 Shares at an issue price of \$0.005 per Share to raise \$2,000,000. These Shares were issued pursuant to the placement approved by shareholders on 28 July 2017.

On 29 August 2017, the Company announced that it had entered into a Binding Heads of Agreement (HoA) with MJ Life Sciences Pty Ltd (MJLS), to make a strategic investment of US\$500,000 in MJLS. MJLS is an Australian special-purpose company established with the aim of becoming a leading global medicinal cannabis holding and investment company. Chapmans' initial investment in MJLS is subject to completion of due diligence on MJLS by Chapmans to Chapmans satisfaction, and a Shareholders Agreement being agreed within 30 days of this HoA being executed by both parties.

No other matters or circumstances have arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Chapmans Limited
Directors' report
30 June 2017

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'PD', is positioned above a horizontal line.

Peter Dykes
Executive Chairman

4 September 2017

**CHAPMANS LIMITED
ACN 000 012 386
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CHAPMANS LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2017 there have been:

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

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

G Webb

Graham Webb
Partner
Date: 4 September 2017

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 **PrimeGlobal**

Chapmans Limited**Contents****30 June 2017**

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Chapmans Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2017

		Consolidated	
	Note	June 2017 \$	June 2016 restated \$
Revenue	6	993,200	1,760,000
Expenses			
Director remuneration		(618,997)	(239,000)
Consultancy fees		(173,906)	(380,742)
Impairment of investments		(503,960)	(22,500)
Loss on disposal of assets		(57,280)	(19,587)
Share of loss of investments accounted for under the equity method		(784,035)	(253,027)
Other expenses		(1,008,767)	(214,488)
Finance costs		(3,099)	(15,175)
(Loss)/profit before income tax expense		(2,156,844)	615,481
Income tax expense		-	-
(Loss)/profit after income tax expense for the half-year		(2,156,844)	615,481
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>(2,156,844)</u>	<u>615,481</u>
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		(276,969)	(3,473)
Owners of Chapmans Limited		<u>(1,879,875)</u>	<u>618,954</u>
		<u>(2,156,844)</u>	<u>615,481</u>
Total comprehensive income for the half-year attributable to:			
Non-controlling interest		(276,969)	(3,473)
Owners of Chapmans Limited		<u>(1,879,875)</u>	<u>618,954</u>
		<u>(2,156,844)</u>	<u>615,481</u>
		Cents	Cents
Basic earnings per share	17	(0.0071)	0.0010
Diluted earnings per share	17	(0.0071)	0.0010

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Chapmans Limited
Statement of financial position
As at 30 June 2017

Consolidated			
	Note	June 2017 \$	December 2016 restated \$
Assets			
Current assets			
Cash and cash equivalents		65,184	98,715
Trade and other receivables		118,754	388,478
Total current assets		183,938	437,193
Non-current assets			
Financial assets	7	6,100,000	6,023,750
Investments accounted for under the equity method	8	515,547	624,583
Goodwill	9	1,471,278	1,471,278
Plant & Equipment		15,000	21,616
Total non-current assets		8,101,825	8,141,227
Total assets		8,285,763	8,628,420
Liabilities			
Current liabilities			
Trade and other payables	10	1,201,536	663,048
Borrowings	11	573,494	196,996
Total current liabilities		1,775,030	860,044
Total liabilities		1,775,030	860,044
Net assets		6,510,733	7,768,376
Equity			
Issued capital	12	22,823,632	21,924,432
Accumulated losses		(19,638,017)	(17,758,144)
Equity attributable to the owners of Chapmans Limited		3,185,614	4,166,288
Non-controlling interest	13	3,325,119	3,602,088
Total equity		6,510,733	7,768,376

The above statement of financial position should be read in conjunction with the accompanying notes

Chapmans Limited
Statement of changes in equity
For the half-year ended 30 June 2017

Consolidated (Restated)	Issued capital \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 January 2016	18,141,394	(12,776,031)	-	5,365,363
Profit/(loss) after income tax expense for the half-year	-	618,954	(3,473)	615,481
Total comprehensive income for the half-year	-	618,954	(3,473)	615,481
Recognition of non-controlling interest	-	-	4,000,000	4,000,000
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,136,950	-	-	1,136,950
Balance at 30 June 2016	<u>19,278,344</u>	<u>(12,157,077)</u>	<u>3,996,527</u>	<u>11,117,794</u>

