

**Chapmans Limited**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity:	Chapmans Limited
ACN:	000 012 386
Reporting period:	For the year ended 31 December 2015
Previous period:	For the year ended 31 December 2014

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	0.1% to	961,190
Loss from ordinary activities after tax attributable to the owners of Chapmans Limited	up	47.0% to	(3,140,525)
Loss for the year attributable to the owners of Chapmans Limited	up	47.0% to	(3,140,525)
		<b>31 December 2015</b>	<b>31 December 2014</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(1.247)	(3.489)
Diluted earnings per share		(1.247)	(3.489)

*Dividends*

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

*Comments*

The loss for the consolidated entity after providing for income tax amounted to \$3,140,525 (31 December 2014: \$2,135,782).

On 19 February 2015, the company issued 67,750,000 shares at 1 cent and 50,000,000 shares at 0.5 cents per share.

On 20 February 2015, the company disposed of its remaining 28,896,750 shares in Tempo Australia Limited for \$1,200,000. The funds were used to repay the secured debt.

On 1 May 2015, the company issued 37,500,000 shares at 0.2 cents per share.

On 19 May 2015, the company received an initial advance of \$200,000 from Hannas Contracting Services Pty Ltd pursuant to a secured Loan Agreement. Under the terms of the Loan Agreement, a total of up to \$1,200,000 may be advanced to the Company and the Loan Amount or any part thereof advanced to the Company will bear interest at a rate of 1.5% per month. The Loan Amount is repayable in full on 18 November 2015.

On 29 May 2015, the company issued 600,000,000 shares at 0.2 cents per share.

On 3 June 2015, the company issued 250,000,000 shares at 0.2 cents per share.

On 5 June 2015, the company settled its disputes with the secured creditor and paid a further amount of \$1,300,000 to finalise the matter.

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On 9 July 2015, Reffind Ltd (RFN) listed on the ASX. Chapmans has a 7.2% 'look-through' interest in RFN, by virtue of its 15% holding in leading Australian technology commercialisation company, Digital4ge. RFN was founded by Digital4ge and Digital4ge has a 48% interest in RFN.

On 16 July 2015, the company acquired 40% in Digital Star Media Holdings Pty Ltd. Under the agreement with Digital Star Media, the company will make an initial strategic investment of \$700,000 over 12 months. The company will also provide strategic and corporate advice to Digital Star Media to help commercialise its business model.

On 20 July 2015, the company issued 127,500,000 shares at 0.3 cents per share.

On 28 July 2015, the company made a strategic investment in Capital Mining Limited (ASX: CMY). Chapmans has invested \$77,500 in Capital Mining via the issue of 155 million Capital Mining shares at \$0.0005 per share, giving Chapmans a 10.44% equity holding in CMY.

On 29 July 2015, the company announced an offer to eligible shareholders to participate in a non-underwritten share purchase plan (SPP) to raise up to A\$500,000 at \$0.003 per share.

On 12 August 2015, the company entered into an underwriting agreement with Capital Mining Limited for a non-renounceable entitlement offer (Offer) to shareholders in Capital Mining Limited (ASX: CMY), which will raise approximately \$1.48 million before costs. Under the terms of the Underwriting Agreement, the company will receive a management fee of 2% of the amount raised under the Offer, and an underwriting fee of 4% of the amount raised under the Offer.

On 26 August 2015, the company issued 166,666,665 shares at \$0.003 per share to raise \$500,000 pursuant to the Share Purchase Plan.

On 3 November 2015, the company announced the establishment of a share sale facility for holders of less than a marketable parcel (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) of the Company's shares.

On 23 December 2015, the company announced the incorporation of Chapmans Opportunities Limited (COL), a company which would be an investment entity that makes non-controlling investments in small to medium Australian companies, predominantly providing active expansion capital in the mobile technology sector.

On 22 February 2016, the company announced that Digital Star Media (an entity that the company owns 40%) would raise \$3M at a pre-money valuation of \$12 million.

