# Chapmans Limited

**ACN 000 012 386**

# Annual Report - 31 December 2015

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

| | |
|---|---|
| Directors | Peter Dykes<br>Anthony Dunlop<br>Chris Newport (appointed 29 May 2015)<br>Bruce Burrell (resigned 24 April 2015)<br>Craig Seymour (appointed 19 February 2015 and resigned 29 May 2015) |
| Company secretary | Peter Dykes |
| Notice of annual general meeting | The details of the annual general meeting of Chapmans Limited are: |
| 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 | www.chapmansltd.com |

The board of the company is committed to having the highest standards of ethical behavior together with an effective system of corporate governance for Chapmans Limited commensurate with the size of the Company and the scope of its business operations.

In accordance with ASX Listing Rule 4.10.3, set out below is the ASX Corporate Governance Council's eight principles of corporate governance (ASX Governance Principles) and described against each is how the board has applied each principle and the recommendations set out within them.

The Company is fully supportive of the 'if not, why not' disclosure based approach to governance adopted by the ASX Governance Principles because, inter alia, they recognize there is no single model of corporate governance and that good corporate governance practice is not restricted to adopting all the recommendations.

The board has adopted and complied with most of the recommendations but there are a number of recommendations that the board, after careful review, have not adopted. Full details of these, together with an explanation of why an alternate and more appropriate approach has been taken by the Board, are set out in the following statement.

**Principle 1: Laying Solid Foundations for Management and Oversight**

Compliance with this Principle requires the Company to establish and disclose the respective roles and responsibilities of both the board and management.

**Role of the Board**

The Company's overall corporate objective, as determined by the board, is to provide shareholders with attractive investment returns principally through enhancement of capital.

In this regard, the Company's primary goals are:

- to be profitable and pay dividends which, over time, grow faster than the rate of inflation; and
- to provide attractive total returns over the medium to long term.

The role of the board supports the corporate objectives of the Company. The board generally sets objectives and goals for the operation of the Company, oversees the Company's management, reviews the Company's performance on a regular basis and monitors its affairs in the best interests of the Company. The board is accountable to its shareholders as owners of the Company.

The board operates under a board charter, which documents the role of the board outlined above and the matters that the board has reserved to itself. Those matters include:

- setting the corporate objectives of the Company and approving business strategies and plans of the Company set in place to meet those objectives:
- approving the expense budget at least annually;
- approving changes to the Company's capital structure and dividend policy;
- appointing and removing the CEO/Managing Director and carrying out succession planning for the CEO/Managing Director as applicable;
- reviewing the performance of the CEO/Managing Director and remuneration and contractual arrangements;
- appointing and removing senior executives on the recommendation of the CEO/Managing Director;
- reviewing the performance and remuneration of senior executives on the review and recommendation of the CEO/Managing Director;
- reviewing the composition of the board, the independence of Directors, the board's performance and for carrying out succession planning for the Chairman and Non-Executive Directors;
- reviewing the performance of management and the Company, including the risk management, internal controls and compliance systems;
- dealing with any matters in excess of any specific delegations that the board may from time to time delegate to the CEO/Managing Director and senior executives;
- approving the communication to shareholders and to the public of the half-year and full-year results and monthly net tangible asset disclosures;
- setting designated authorities for management to implement (in consultation with the Chairman/Managing Director) the decisions of the board In respect to investments.

The Directors meet formally as a board as and when required and usually 6 to 12 times a year.

**Delegation to Board Committees**

The board has not established any Board Committees to assist the board in exercising its authority.

The Company does not have a separate Audit Committee, Remuneration Committee or Nominations Committee.

After careful consideration the board has decided that given the small size of the Company and its operations it was appropriate that the functions of audit, remuneration and nomination committees be reserved for the full board.

**Delegation to Management**

The Managing Director is responsible to the Company for the performance of management and the board acts in close consultation with the Managing Director.

The board is responsible for evaluating the performance of the Managing Director and the Company's senior executives in accordance with the Company's aims and objectives, and remunerating them appropriately. As part of its approach to encouraging enhanced performance, the board has adopted a remuneration structure for the Managing Director and other senior executives which includes a significant component of 'at risk' remuneration designed to encourage and reward high performance. Full details of the remuneration process and the benchmarks used for assessment are given in the Remuneration Report.

**Departure from ASX Recommended Governance Principles**

The board acknowledges that the Company is not fully compliant with Principle 1 and its recommendations.

As stated above the board has, after due consideration, decided that in view of the relative small size of the Company and its operations the functions of separate committees are best reserved for the full board.

**Principle 2: Structuring the Board to Add Value**

Compliance with this Principle requires the Company to have a board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

The Directors' Report sets out the details of the skills, experience, and expertise of each Director. The roles of the Chairman and Managing Director are not separate. The role of the Managing Director is set out under Principle 1, above. The role of the Chairman is set out in the board charter, including being responsible for:

- the business of the board, taking into account the issues and the concerns of all Directors and the requirements of the board charter;
- the leadership and conduct of board and Company meetings to be in accordance with the agreed agenda, the Company's Corporate Objective and Principles of Conduct (described under Principle 3, below); and
- encouraging active engagement by Directors and an open and constructive relationship between the board and the Managing Director and senior executives.