Consolidated (Restated)	Issued capital \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 January 2017	21,924,432	(17,758,144)	3,602,088	7,768,376
Loss after income tax expense for the half-year	-	(1,879,875)	(276,969)	(2,156,844)
Total comprehensive income for the half-year	-	(1,879,874)	(276,969)	(2,156,843)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	899,200	-	-	899,200
Balance at 30 June 2017	<u>22,823,632</u>	<u>(19,638,018)</u>	<u>3,325,119</u>	<u>6,510,733</u>

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

Chapmans Limited
Statement of cash flows
For the half-year ended 30 June 2017

	Consolidated	
	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from customers	999,800	1,760,000
Payments to suppliers	(1,925,546)	(1,227,696)
Interest and other finance costs paid	(3,099)	(3,076)
	<u>(928,845)</u>	<u>529,228</u>
Net cash from/(used in) operating activities		
Cash flows from investing activities		
Payments for investments	(1,777,241)	(1,286,028)
Proceeds from disposal of investments	889,751	403,586
	<u>(887,490)</u>	<u>(882,442)</u>
Net cash (used in)/from investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	899,200	1,085,618
Proceeds from borrowings	1,072,558	400,000
Repayment of borrowings	(177,758)	(1,036,349)
Loans repaid by directors	-	20,000
	<u>1,794,000</u>	<u>469,269</u>
Net cash from financing activities		
Net decrease/(increase) in cash and cash equivalents	(22,335)	116,055
Cash and cash equivalents at the beginning of the financial half-year	87,519	11,940
Cash and cash equivalents at the end of the financial half-year	<u><u>65,184</u></u>	<u><u>127,995</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Chapmans Limited as a consolidated entity consisting of Chapmans Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Chapmans Limited's functional and presentation currency.

Chapmans Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 10, 52 Phillip Street, Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2017.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period other than the change in accounting policy disclosed in Note 4 to the financial statements.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the half year ended 30 June 2017, the Company made a loss of \$2,156,844 and had a deficiency in net current assets of \$1,591,093 as at that date. However, subsequent to half year end, the Company has completed a capital raise. Additionally, as announced on 16 August 2017, the Company is intending to shortly make a rights offer to shareholders which will raise up to \$1.8 million. The company is confident that they will be able to place any shortfall to this offer in order to raise the full amount and additionally are contemplating the appointment of an underwriter in this regard.

Further the company is expecting an R & D tax refund of \$500,000 upon the lodgement of the tax return for Syn Dynamics Pty Ltd.

In addition, the company has realisable assets in the form of shares in Capital Mining Ltd.

Accordingly, directors are of the opinion company is a going concern & can repay its debts as & when they fall due.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Retrospective restatement

The 31 December 2016 financial report was prepared on the basis that Chapmans is an investment entity. However, the directors have considered this classification and considered this is not the most appropriate classification for Chapmans.

Accordingly, AASB 128 Investments in Associates and Joint Ventures and AASB 10 Consolidated financial statements will be applied to Chapmans' investments where applicable. AASB 3 Business Combinations will apply to acquisitions where applicable.

For other investments, AASB139 will apply, whereby unlisted investments will be accounted for at cost where no quoted price is available or where fair value cannot be reliably measured.

**Note 4. Retrospective restatement
(continued)**

Statement of profit or loss and other comprehensive income

	Consolidated		
Extract	2016 \$ Reported	\$ Adjustment	2016 \$ Restated
Revenue	2,519,858	(759,858)	1,760,000
Expenses			
Impairment of investments	(22,500)	-	(22,500)
Loss on disposal of assets	(19,588)	-	(19,588)
Other expenses	(834,229)	-	(834,229)
Finance costs	(15,175)	-	(15,175)
Share of loss of investments accounted for under the equity method	-	(253,027)	(253,027)
Profit before income tax expense	1,628,366	(1,012,885)	615,481
Income tax expense	-	-	-
Profit after income tax expense for the half-year attributable to the owners of Chapmans Limited	1,628,366	(1,012,885)	615,481
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year attributable to the owners of Chapmans Limited	<u>1,628,366</u>	<u>(1,012,885)</u>	<u>615,481</u>
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	0.2672	(0.2662)	0.0010
Diluted earnings per share	0.2672	(0.2662)	0.0010

Chapmans Limited
Notes to the financial statements
30 June 2017

Note 4. Retrospective restatement
(continued)