On 24 February 2016, the company announced that Chapmans Opportunities Limited would raise \$7 million in pre-IPO funding.

On 25 February 2016, the company announced that Chapmans Opportunities Limited would invest \$2 million in SkyFii Limited (SKF).

On 29 February 2016, the company announced that Chapmans Opportunities Limited would invest \$1.75 million in Whizz Technologies Pty Ltd (Whizz).

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.03</u>	<u>0.04</u>

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**4. Control gained over entities**

Not applicable.

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## 5. Loss of control over entities

Not applicable.

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## 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.

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## 7. Dividend reinvestment plans

Not applicable.

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## 8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Digital Star Media Holdings Pty Limited	40.00%	-	(251,307)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			(251,307)	-
Income tax on operating activities			-	-

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## 9. Foreign entities

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

Not applicable.

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## 10. Audit qualification or review

The financial statements are in the process of being audited.

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## 11. Attachments

The Preliminary Financial Report of Chapmans Limited for the year ended 31 December 2015 is attached.

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**12. Signed**

A handwritten signature in black ink, appearing to be 'PD' followed by a horizontal flourish.

Signed \_\_\_\_\_

Peter Dykes  
Executive Chairman

Date: 29 February 2016

**Chapmans Limited**

**ACN 000 012 386**

**Preliminary Financial Report - 31 December 2015**

**Chapmans Limited**  
**Corporate directory**  
**31 December 2015**

Directors	Peter Dykes Anthony Dunlop Chris Newport (appointed 29 May 2015) Bruce Burrell (resigned 24 April 2015) Craig Seymour (appointed 19 February 2015 and resigned 29 May 2015)
Company secretary	Peter Dykes
Registered office	Level 10, 52 Phillip Street, Sydney NSW 2000
Principal place of business	Level 10, 52 Phillip Street, Sydney NSW 2000
Share register	Security Transfer Registrars Pty Limited
Auditor	I J Lamb & Co
Solicitors	Thompson Geer Lawyers
Bankers	Australia and New Zealand Banking Group Limited
Stock exchange listing	Chapmans Limited shares are listed on the Australian Securities Exchange (ASX code: CHP)
Website	<a href="http://www.chapmansltd.com">www.chapmansltd.com</a>

**Chapmans Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	1	961,190	960,115
Share of losses of associates accounted for using the equity method	2	(251,307)	-
Other income	3	109,549	-
<b>Expenses</b>			
Director remuneration		(564,529)	(550,133)
Consultancy fees	4	(1,889,872)	(978,799)
Depreciation and amortisation expense		(333)	(333)
Impairment of investments		(222,667)	(518,056)
Loss on disposal of assets	4	-	(271,399)
Other expenses	4	(1,238,201)	(385,519)
Finance costs	4	(44,355)	(391,658)
<b>Loss before income tax expense</b>		<b>(3,140,525)</b>	<b>(2,135,782)</b>
Income tax expense	5	-	-
<b>Loss after income tax expense for the year attributable to the owners of Chapmans Limited</b>		<b>(3,140,525)</b>	<b>(2,135,782)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of available-for-sale financial assets, net of tax		(96,500)	(154,471)
Other comprehensive income for the year, net of tax		(96,500)	(154,471)
<b>Total comprehensive income for the year attributable to the owners of Chapmans Limited</b>		<b>(3,237,025)</b>	<b>(2,290,253)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	21	(1.247)	(3.489)
Diluted earnings per share	21	(1.247)	(3.489)