The Chairman also has the authority to act and speak for the board between meetings, subject to any agreed consultation processes.

**Appointment and Renewal**

The board consists of an Executive Chairman, Peter Dykes, Executive Director Anthony Dunlop and Non-Executive Director Chris Newport.

Details of the term of office held by each Director in office as at the date of this report are as follows:

| Name of Director | Date Appointed | Non-executive | Independent |
|---|---|---|---|
| Peter Dykes | 8 June 2012 | No | No |
| Anthony Dunlop | 4 November 2013 | No | No |
| Chris Newport | 29 May 2015 | Yes | Yes |

The Company's constitution provides that each Director, except for the Managing Director, must seek re-election by shareholders at least every three years if they wish to remain a Director. Any new Director appointed by the board must seek election by shareholders at the next Annual General Meeting of the Company. This complies with the ASX Listing Rules.

All of the Directors have entered into an Agreement with the Company covering the terms of their appointment, the Company's share trading policy, access to documents, Director's indemnity against liability, and Directors' and Officers' insurance.

Each Director of the Company is encouraged to have a financial interest in the Company.

**Nomination Committee**

The Company does not have a Nomination Committee.

After careful consideration the board decided that the functions of a Nomination Committee were best reserved for the full board. The full board periodically reviews board composition, succession planning, and where applicable recommends suitable Directors for appointment by the Directors and approval by shareholders. In reviewing board composition, the Committee takes note of regulatory requirements and recommendations in this area and reviews the mix of skills, experience and diversity the board considers appropriate for the Company's particular circumstances.

The board also reviews the process in place to assess the board's performance. In order to provide a specific opportunity for performance matters to be discussed with each Director, each year the Chairman conducts a formal Director review process. He meets with each Director individually to discuss issues including performance and discusses with each Director the effectiveness of the board as a whole, individual Directors and the Chairman with the intention of providing mutual feedback.

Performance is reviewed against both measurable and qualitative indicators. To assist the effectiveness of these meetings, the Chairman is provided with objective information about each Director (e.g. number of meetings attended, other current directorships etc.) and a guide for discussion to ensure consistency. The Chairman reports on the general outcome of these meetings to the board. Given the nature of the Company's activities, the Board believes that there is sufficient formality in the process of evaluation of the board, individual Directors and the Chairman.

**Independence of Directors**

The board reviews the independence of each of the Non-Executive Directors on an annual basis, taking into account the factors set out in the ASX Governance Principles, including situations where an individual Director may be a partner in, controlling shareholder of, or executive of an entity which has a material commercial relationship with the Company.

It is considered that the Non-Executive Director, Anthony Dunlop, is not independent, however the Non-Executive Director, Chris Newport, is independent. Peter Dykes, an executive director is not considered to be independent.

Any real or potential conflicts of interest are dealt with by procedures consistent with Corporations Act requirements which are designed to ensure that conflicted Directors do not take part in the decision-making on the relevant issue. On this basis, it is believed that their independence on all other issues is not compromised.

To assist Directors to fully meet their responsibilities to bring an independent view, the board has agreed a procedure in appropriate situations for Directors to take independent professional advice, at the expense of the Company, after advising the Chairman of their intention to do so. The results of the independent professional advice are made available to the Chairman.

**Departure from ASX Recommended Governance Principles**

The board acknowledges that the Company is not fully compliant with Principle 2 and its recommendations.

As stated above the board has, after due consideration, decided that in view of the relative small size of the Company and its operations the functions of separate committees are best reserved for the full board.

**Principle 3: Promotion of Ethical and Responsible Decision-making**

Compliance with this Principle requires that the Company should actively promote ethical and responsible decision-making.

The Company, including its Directors and key executives, is committed to maintaining the highest standards of integrity and seeks to ensure all its activities are undertaken with efficiency, honesty and fairness, and in accordance with legal obligations. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect the shareholders' interests.

The Company has approved and promulgated 2 codes, namely Corporate Principles of Conduct and a Trading Policy for Directors together with the Company's Trading Policy that the Company has for dealing in its own shares by its senior executives and employees. The Corporate Principles of Conduct include the code of conduct for Directors and senior executives and these documents are provided to management and new Directors as they join the Company and any updates are provided to all employees and Directors.

In addition to the consideration by the board of individual Directors' independence, the Corporate Principles of Conduct sets out details of how conflicts of interest should be avoided. The Company's Directors and employees must disclose to the Company any material personal interest that they or any associate may have in a matter that relates to the affairs of the Company. Directors must inform the Company Secretary immediately they become aware of any changes to their shareholdings or directorships. Where a conflict of interest may arise, full disclosure by all interested persons must be made and appropriate arrangements followed, such that interested persons are not included in making the relevant decisions and discussions.