Statement of financial position at the end of the earliest comparative period

	2016 \$ Reported	Consolidated \$ Adjustment	2016 \$ Restated
Extract			
Assets			
Current assets			
Cash & cash equivalents	86,709	12,006	98,715
Trade and other receivables	283,410	105,068	388,478
Total current assets	370,119	117,074	437,193
Non-current assets			
Financial assets	10,982,828	(4,959,078)	6,023,750
Investments accounted for under the equity method	-	624,583	624,583
Goodwill	-	1,471,278	1,471,278
Plant & Equipment		21,616	21,616
Total non-current assets	10,982,828	(2,841,601)	8,141,227
Total assets	11,352,947	(2,724,527)	8,628,420
Liabilities			
Current liabilities			
Trade and other payables	150,543	(512,505)	663,048
Borrowings	195,996	(1,000)	196,996
Total current liabilities	346,539	(513,505)	860,044
Total liabilities	346,539	(513,505)	860,044
Net assets	11,006,408	(3,238,032)	7,768,376
Equity			
Issued capital	21,924,432	-	21,924,432
Accumulated losses	(10,918,024)	(6,840,120)	(17,758,144)
Non- Controlling interest	-	3,602,088	3,602,088
Total equity	11,006,408	(3,238,032)	7,768,376

**Note 4. Retrospective restatement
(continued)**

Statement of profit or loss and other comprehensive income

	Consolidated		
Extract	2015 \$ Reported	\$ Adjustment	2015 \$ Restated
Revenue	897,622	(795,941)	101,681
Expenses			
Impairment of investments	(45,000)	45,000	-
Loss on disposal of assets	(396,072)	396,072	-
Other expenses	(2,341,172)	(45,000)	(2,386,172)
Loss before income tax expense	(1,884,622)	(399,869)	(2,284,491)
Income tax expense	-	-	-
Loss after income tax expense for the half-year attributable to the owners of Chapmans Limited	(1,884,622)	(399,869)	(2,284,491)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year attributable to the owners of Chapmans Limited	<u>(1,884,622)</u>	<u>(399,869)</u>	<u>(2,284,491)</u>
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(1.1371)	0.2301	(0.9070)
Diluted earnings per share	(1.1371)	0.2301	(0.9070)

Chapmans Limited
Notes to the financial statements
30 June 2017

Note 5. Operating segments

The Company has one operating segment providing growth capital and advisory services to private and public companies. It earns revenue from gains on revaluation of financial assets held at fair value through profit or loss, fees from the provision of consulting and advisory services and other returns from investment. This operating segment is based on the internal reports that are reviewed and used by the Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The following table illustrates the breakdown of the results of the group:

Consolidated – 30 June 2017

As at 30 June 2017	Chapmans Ltd	Chapmans Opportunities Ltd	Syn Dynamics Pty Ltd	Other	Total
	\$	\$	\$	\$	\$
<i>Revenue</i>	993,200	-	-	-	993,200
Total Revenue	993,200	-	-	-	993,200
<i>Expenses</i>					
Director remuneration	(400,997)	(90,000)	(128,000)	-	(618,997)
Consulting fees	(35,253)	-	(138,653)	-	(173,906)
Other expenses	(547,224)	(498)	(461,045)	-	(1,008,767)
EBITDA	9,726	(90,498)	(727,698)	-	(808,470)
<i>Other expenses and abnormal items</i>					
Share of loss in associates	(784,035)	-	-	-	(784,035)
Impairment of assets	(503,960)	-	-	-	(503,960)
Loss on sale of shares	(57,280)	-	-	-	(57,280)
Finance costs	(3,099)	-	-	-	(3,099)
Loss before income tax expense	(1,338,648)	(90,498)	(727,698)	-	(2,156,844)
<i>Assets</i>					
Entity Assets	2,429,366	5,009,814	96,583	750,000	8,285,763
Total Assets	2,429,366	5,009,814	96,583	750,000	8,285,763
<i>Liabilities</i>					
Entity Liabilities	1,143,753	20,500	610,777	-	1,775,030
Total Liabilities	1,143,753	20,500	610,777	-	1,775,030

Note 6. Revenue

	Consolidated 2017 \$	Restated 2016 \$
<i>Sales revenue</i>		
Consulting and advisory fees	993,200	1,760,000
	<u>993,200</u>	<u>1,760,000</u>

Note 7. Non-current assets - financial assets

	Consolidated 2017 \$	Restated 2016 \$
Investments in listed companies - at fair value	200,000	123,750
Investments in unlisted companies - at cost	5,900,000	5,900,000
	<u>6,100,000</u>	<u>6,023,750</u>

Note 8. Investments accounted for under the equity method

	Consolidated 2017 \$	Restated 2016 \$
Investments in Digital Star Media Pty Ltd	1,875,000	1,200,000
Share in accumulated losses under the equity method	(1,359,452)	(575,417)
	<u>515,548</u>	<u>624,583</u>