*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 31 December 2015**

		<b>Consolidated</b>	
		<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	11,940	6,418
Trade and other receivables	7	22,500	100,000
Available-for-sale financial assets	8	1,338,145	2,645,331
Other	9	-	100,000
Total current assets		<u>1,372,585</u>	<u>2,851,749</u>
<b>Non-current assets</b>			
Investments accounted for using the equity method	10	448,693	-
Other financial assets	11	-	200,000
Property, plant and equipment	12	2,013	667
Deferred tax	13	311,600	311,600
Total non-current assets		<u>762,306</u>	<u>512,267</u>
<b>Total assets</b>		<u>2,134,891</u>	<u>3,364,016</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	363,595	244,126
Borrowings	15	924,331	2,931,065
Other	16	449,424	139,259
Total current liabilities		<u>1,737,350</u>	<u>3,314,450</u>
<b>Total liabilities</b>		<u>1,737,350</u>	<u>3,314,450</u>
<b>Net assets</b>		<u>397,541</u>	<u>49,566</u>
<b>Equity</b>			
Issued capital	17	18,141,394	14,556,394
Reserves	18	(121,500)	(421,072)
Accumulated losses		<u>(17,622,353)</u>	<u>(14,085,756)</u>
<b>Total equity</b>		<u>397,541</u>	<u>49,566</u>

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



**Chapmans Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2015**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 January 2014	12,953,894	(266,600)	(11,949,974)	737,320
Loss after income tax expense for the year	-	-	(2,135,782)	(2,135,782)
Other comprehensive income for the year, net of tax	-	(154,472)	-	(154,472)
Total comprehensive income for the year	-	(154,472)	(2,135,782)	(2,290,254)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 17)	1,602,500	-	-	1,602,500
Balance at 31 December 2014	<u>14,556,394</u>	<u>(421,072)</u>	<u>(14,085,756)</u>	<u>49,566</u>
	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 January 2015	14,556,394	(421,072)	(14,085,756)	49,566
Loss after income tax expense for the year	-	-	(3,140,525)	(3,140,525)
Other comprehensive income for the year, net of tax	-	299,572	(396,072)	(96,500)
Total comprehensive income for the year	-	299,572	(3,536,597)	(3,237,025)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 17)	3,585,000	-	-	3,585,000
Balance at 31 December 2015	<u>18,141,394</u>	<u>(121,500)</u>	<u>(17,622,353)</u>	<u>397,541</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 year ended 31 December 2015**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		220,506	692,961
Payments to suppliers (inclusive of GST)		(2,746,763)	(2,321,164)
		(2,526,257)	(1,628,203)
Interest received		27	17,153
Interest and other finance costs paid		(42,760)	(302,398)
GST refunds		9,245	21,624
Net cash used in operating activities		(2,559,745)	(1,891,824)
<b>Cash flows from investing activities</b>			
Payments for investments		(295,028)	(3,023,056)
Proceeds from disposal of investments		754,950	493,681
Net cash from/(used in) investing activities		459,922	(2,529,375)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	17	3,585,000	1,602,500
Proceeds from / (repayment of) borrowings - unsecured		(418,918)	341,815
Proceeds from / (repayment of) borrowings - secured		(1,060,737)	564,655
Net cash from financing activities		2,105,345	2,508,970
Net increase/(decrease) in cash and cash equivalents		5,522	(1,912,229)
Cash and cash equivalents at the beginning of the financial year		6,418	1,918,647
Cash and cash equivalents at the end of the financial year	6	<u>11,940</u>	<u>6,418</u>

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

**Chapmans Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 1. Revenue**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
<i>Sales revenue</i>		
Revenue from sales of shares	61,737	38,184
Consulting and advisory fees	570,000	824,778
Underwriting fees	289,509	-
	<u>921,246</u>	<u>862,962</u>
<i>Other revenue</i>		
Interest	681	17,153
Other revenue	39,263	80,000
	<u>39,944</u>	<u>97,153</u>
Revenue	<u><u>961,190</u></u>	<u><u>960,115</u></u>

**Note 2. Share of losses of associates accounted for using the equity method**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Share of profit/(loss) - associates	<u>(251,307)</u>	<u>-</u>

**Note 3. Other income**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Gain on disposal of assets	<u>109,549</u>	<u>-</u>

