

CHAPMANS LIMITED

A.C.N. 000 012 386

Level 10, 52 Phillip Street, Sydney GPO Box 4988, Sydney NSW 2001

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APPENDIX 4D

HALF-YEAR REPORT

(given to the Australian Securities Exchange under Listing Rule 4.2A)

1. Reporting period - Half-year ended 30 June 2014

The previous corresponding report period is the Half-Year ended 30 June 2013.

2. Results for announcement to the Market change	2014	2013	%
	\$	\$	
Revenue from ordinary activities	594,301	52,616	up 1030%
Net Loss before tax from ordinary activities attributable to members	829,183	410,350	up 102%
Net Loss after tax attributable to members	829,183	410,350	up 102%

Brief explanation of reported figures:

Revenue was up 1030% to 594,301 from \$52,616 and Net Loss after tax was \$829,183 up 102%.

3. Net Tangible Asset backing per share	2014	2013
	\$0.017	\$0.017

4. Dividends

No dividend has been paid or declared.

It is not proposed to pay or declare a dividend at this time.

5. Audit review

The attached financial statements have been reviewed.

CHAPMANS LIMITED

A.C.N. 000 012 386

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2014

Your Directors present the financial statements of the consolidated entity for the half-year ended 30 June 2014.

1. REVIEW AND RESULTS OF OPERATIONS

The principal activities of the group during the period were as a specialist investment and finance 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 characterized 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

During the period, the following significant activities occurred:

- On 25 February 2014 the company announced that it had entered into a commercial loan facility with a private lender for debt financing of up to \$2,000,000;
- On 14 March 2014 the company issued 287.5M shares to raise \$575,000 in new capital;
- On 30 April 2014 the company invested \$1M in Tempo Australia Limited at 5.25c per share for 19,047,619 shares;
- On 4 June 2014 the company issued 402.5M shares to raise \$805,000 in new capital;
- On 13 June 2014 the company acquired a further 10,467,434 shares in Tempo Australia Limited (ASX:TPP) shares at 5.7c per share for \$600,000;
- On 27 June 2014 the company announced a 1:10 consolidation of capital.

2. DIRECTORS

The names of the Directors who have been Directors at any time during or since the end of the half-year are:

Name:

Peter Dykes	Appointed 8 June 2012
Anthony Dunlop	Appointed 4 November 2013
Bruce Burrell	Appointed 29 September 2011

3. 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 on page 2.

Signed in accordance with a resolution of the Directors.



Peter Dykes
Director

Sydney
27 August 2014

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Chapmans Limited:

As auditor for the review of Chapmans Limited for the half-year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Chapmans Limited and the entities it controlled during the period.

I J Lamb & Co
Chartered Accountants

I J Lamb
Partner
Sydney
27 August 2014



CHAPMANS LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2014

		30 June 2014 \$	30 June 2013 \$
Revenues		594,301	52,616
Operating expenses		(1,214,936)	(215,773)
Finance costs		(44,850)	(159)
Loss before significant items and income tax		(665,485)	(163,316)
Significant items	2	(163,698)	(247,034)
Loss before income tax		(829,183)	(410,350)
Income tax		-	-
Loss for the year		(829,183)	(410,350)
Other comprehensive income/(loss): Net decrease in Fair Value Reserve		972,754	8,229
Total comprehensive income/(loss)		<u>143,571</u>	<u>(402,121)</u>
Profit/(Loss) attributable to:			
Owners of the parent entity		(829,183)	(410,350)
Non-controlling interests		-	-
		<u>(829,183)</u>	<u>(410,350)</u>
Comprehensive income/(loss) attributable to:			
Owners of the parent entity		143,571	(402,121)
Non-controlling interests		-	-
		<u>143,571</u>	<u>(402,121)</u>
Earnings per share			
Basic earnings/(loss) per share	6	(0.014)	(0.0017)
Diluted earnings/(loss) per share	6	(0.014)	(0.0017)

The Consolidated Statement of Comprehensive Income should be read
in conjunction with the accompanying Notes

CHAPMANS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2014

		30 June 2014 \$	31 December 2013 \$
Current assets			
Cash and cash equivalents		63,282	1,918,647
Available for sale financial assets	3	3,403,812	649,006
Trade and other receivables	4	410,000	33,083
		-----	-----
Total current assets		<u>3,877,094</u>	<u>2,600,736</u>
Non current assets			
Investment in Profit Share		200,000	200,000
Property plant and equipment		1,000	1,000
Deferred tax assets		311,600	311,600
		-----	-----
Total non current assets		512,600	512,600
		-----	-----
Total assets		<u>4,389,694</u>	<u>3,113,336</u>
Current liabilities			
Trade and other payables		386,330	565,671
Borrowings		1,742,473	1,810,345
		-----	-----
Total current liabilities		2,128,803	2,376,016
		-----	-----
Total liabilities		2,128,803	2,376,016
		-----	-----
Net assets		<u>2,260,891</u>	<u>737,320</u>
Equity			
Capital and Reserves attributable to			
Share capital	5	14,333,894	12,953,894
		-----	-----
Reserves		706,154	(266,600)
Accumulated losses		(12,779,157)	(11,949,974)
		-----	-----
Total equity		<u>2,260,891</u>	<u>737,320</u>