Note 9. Goodwill

	Consolidated 2017 \$	Restated 2016 \$
Goodwill acquired on acquisition of Syn Dynamics Pty Ltd	1,471,278	1,471,278
	<u>1,471,278</u>	<u>1,471,278</u>

Note 10. Current liabilities - trade and other payables

	Consolidated 2017 \$	Restated 2016 \$
Trade and other payables and accruals	1,201,536	187,820
	<u>1,201,536</u>	<u>187,820</u>

Note 11. Current liabilities - borrowings

	Consolidated 2017 \$	Restated 2016 \$
External loans payable	425,000	-
Loans from directors	141,894	1,000
Loans from related parties	6,600	195,966
	<u>573,494</u>	<u>196,966</u>

Note 12. Equity - issued capital

	2017 Shares	Consolidated 2016 Shares	2017 \$	2016 \$
Ordinary shares - fully paid	<u>345,000,057</u>	<u>300,000,057</u>	<u>22,823,632</u>	<u>21,924,432</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2017	300,000,057		21,924,432
Issue of shares	14 June 2017	45,000,000	\$0.0200	900,000
Share issue costs		-	-	(800)
Balance	30 June 2017	<u>345,000,057</u>		<u>22,823,632</u>

Note 13. Equity - non-controlling interest

	Consolidated 2017 \$	2016 \$
Issued capital – Chapmans Opportunities Limited	4,000,000	4,000,000
Accumulated losses	<u>(60,603)</u>	<u>(21,251)</u>
	<u>3,939,397</u>	<u>3,978,749</u>
Accumulated losses – Syn Dynamics Pty Ltd	<u>(614,278)</u>	<u>(376,661)</u>
Total Non-controlling interest	<u>3,325,119</u>	<u>3,602,088</u>

Note 14. Contingent liabilities

There were no contingent liabilities as at the date of this report (30 June 2016: Nil).

Note 15. Related party transactions

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2017	2016
	\$	\$
Current borrowings:		
Loan from key management personnel	141,894	121,808
Loan – related party	6,600	-
	<u>148,494</u>	<u>121,808</u>

The loans have been provided by Peter Dykes (\$118,691) and Anthony Dunlop (\$23,203) and have no fixed term. These loans do not attract any interest.

Note 16. Events after the reporting period

On 11 August 2017, the Company announced the appointment of Dato' Muhamad Adlan bin Berhan as an Executive Director to the board of Chapmans Limited.

On 21 August 2017, the Company issued 400,000,000 Shares at an issue price of \$0.005 per Share to raise \$2,000,000. These Shares were issued pursuant to the placement approved by shareholders on 28 July 2017.

On 29 August 2017, the Company announced that it had entered into a Binding Heads of Agreement (HoA) with MJ Life Sciences Pty Ltd (MJLS), to make a strategic investment of US\$500,000 in MJLS. MJLS is an Australian special-purpose company established with the aim of becoming a leading global medicinal cannabis holding and investment company. Chapmans' initial investment in MJLS is subject to completion of due diligence on MJLS by Chapmans to Chapmans satisfaction, and a Shareholders Agreement being agreed within 30 days of this HoA being executed by both parties.

No other matters or circumstances have arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 17. Earnings per share

	Consolidated	
	2017	2016
	\$	\$
(Loss)/profit after income tax	(2,516,844)	615,481
Non-controlling interest	276,969	3,473
(Loss)/profit after income tax attributable to the owners of Chapmans Limited	<u>(1,879,874)</u>	<u>618,954</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>345,000,057</u>	<u>610,831,506</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>345,000,057</u>	<u>610,831,506</u>
	Cents	Cents
Basic earnings per share	(0.0071)	0.0010
Diluted earnings per share	(0.0071)	0.0010

Chapmans Limited
Directors' declaration
30 June 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Dykes
Executive Chairman

4 September 2017

**CHAPMANS LIMITED
ACN 000 012 386
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
CHAPMANS LIMITED**

SYDNEY
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Sydney NSW 2000
Australia

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Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Chapmans Limited, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Chapmans Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Chapmans Limited's financial position as at 30 June 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Chapmans Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Chapmans Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of Chapmans Limited's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the group incurred a net loss of \$2,156,844 during the half-year ended 30 June 2017 and, as of that date, the group's current liabilities exceeded its current assets by \$1,591,092. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb

Graham Webb
Partner
Date: 4 September 2017