**Note 4. Expenses**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable	44,355	391,658
<i>Loss on disposal</i>		
Loss on disposal of investments	-	271,399
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	26,534	21,677
<i>Superannuation expense</i>		
Defined contribution superannuation expense	28,500	33,800
<i>Other significant expenses</i>		
Legal & Professional fees	937,627	175,274
Consultancy fees	1,889,872	978,799
Total other expenses	2,827,499	1,154,073

**Note 5. Income tax benefit**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax expense	(3,140,525)	(2,135,782)
Tax at the statutory tax rate of 30%	(942,158)	(640,735)
Current year temporary differences not recognised	942,158	640,735
Income tax benefit	-	-

**Note 6. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	11,940	6,418

**Note 7. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
External loans receivable	22,500	100,000

**Note 8. Current assets - available-for-sale financial assets**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Investments in listed companies - at fair value	438,145	1,815,331
Investments in unlisted companies - at cost	900,000	830,000
	<u>1,338,145</u>	<u>2,645,331</u>

**Note 9. Current assets - other**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Other deposits	-	100,000

**Note 10. Non-current assets - investments accounted for using the equity method**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Investment in associate - Digital Star Media Pty Limited	448,693	-

Refer to note 20 for further information on interests in associates.

**Note 11. Non-current assets - other financial assets**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Investment in profit share venture	-	200,000

**Note 12. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Office equipment - at cost	19,066	17,386
Less: Accumulated depreciation	(17,053)	(16,719)
	<u>2,013</u>	<u>667</u>

**Note 13. Non-current assets - deferred tax**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Deferred tax asset	<u>311,600</u>	<u>311,600</u>

**Note 14. Current liabilities - trade and other payables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Trade payables	160,595	244,126
Payable to related party	203,000	-
	<u>363,595</u>	<u>244,126</u>

**Note 15. Current liabilities - borrowings**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Director loans	34,931	241,805
External loans payable	889,400	2,689,260
	<u>924,331</u>	<u>2,931,065</u>

**Note 16. Current liabilities - other**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Other payables	<u>449,424</u>	<u>139,259</u>

**Note 17. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>1,431,666,665</u>	<u>132,250,000</u>	<u>18,141,394</u>	<u>14,556,394</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 January 2014	460,000,000		12,953,894
Issue of shares	14 March 2014	287,500,000	\$0.002	575,000
Issue of shares	4 June 2014	402,500,000	\$0.002	805,000
Issue of shares	17 September 2014	5,000,000	\$0.020	100,000
Issue of shares	11 November 2014	12,250,000	\$0.010	122,500
Share consolidation 10:1		<u>(1,035,000,000)</u>	\$0.000	-
Balance	31 December 2014	132,250,000		14,556,394
Issue of shares	19 February 2015	67,750,000	\$0.010	677,500
Issue of shares	19 February 2015	50,000,000	\$0.005	250,000
Issue of shares	1 May 2015	37,500,000	\$0.002	75,000
Issue of shares	29 May 2015	600,000,000	\$0.002	1,200,000
Issue of shares to directors	3 June 2015	250,000,000	\$0.002	500,000
Issue of shares - placement	20 July 2015	127,500,000	\$0.003	382,500
Issue of shares - share purchase plan	26 August 2015	<u>166,666,665</u>	\$0.003	<u>500,000</u>
Balance	31 December 2015	<u>1,431,666,665</u>		<u>18,141,394</u>

*Share buy-back*

There is no current on-market share buy-back.

**Note 18. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Available-for-sale reserve	<u>(121,500)</u>	<u>(421,072)</u>

*Available-for-sale reserve*

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

**Note 19. Equity - dividends**

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

**Note 20. Interests in associates**

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2015	31 December 2014
		%	%
Digital Star Media Pty Limited	Australia	40.00%	-

**Note 21. Earnings per share**

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Loss after income tax attributable to the owners of Chapmans Limited	<u>(3,140,525)</u>	<u>(2,135,782)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>251,771,233</u>	<u>61,209,677</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>251,771,233</u>	<u>61,209,677</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.247)	(3.489)
Diluted earnings per share	(1.247)	(3.489)