CHAPMANS LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY				
	Share Capital	Reserves	Accumulated Losses	Non-controlling Interests	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2014	12,953,894	(266,600)	(11,949,974)	-	737,320
Total comprehensive income/(loss)	-	972,754	(829,183)	-	143,571
Share issues	1,380,000	-	-	-	1,380,000
Balance at 30 June 2014	<u>14,333,894</u>	<u>706,154</u>	<u>12,779,157</u>	<u>-</u>	<u>2,260,891</u>
Balance at 1 January 2013	11,523,893	(20,218)	(10,645,130)	(126,407)	732,138
Total comprehensive income/(loss)	-	8,229	(410,350)	-	(402,121)
Share issues	50,000	-	-	-	50,000
Balance at 30 June 2013	<u>11,573,893</u>	<u>(11,989)</u>	<u>(11,055,480)</u>	<u>(126,407)</u>	<u>380,017</u>

The above Consolidated Statement of Changes in Shareholders' Equity
should be read in conjunction with the accompanying Notes

CHAPMANS LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

	30 June 2014 \$	30 June 2013 \$
Cash flows from operating activities		
Revenue - Advisory Fees	594,301	45,500
Operating expenses	(1,695,076)	(269,585)
	-----	-----
Net cash from/(used in) operating activities	(1,100,775)	(224,085)
	-----	-----
Cash flows from investing activities:		
Dividends received	-	148
Payments for investments	(1,782,052)	(25,835)
Proceeds from sale of investments	125,334	20,465
	-----	-----
Net cash from/(used in) investing activities	(1,656,718)	(5,222)
	-----	-----
Cash flows from financing activities:		
Proceeds from issue of shares	1,380,000	50,000
Proceeds from/(repayment) of borrowings	(67,872)	204,793
Loans issued	(410,000)	-
	-----	-----
Net cash from/(used in) financing activities	902,128	254,793
	-----	-----
Net increase in cash held	(1,855,365)	25,486
Cash at the beginning of the financial period	1,918,647	86,932
	-----	-----
Cash at the end of the financial period	<u>63,282</u>	<u>112,418</u>

The above Consolidated Statement of Cash Flows
should be read in conjunction with the accompanying Notes

CHAPMANS LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2014

NOTE 1. Summary of significant accounting policies

The accounting policies adopted in the preparation of the financial report of the consolidated entity consisting of Chapmans Limited and its subsidiaries are the same as those used in the 31 December 2013 financial statements.

1.1 Basis of preparation

This financial report for the half-year ended 30 June 2014 is a general purpose financial report which has been prepared in accordance with AASB 134, Interim Financial Reporting, Australian Accounting Standards (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the Corporations Act 2001.

The interim report does not include full disclosures of the type normally included in an annual financial report. It should be read in conjunction with the annual financial report for the year ended 31 December 2013 and any public announcements made during the half-year under the continuous disclosure obligations.

The consolidated interim financial report has been prepared under the historical cost convention, except for available for sale financial assets that are measured at fair value.

1.2 Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and the International Financial Reporting Standards as issued by the International Accounting Standards Board.

NOTE	SIGNIFICANT ITEMS	30 June 2014	30 June 2013
		\$	\$
2.			
	Loss on sale of investments	(163,698)	(245,034)
	Provision for unlisted investments	-	(2,000)
		-----	-----
		(163,698)	(247,034)
		-----	-----
NOTE	AVAILABLE FOR SALE FINANCIAL ASSETS	30 June 2014	31 December 2013
		\$	\$
3.	Current		
	Shares in corporations listed on stock exchanges at quoted market value	3,403,812	649,006
		=====	=====

**CHAPMANS LIMITED
AND CONTROLLED ENTITIES**

NOTE	TRADE & OTHER RECEIVABLES		
4.	Current		
	Loans – other	410,000	33,083
		-----	-----
		410,000	33,083
		=====	=====
NOTE	SHARE CAPITAL	\$	\$
5.	115,000,000 (2013 – 24,875,000)		
	Ordinary fully paid shares	14,333,894	11,573,893
		=====	=====
		30 June	30 June
		2014	2013
NOTE	EARNINGS PER SHARE	\$	\$
6.			
	Basic earnings/(loss) per share	(\$0.014)	(\$0.0017)
	Diluted earnings/(loss) per share	(\$0.014)	(\$0.0017)
	Net loss used to calculate earnings/(loss) per share	(829,183)	(410,350)
		=====	=====
	Number of weighted ordinary shares used in calculation of basic earnings (loss) per share	61,209,677	24,457,182
		=====	=====
NOTE	SEGMENT INFORMATION		
7.			
	Revenues - interest	12,840	6,968
	- Advisory Fees	581,461	45,500
	- dividends	-	148
		-----	-----
		594,301	52,616
		=====	=====
	Results (Loss)	(829,183)	(410,350)
		=====	=====

The group's revenue and results are predominantly from operations in the investment sector in Australia.

**CHAPMANS LIMITED
AND CONTROLLED ENTITIES**

NOTE SIGNIFICANT SUBSEQUENT EVENTS

8.

The following significant events occurred:

- On the 11 August 2014 the 10:1 consolidation of capital was completed. The number of shares on issue is 115,000,000; and
- On 26 August 2014 the company invested \$750,000 for a 15% in Digial4ge Pty Ltd.

**CHAPMANS LIMITED
AND CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 9 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Peter Dykes
Director

Sydney
27 August 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chapmans Limited:

I have reviewed the accompanying half-year financial report of Chapmans Limited ("the Company") which comprises the consolidated balance sheet as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the Directors' Declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my 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, I have become aware of any matter that makes me believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2014 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 I 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 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 I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of my procedures, my review was not designed to provide assurance on internal controls. My review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting my review, I have complied with the independence requirements of the *Corporations Act 2001*. I have given the Directors of the company a written Auditor's Independence Declaration.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

I J Lamb & Co
Chartered Accountants

I J Lamb
Partner

Sydney
27 August 2014