**Diversity**

The Company does not have a formal policy in relation to diversity regarding gender, age, ethnicity or cultural background. The board believes, after careful consideration, that in view of the small size and operations of the Company a meaningful diversity policy cannot be developed at this time.

There are currently only 3 people who contribute to the Company's affairs and each of those is a director of the Company.

At present the three people described comprise 3 males.

Except for a departure regarding diversity policy, the board believes that the Company is fully compliant with Principle 3 and its recommendations.

**Principle 4: Safeguarding Integrity in Financial Reporting**

Compliance with this Principle requires that the Company has a structure to verify and safeguard the integrity of the Company's financial reporting.

The Company has not established an Audit Committee. The functions of an Audit Committee have been reserved for the full board. These functions include overseeing the integrity of the financial reporting process and reports to the board.

The full board is responsible for reviewing:
- the Company's accounting policies;
- the content of financial statements;
- issues relating to the controls applied to the Company's activities;
- the conduct, effectiveness and independence of the external audit;
- risk management and related issues; and compliance issues.

The role of the full board in respect of its oversight of risk management issues is set out under Principle 7 below.

**Written Affirmations**

Pursuant to section 295A of the Corporations Act the board receives from the Managing Director and the Chief Financial Officer written affirmations concerning the Company's financial statements as set out in the Directors' Declaration.

**External Audit**

The Company reviews the independence and competence of the Company's external auditor including reviewing any non-audit work to ensure that it does not conflict with audit independence. The full board meets with the external auditor in the absence of management.

**Departure from ASX Recommended Governance Principles**

The board acknowledges that the Company is not fully compliant with Principle 3 and its recommendations.

As stated above the board has, after due consideration, decided that in view of the relative small size of the Company and its operations the functions of separate committees are best reserved for the full board.

**Principle 5: Making Timely and Balanced Disclosure**

Compliance with this Principle requires that the Company promote timely and balanced disclosure of all material matters concerning the Company.

As a listed entity, the Company has an obligation under the ASX Listing Rules to maintain an informed market in its securities. Accordingly, the Company ensures that the market is advised of all information required to be disclosed under the Listing Rules which the Company believes would or may have a material effect on the price or value of the Company's securities.

The Company has developed policies and procedures designed to ensure compliance with ASX Listing Rules and Corporations Act disclosure requirements and to ensure accountability at a senior management level for that compliance. The policy is reviewed during the course of each year, taking into account best practice developments in this area.

The Company makes ASX releases on a monthly basis to meet ASX Listing Rule requirements for continuous disclosure. The board has nominated Bruce Burrell, a director, as the person responsible for communications with ASX including responsibility for ensuring compliance with ASX continuous disclosure requirements.

The board believes that the Company is fully compliant with Principle 5 and its recommendations.

**Principle 6: Respecting the Rights of Shareholders**

Compliance with this Principle requires that the Company respect the rights of shareholders and facilitate the effective exercise of those rights.

The Company is owned by its shareholders and the board's primary responsibility is to shareholders and to achieve the Company's Corporate Objectives and thus increase the Company's value.

The main communications with shareholders are the Annual and Half-Year Reports and the Annual General Meeting.

Shareholders are encouraged to attend the annual general meeting at which the external auditor is in attendance and available to answer shareholder questions on the audit and the preparation of the financial reports.

The Company does maintain a website, www.chapmansltd.com.

The board believes that the Company is fully compliant with Principle 6 and its recommendations.

**Principle 7: Recognising and Managing Risk**

Compliance with this Principle requires that the board establish a system of risk oversight and management and internal control.

The board considers that the Company has established and maintains an appropriate and sound system of risk oversight, management and internal control.

The board considers an internal audit function to be not necessary due to the nature and size of the Company's operations.
By its nature as an investment company, the Company will always carry risk because it must invest its capital in activities which are not risk free.

The Company's management is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk, human resource risk.

The board receives from the Managing Director and the Chief Financial Officer written affirmation that, to the best of their knowledge and belief, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects insofar as they relate to financial reporting risks. The board has also received reports from management as to the effectiveness of the Company's management of its material business risks.

The board believes that the Company is fully compliant with Principle 7 and its recommendations.

**Principle 8: Remunerating Fairly and Responsibly**

Compliance with this Principle requires that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is defined.

The Company has not established a Remuneration Committee. After careful consideration the board has decided that the functions of a remuneration committee are best reserved for the full board. These functions include to look after remuneration issues relating to the Non-Executive Directors, the Managing Director and other executive directors and senior executives.

Full details regarding the remuneration amounts and policies are disclosed in the Remuneration Report.

The board seeks external advice from consultants to ensure that its policies and practices are in line with external market conditions.

Executives who have been awarded shares and previous Long Term Incentive Plans that have not yet vested are prohibited from entering into transactions in associated products which limit the risk of participation in such plans.

