

5 December 2018


The Manager
Company Announcements
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Chapmans Ltd (ASX: CHP)
Second Supplementary Prospectus

Chapmans Ltd (**Company**) wishes to advise of the lodgment of a second Supplementary Prospectus (**Second Supplementary Prospectus**) with the Australian Securities and Investment Commission (**ASIC**) on 5 December 2018.

This document supplements, and should be read together with the Prospectus lodged with ASIC by the Company on 28 November 2018 (**Prospectus**) and the Supplementary Prospectus lodged with ASIC by the Company on 28 November 2018 (**First Supplementary Prospectus**). The Second Supplementary Prospectus has been issued to clarify or provide further details with regards to information already disclosed within the Prospectus and First Supplementary Prospectus.



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Level 12, 95 Pitt Street
Sydney NSW 2000 Australia
T +61 2 8079 2939


Malaysian Office
100-5.005, Block J, 129 Offices, Jaya One No 72A,
Jalan Universiti 46200 Petaling Jaya Selangor, Kuala Lumpur
T +60 3 7932 4039

A copy of the Second Supplementary Prospectus is attached to this announcement and will be provided on the Company's website at www.chapmanslimited.com.

Yours faithfully



Peter Dykes
Executive Chairman



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Chapmans Limited
ABN 34 000 012 386
Second Supplementary Prospectus



Peter Dykes, Executive Chairman and
Company Secretary
5 December 2018

IMPORTANT INFORMATION

This second supplementary prospectus (**Second Supplementary Prospectus**) of Chapmans Limited ABN 34 000 012 386 (**Company**) is dated 5 December 2018 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

This Second Supplementary Prospectus supplements the prospectus dated 28 November 2018 and lodged with ASIC on that date (**Prospectus**) and the supplementary prospectus dated 28 November 2018 and lodged with ASIC on that date (**First Supplementary Prospectus**), and must be read together with the Prospectus and the First Supplementary Prospectus. If there is any inconsistency between the Prospectus, the First Supplementary Prospectus and this Second Supplementary Prospectus, this Second Supplementary Prospectus prevails.

Terms used but not defined in this Second Supplementary Prospectus have the meanings given in section 12 of the Prospectus. ASIC and the ASX take no responsibility for the contents of this Second Supplementary Prospectus, the First Supplementary Prospectus or the Prospectus.

This Second Supplementary Prospectus will be issued with the Prospectus and First Supplementary Prospectus and may be accessed on the Company's website at www.chapmanslimited.com.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

1 REASONS FOR THIS SECOND SUPPLEMENTARY PROSPECTUS

By this Second Supplementary Prospectus, the Company makes the amendments to the Prospectus as set out in section 2 below for the purpose of supplying information to Eligible Shareholders in relation to a non-renounceable pro-rata Entitlement Offer of 1 New Share for every 2 Shares held at the Record Date and an offer of Shortfall Shares to Eligible Shareholders and others. The amendments to the Prospectus outlined in section 2 below should be read in conjunction with the Prospectus (as amended by section 2).

2 AMENDMENT TO THE PROSPECTUS

In section 7.3(b) of the Prospectus ("Pro-forma Balance Sheet"), the text on page 23 of the Prospectus is amended to state:

The reviewed balance sheet as at 30 June 2018 and the unaudited pro-forma balance sheet as at 30 June 2018 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming that all Entitlements are accepted, including expenses of the Offer, and no additional Shares were issued on or before the Record Date.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

In section 7.3(b) of the Prospectus ("Pro-forma Balance Sheet"), the balance sheet on page 24 of the Prospectus is replaced by the following balance sheet:

	30 June 2018	Adjustments in relation to the Previous Issues	Adjustments related to the Offer	Unaudited Pro Forma 30 June 2018
	\$	\$	\$	\$
Current Assets				
Cash assets	11,147	1,366,250	650,000	2,027,397
Trade and other receivables	199,862	-	-	199,862
Total Current Assets	211,009	1,366,250	650,000	2,227,259
Non-Current Assets				
Financial assets	3,845,415	-	-	3,845,415
Investments accounted for under the equity method	626,509	-	-	626,509
Total Non-Current Assets	4,471,924	-	-	4,471,924
TOTAL ASSETS	4,682,933	1,366,250	650,000	6,699,183
Current Liabilities				
Trade and other payables	1,188,890	-	-	1,188,890
Borrowings	30,000	-	-	30,000
Total Current Liabilities	1,218,890	-	-	1,218,890
Non-Current Liabilities				
Borrowings	-	-	-	-
Total Current Liabilities	-	-	-	-
TOTAL LIABILITIES	1,218,890	-	-	1,218,890
NET ASSETS	3,464,043	1,366,250	650,000	5,480,293
EQUITY				
Contributed equity	31,292,971	1,366,250	650,000	33,309,221
Accumulated losses	(27,611,774)	-	-	(27,611,774)
Reserves	117,502	-	-	117,502
Equity Attributable to owners of Chapmans Ltd	3,798,699	1,366,250	650,000	5,814,949
Non controlling interest	(334,656)	-	-	(334,656)
TOTAL EQUITY	3,464,043	1,366,250	650,000	5,480,293

A new section 9.1(f) is inserted into the Prospectus which states the following:

Material uncertainty related to going concern

The Company's Auditor, Nexia Sydney Audit Pty Ltd, has noted in its Independent Auditor's Review Report to the Members of Chapmans Limited dated 31 August 2018, located on pages 22 to 23 of the Company's Interim Report dated 30 June 2018, a material uncertainty related to the going concern of the Company. The Auditor stated:

"We draw attention to Note 1 in the financial report, which highlights that the Group incurred a net loss of \$4,111,811 and net cash outflows of \$1,422,475 during the half-year ended 30 June 2018. The Group had net current liabilities of \$1,007,881 at period end. As stated in Note 1, these events or conditions, along with other matters as set forth in Note

1, 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."

Investors should be aware of this statement when considering an investment in the Company. In the opinion of the Company, its current intention is to raise funds through this Offer, which will enable the Company to continue as a going concern. The Company will also continue to fund its working capital requirements on an ongoing basis from fees generated from advisory mandates, the sale of existing investments and via a combination of equity and/or debt raisings from professional and sophisticated investors (and to the extent that any approvals are required in this regard, such approvals will be obtained by the Company).

Further, the Company has undertaken and implemented procedures to reduce its ongoing costs (and therefore its cash outflows). Such procedures include, for example, reducing Directors' fees. However, there is no guarantee that the Company will be able to raise enough funds from the above stated actions and accordingly investors should consider this when making an investment decision in relation to the Offer.

The Company anticipates that the funds raised from the Offer will last 4 months. This is because the Company intends to allocate the majority of the funds raised to the payment of existing trade creditors as stated in Section 7.1 of the Prospectus.

3 ACTIONS REQUIRED BY INVESTORS

Prospective investors should consider the above when making a decision as to whether or not they participate in the Offer.

4 CONSENT OF DIRECTORS

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. Each of the Directors of the Company has consented to the lodgement of this Second Supplementary Prospectus with ASIC.

Signed for and on behalf of the company:



Peter Dykes
Executive Chairman

Dated: 5 December 2018