**Departure from ASX Recommended Governance Principles**

The board acknowledges that the Company is not fully compliant with Principle 8 and it's recommendations.

As stated above the board has, after due consideration, decided that in view of the relative small size of the Company and its operations the functions of separate committees are best reserved for the full board.

## Share Trading Policy

### Policy Introduction

This policy deals primarily with the sale or purchase of securities in Chapmans Limited (CHP) by its employees, consultants, contractors, directors and officers (collectively referred to herein as Employees).

This policy is designed to:
- inform interested parties, such as shareholders of the CHP policy
- assist Employees to avoid conduct that is known as 'insider trading'
- ensure that when Employees do deal in securities of CHP, those dealings are fair and are seen as fair
- effect proper business controls
- comply with legal requirements

This policy applies to Employees and their nominees, agents or other associates, such as family members, family trusts and family companies.

This policy applies to:
- CHP shares
- other securities that may be issued by CHP such as options
- derivatives and other financial products that can be traded on a financial market including products created by third parties
- products which operate to limit economic risk in security holdings in CHP

This policy is intended to apply in addition to legal requirements.

### Insider Trading provisions in the Corporations Act

The Corporations Act 2001 prohibits a person from dealing in securities if that person-
- is in possession of information that is not generally available
- knows or should know that the information is not generally available

where that information if available may have a material effect on the CHP share price

Dealing in securities means acquiring, applying for, selling or entering into an agreement to do so.

A person need not be an Employee of CHP to be guilty of insider trading. The prohibition extends to dealings by Employees through nominees, agents or other associates including family, family trusts and family companies.

There may be severe criminal and civil liability and penalties including imprisonment, imposed for breach of insider trading laws.

### Restrictions on Dealing in CHP Securities

3.1 General Rule

Employees must not buy or sell securities in CHP while they are in possession of inside information, being information about securities in CHP which is not publicly available.

3.2 Specific prohibited dealings

In addition to the general restriction in 3.1 above there are certain periods during the year when Employees may not deal in CHP securities as set out below.

Employees are prohibited from dealing in CHP securities during the 2 weeks prior to and the day following the release of the following:
Full year results to ASX
Half-year results to ASX

These are referred to as the Closed Periods.

In addition the CHP board may impose other periods when Employees are prohibited from trading because price sensitive, non-public information may exist in relation to a matter.
Employees will be notified of these additional periods known as Prohibited Periods by memo or other correspondence from the Chairman or Managing Director.

3.3 Additional restrictions on Designated Personnel

Because the board, the Managing Director and direct reports, the company secretary or chief financial officer (collectively known as Designated Personnel) are likely to be exposed to confidential or non-public information, they are subject to additional restrictions.

Any Designated Personnel wishing to deal in CHP securities must give written notice to the Chairman or Managing Director of their intention prior to dealing in the CHP securities.

The Designated Personnel must not deal in CHP securities until written approval has been given by the Chairman or Managing Director. The Designated Personnel must complete the dealing as soon as possible and in any event, not later than 5 business days after the permission was given and, they must advise in writing the dealing and relevant details to the Chairman or Managing Director within 2 business days after the dealing.

The board may designate other parties as Employees for the purpose of this policy and will notify that person in writing accordingly.
3.4 Dealings in exceptional circumstances

An Employee who is not in possession of inside information may deal in CHP securities during a Prohibited Period if they have prior written approval of the Chairman or Managing Director. Such approval will only be given where:

- the Employee is in severe financial hardship, or
- an exceptional circumstance exists as determined by the Chairman or Managing Director.

3.5 Exceptions

This policy does not apply to:

Dealings in CHP securities already held by an Employee in a superannuation fund in which the Employee is a beneficiary where the transaction decision is made by the trustees or investment manager independently of the Employee.

Dealings by an investment fund or other scheme where the assets are invested at the discretion of a third party.

Acceptance of a takeover offer.

Participating in a pro rata rights issue, a security purchases plan, a dividend reinvestment plan and an equal access share buy-back approved by the board.

The exercise of an option (but not the subsequent sale of a share arising from the exercise) or a right under an employee share purchase scheme or conversion of a converting note in circumstances where CHP has been in an unusually long prohibited period or CHP has had a number of consecutive prohibited periods and the Employee could not reasonably be expected to have exercised at a time when free to do so.

Total prohibition on "Short Term" trading

Employees must not engage in short-term trading of any CHP securities. Short-term is defined as a purchase and sale of the same securities within a six month period.

This prohibition may be excepted by the Chairman or Managing Director in very limited circumstances, for example, employee incentive schemes if exceptional circumstances exist and written approval is obtained.

**Margin Lending**

Designated Personnel must ensure that when arranging finance for themselves or for or through associated parties, where securities of CHP are provided as security collateral that such obligations do not conflict with this policy.

Designated Personnel should ensure that the terms of a margin loan do not require dealings in CHP securities at such times when they are prohibited from dealing in CHP securities.

Margin lending is also subject to the approval requirements set out in 3.3 above.

If a Designated Personnel enters into a margin loan agreement, within 10 days of so entering the following information must be given to the Chairman or Managing Director:

- Number of securities subject to the loan arrangements.
- Trigger events for disposal of those securities.
- Any other relevant information that may be required including the ability of the Designated Personnel to meet margin calls.

Subsequently, the Designated Personnel must advise any changes to the reported information above.

**Derivatives**

Designated Personnel may only enter into transactions involving derivatives (as defined by section 761D of the Corporations Act in respect to CHP securities if the following criteria re satisfied:

- The relevant securities are fully vested.
- The derivative has a maturity date that falls outside a Prohibited Period.
- CHP is not a counter-party to the derivative.

The derivative is used for the purpose of protection of an asset value supporting a loan taken out for the purpose of exercising an option or to protect the value of the security in respect to tax liabilities that may become due and payable.

The approval requirements in section 3.3 above also apply to the use of derivatives.

The Designated Personnel must also provide evidence that the criteria set out above have been satisfied.

The board reserves the right to publicly disclose Derivative positions over CHP securities including where such disclosure is not required under the law.

**Compliance with this Policy**

It is the responsibility of each Employee to comply with this policy.

Any Employee may be asked to confirm compliance with this policy or to provide confirmation of their dealings in CHP securities.

Any breach of this policy is serious and will be dealt with.

**Chapmans Limited**
**Directors' report**
**31 December 2015**

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 year ended 31 December 2015.

## Directors

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

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)

## Principal activities

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 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.

## Dividends

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

## Review of operations

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.

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).

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

### Matters subsequent to the end of the financial year

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).

No other matter or circumstance has arisen since 31 December 2015 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.

### Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

### Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Information on directors

| | |
|---|---|
| Name: | Peter Dykes |
| Title: | Executive Chairman |
| Qualifications: | Bachelor of Business (Accountancy) and is a Fellow of the Tax Institute of Australia |
| Experience and expertise: | Extensive experience in the technology industry including as a founding member of the technology advisory practice of a major accounting firm and founding partner of a private boutique technology advisory business |
| Other current directorships: | Capital Mining Limited (27 July 2015 to present) Stirling Products Limited (17 September 2015 to present) |
| Former directorships (last 3 years): | Tempo Australia Limited (17 March 2010 to 4 November 2013), YPB Limited (formerly AUV Enterprises Limited) (2 August 2012 to 31 July 2014), SkyFii Limited (formerly RKS Consolidated Limited) (12 February 2013 to 20 November 2014), Medadvisor Limited (formerly Exalt Resources Limited ) (30 November 2012 to 30 November 2015) |
| Interests in shares: | 286,333,333 Shares |

| | |
|---|---|
| Name: | Anthony Dunlop |
| Title: | Executive Director |
| Qualifications: | Bachelor of Economics and is a Graduate of the Australian Institute of Company Directors |
| Experience and expertise: | 25 years banking, finance and corporate advisory experience In Australia, Hong Kong, China, New Zealand, South Africa and USA. Anthony has held board and group executive roles with extensive experience in debt and equity markets, new product development, wholesale funding and risk management |
| Other current directorships: | SkyFii Limited (formerly RKS Consolidated Limited) (12 February 2013 to present) Capital Mining Limited (27 July 2015 to present) |
| Former directorships (last 3 years): | Not Applicable |
| Interests in shares: | 216,500,000 Shares |

| | |
|---|---|
| Name: | Chris Newport |
| Title: | Non-Executive Director |
| Qualifications: | Not Applicable |
| Experience and expertise: | Extensive experience and expertise in the mobile technology sector with a focus on mobile application and delivery. Chris is a reputable technology entrepreneur and has developed a range of mobile media and e-commerce assets. |
| Other current directorships: | Not Applicable |
| Former directorships (last 3 years): | Not Applicable |
| Interests in shares: | None |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretary**
Peter Dykes was appointed company secretary on 24 April 2015. Bruce Burrell was the company secretary during the period until the appointment of Peter Dykes on 24 April 2015.

**Meetings of directors**
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2015, and the number of meetings attended by each director were:

| | Directors Meetings | |
|---|---|---|
| | Attended | Held |
| Peter Dykes | 12 | 12 |
| Anthony Dunlop | 12 | 12 |
| Chris Newport (appointed 29 May 2015) | 7 | 7 |
| Bruce Burrell (resigned 24 April 2015) | 4 | 4 |
| Craig Seymour (appointed 19 February 2015 resigned 29 May 2015) | 2 | 2 |

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

**Remuneration report (audited)**
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***
The remuneration policy of Chapmans Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component The Board of Chapmans Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the company and consolidated group, as well as create goal congruence between KMP and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:
- The remuneration policy is to be developed by the board of directors. Professional advice has not been sought from independent external consultants.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.

KMP receive a superannuation guarantee contribution required by the government, which is currently 9.50% of the individual's average weekly ordinary time earnings (AWOTE), and do not receive any other retirement benefits.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. KMP may be paid a percentage of their salary in the event of redundancy.

All remuneration paid to KMP is valued at cost and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Remuneration of KMP is not based on or linked to the performance of the company.

*Voting and comments made at the company's Annual General Meeting for the year ending 31 December 2014 ('AGM')*
At the AGM for the year ending 31 December 2014, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2014. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

*Amounts of remuneration*
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Chapmans Limited:
- Peter Dykes
- Anthony Dunlop
- Chris Newport
- Bruce Burrell
- Craig Seymour

**Chapmans Limited**
**Directors' report**
**31 December 2015**

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **31 December 2015** | Cash salary and fees | Cash bonus | Non-monetary | Super-annuation | Long service leave | Equity-settled | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| *Non-Executive Directors:* | | | | | | | |
| Bruce Burrell | 10,000 | - | - | - | - | - | 10,000 |
| Chris Newport | 26,667 | - | - | - | - | - | 26,667 |
| Craig Seymour | 3,362 | - | - | - | - | - | 3,362 |
| *Executive Directors:* | | | | | | | |
| Peter Dykes | 250,000 | - | - | 23,750 | - | - | 273,750 |
| Anthony Dunlop | 250,000 | - | - | 23,750 | - | - | 273,750 |
| | 540,029 | - | - | 47,500 | - | - | 587,529 |

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **31 December 2014** | Cash salary and fees | Cash bonus | Non-monetary | Super-annuation | Long service leave | Equity-settled | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| *Non-Executive Directors:* | | | | | | | |
| Bruce Burrell | 27,333 | - | - | - | - | - | 27,333 |
| *Executive Directors:* | | | | | | | |
| Peter Dykes | 240,000 | - | - | 16,900 | - | - | 256,900 |
| Anthony Dunlop | 240,000 | - | - | 16,900 | - | - | 256,900 |
| | 507,333 | - | - | 33,800 | - | - | 541,133 |

***Service agreements***

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| | |
|---|---|
| Name: | Peter Dykes & Anthony Dunlop |
| Title: | Executive Director |
| Agreement commenced: | 1 January 2015 |
| Term of agreement: | 3 years |
| Remuneration: | $250,000 base salary, plus superannuation. Bonus at the discretion of the Board. |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

***Share-based compensation***

*Issue of shares*
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2015.

***Additional disclosures relating to key management personnel***

*Shareholding*
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Peter Dykes | 16,915,050 | - | 269,418,283 | - | 286,333,333 |
| Anthony Dunlop | 2,500,000 | - | 214,000,000 | - | 216,500,000 |
| Chris Newport (Appointed 29 May 2015) | - | - | - | - | - |
| Bruce Burrell (resigned 24 April 2015) | 6,898,478 | - | - | 6,898,478 | - |
| Craig Seymour (appointed 19 February 2015 and resigned 29 May 2015) | - | - | - | - | - |
| | 26,313,528 | - | 483,418,283 | 6,898,478 | 502,833,333 |

*Loans to key management personnel and their related parties*
Not Applicable

*Other transactions with key management personnel and their related parties*
Not Applicable

***This concludes the remuneration report, which has been audited.***

**Indemnity and insurance of officers**
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

## Officers of the company who are former partners of I J Lamb & Co

There are no officers of the company who are former partners of I J Lamb & Co.

## 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 the following page.

## Auditor

I J Lamb & Co continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Dykes
Executive Chairman

31 March 2016

**Chapmans Limited**
**Auditor's independence declaration**

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

I J Lamb & Co

I J Lamb
Partner
Date: 31 March 2016

## Contents

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

| | Note | Consolidated 31 December 2015 $ | 31 December 2014 $ |
|---|---|---|---|
| **Revenue** | 4 | 961,190 | 960,115 |
| Share of losses of associates accounted for using the equity method | 5 | (251,307) | - |
| Other income | 6 | 109,549 | - |
| **Expenses** | | | |
| Director remuneration | | (564,529) | (550,133) |
| Consultancy fees | 7 | (1,889,872) | (978,799) |
| Depreciation and amortisation expense | | (333) | (333) |
| Impairment of investments | | (222,667) | (518,056) |
| Loss on disposal of assets | 7 | - | (271,399) |
| Other expenses | 7 | (1,238,201) | (385,519) |
| Finance costs | 7 | (44,355) | (391,658) |
| **Loss before income tax expense** | | (3,140,525) | (2,135,782) |
| Income tax expense | 8 | - | - |
| **Loss after income tax expense for the year attributable to the owners of Chapmans Limited** | | (3,140,525) | (2,135,782) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| 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) |
| **Total comprehensive income for the year attributable to the owners of Chapmans Limited** | | (3,237,025) | (2,290,253) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 34 | (1.247) | (3.489) |
| Diluted earnings per share | 34 | (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**

| | Note | Consolidated 31 December 2015 $ | 31 December 2014 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 11,940 | 6,418 |
| Trade and other receivables | 10 | 22,500 | 100,000 |
| Available-for-sale financial assets | 11 | 1,338,145 | 2,645,331 |
| Other | 12 | - | 100,000 |
| Total current assets | | 1,372,585 | 2,851,749 |
| **Non-current assets** | | | |
| Investments accounted for using the equity method | 13 | 448,693 | - |
| Other financial assets | 14 | - | 200,000 |
| Property, plant and equipment | 15 | 2,013 | 667 |
| Deferred tax | 16 | 311,600 | 311,600 |
| Total non-current assets | | 762,306 | 512,267 |
| **Total assets** | | 2,134,891 | 3,364,016 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 17 | 363,595 | 244,126 |
| Borrowings | 18 | 924,331 | 2,931,065 |
| Other | 19 | 449,424 | 139,259 |
| Total current liabilities | | 1,737,350 | 3,314,450 |
| **Total liabilities** | | 1,737,350 | 3,314,450 |
| **Net assets** | | 397,541 | 49,566 |
| **Equity** | | | |
| Issued capital | 20 | 18,141,394 | 14,556,394 |
| Reserves | 21 | (121,500) | (421,072) |
| Accumulated losses | | (17,622,353) | (14,085,756) |
| **Total equity** | | 397,541 | 49,566 |

*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**

| **Consolidated** | **Issued capital $** | **Reserves $** | **Retained profits $** | **Total equity $** |
|---|---|---|---|---|
| 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) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 20) | 1,602,500 | - | - | 1,602,500 |
| Balance at 31 December 2014 | 14,556,394 | (421,072) | (14,085,756) | 49,566 |

| **Consolidated** | **Issued capital $** | **Reserves $** | **Retained profits $** | **Total equity $** |
|---|---|---|---|---|
| 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) |
| *Transactions with owners in their capacity as owners:* | | | | |
| Contributions of equity, net of transaction costs (note 20) | 3,585,000 | - | - | 3,585,000 |
| Balance at 31 December 2015 | 18,141,394 | (121,500) | (17,622,353) | 397,541 |

*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**

| | Note | Consolidated 31 December 2015 $ | 31 December 2014 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| 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 | 33 | (2,559,745) | (1,891,824) |
| **Cash flows from investing activities** | | | |
| 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) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 20 | 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 | 9 | 11,940 | 6,418 |

*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 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 March 2016. The directors have the power to amend and reissue the financial statements.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 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.

### Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

### Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Chapmans Limited ('company' or 'parent entity') as at 31 December 2015 and the results of all subsidiaries for the year then ended. Chapmans Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

**Note 2. Significant accounting policies (continued)**

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Revenue recognition**
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Sale of goods*
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

*Rendering of services*
Rendering of services revenue is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

*Profit share arrangements*
Profit sharing arrangements which entitle thee consolidated group to a percentage of expected future revenue streams are accounted for at the fair value of thee consideration paid, which is calculated as the value of costs incurred by the consolidated group in acquiring the asset.

*Dividend revenue*
Dividend revenue is recognised when the right to receive a dividend has been established.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

## Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

### Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

## Note 2. Significant accounting policies (continued)

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Investments and other financial assets**
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

*Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

*Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

*Impairment of financial assets*
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

**Property, plant and equipment**
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives. The depreciation rates used are follows:

| | |
|---|---|
| Office equipment | 30 - 40% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

## Note 2. Significant accounting policies (continued)

### Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

### Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Employee benefits

*Defined contribution superannuation expense*
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

**Note 2. Significant accounting policies (continued)**

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**Issued capital**
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Business combinations**
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

## Note 2. Significant accounting policies (continued)

### Earnings per share

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Chapmans Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation*
These amendments are applicable to annual reporting periods beginning on or after 1 January 2016. AASB 2014-4 amends AASB 116 and AASB 138 to clarify that depreciation and amortisation should be based on the expected pattern of consumption of an asset, that the use of revenue based methods to calculate depreciation is not appropriate, and that there is a rebuttable presumption that revenue is an inappropriate basis for measuring the consumption of the economic benefit embodied in an intangible asset. The adoption of these amendments from 1 January 2016 will not have a material impact on the consolidated entity.

## Note 2. Significant accounting policies (continued)

*AASB 15 Revenue from Contracts with Customers*
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

## 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.

## Note 4. Revenue

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

## Note 5. Share of losses of associates accounted for using the equity method

| | Consolidated 31 December 2015 $ | Consolidated 31 December 2014 $ |
|---|---|---|
| Share of profit/(loss) - associates | (251,307) | - |

## Note 6. Other income

| | Consolidated 31 December 2015 $ | Consolidated 31 December 2014 $ |
|---|---|---|
| Gain on disposal of assets | 109,549 | - |

## Note 7. Expenses

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

## Note 8. Income tax expense

| | Consolidated 31 December 2015 $ | 31 December 2014 $ |
|---|---|---|
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| 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 expense | - | - |

## Note 9. Current assets - cash and cash equivalents

| | Consolidated 31 December 2015 $ | 31 December 2014 $ |
|---|---|---|
| Cash at bank | 11,940 | 6,418 |

## Note 10. Current assets - trade and other receivables

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| External loans receivable | 22,500 | 100,000 |

The consolidated entity has no significant concentration of credit risk with respect to any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the consolidated entity.

*Past due but not impaired*
Customers with balances past due but without provision for impairment of receivables amount to $22,500 as at 31 December 2015 ($100,000 as at 31 December 2014).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| 0 to 3 months overdue | 22,500 | 100,000 |

## Note 11. Current assets - available-for-sale financial assets

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

Refer to note 24 for further information on fair value measurement.

## Note 12. Current assets - other

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| Other deposits | - | 100,000 |

## Note 13. Non-current assets - investments accounted for using the equity method

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| Investment in associate - Digital Star Media Pty Limited | 448,693 | - |

Refer to note 31 for further information on interests in associates.

## Note 14. Non-current assets - other financial assets

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| Investment in profit share venture | - | 200,000 |

The key terms of the profit share agreement between the company and JAT Energy limited are as follows:

- the company paid $200,000 to JAT Energy Limited in order to secure an entitlement to future profits of the coal mining operations of JAT Energy Limited (through its subsidiary PT Barata Energy in Indonesia).
- the distribution of income from the coal mining project will be shared between the company and JAT Energy in the following proportions:
  - 70% Chapmans Limited 30% JAT Energy Limited until Chapmans has received AUD $200,000 then;
  - 30% Chapmans Limited 70% JAT Energy Limited until JAT Energy Limited has received an additional AUD $200,000, or equal to the cumulative income of Chapmans Limited is equal to the cumulative income of JAT Energy Limited; then
  - Income shared 50/50 between Chapmans Limited and JAT Energy Limited.

During the period the company disposed of its interest in this investment.

## Note 15. Non-current assets - property, plant and equipment

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

## Note 15. Non-current assets - property, plant and equipment (continued)

*Reconciliations*
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| Consolidated | Office equipment $ | Total $ |
|---|---|---|
| Balance at 1 January 2014 | 1,000 | 1,000 |
| Depreciation expense | (333) | (333) |
| Balance at 31 December 2014 | 667 | 667 |
| Additions | 1,679 | 1,679 |
| Depreciation expense | (333) | (333) |
| Balance at 31 December 2015 | 2,013 | 2,013 |

## Note 16. Non-current assets - deferred tax

| | Consolidated 31 December 2015 $ | Consolidated 31 December 2014 $ |
|---|---|---|
| Deferred tax asset | 311,600 | 311,600 |
| *Movements:* | | |
| Opening balance | 311,600 | 311,600 |

## Note 17. Current liabilities - trade and other payables

| | Consolidated 31 December 2015 $ | Consolidated 31 December 2014 $ |
|---|---|---|
| Trade payables | 160,595 | 244,126 |
| Payable to related party | 203,000 | - |
| | 363,595 | 244,126 |

Refer to note 23 for further information on financial instruments.

## Note 18. Current liabilities - borrowings

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| Director loans | 34,931 | 241,805 |
| External loans payable | 889,400 | 2,689,260 |
| | 924,331 | 2,931,065 |

Refer to note 23 for further information on financial instruments.

Key terms of the commercial loan facility

The key terms of the commercial loan facility are set out below:

- The loans included in 2015 year are unsecured and attract an interest rate of 8% per annum.

## Note 19. Current liabilities - other

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| Other payables | 449,424 | 139,259 |

## Note 20. Equity - issued capital

| | Consolidated | | | |
|---|---|---|---|---|
| | 31 December 2015 Shares | 31 December 2014 Shares | 31 December 2015 $ | 31 December 2014 $ |
| Ordinary shares - fully paid | 1,431,666,665 | 132,250,000 | 18,141,394 | 14,556,394 |

## Note 20. Equity - issued capital (continued)

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| 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 | | (1,035,000,000) | $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 | 166,666,665 | $0.003 | 500,000 |
| Balance | 31 December 2015 | 1,431,666,665 | | 18,141,394 |

*Ordinary shares*
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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

*Capital risk management*
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The directors effectively manage the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include thee management of debt levels, distributions to shareholders and share issues.

The consolidated entity is subject to any externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2014 Annual Report.

## Note 21. Equity - reserves

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| Available-for-sale reserve | (121,500) | (421,072) |

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

## Note 22. Equity - dividends

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

## Note 23. Financial instruments

***Financial risk management objectives***
The consolidated entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and loans with external parties

The Board of Directors manage financial risk exposures of the consolidated group. The board monitors the consolidated entity's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to price risk, counterparty credit risk, liquidity risk and interest rate risk. The board meets on a regular basis.

The main risks the consolidated entity is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk (equity price risk).

There have been no substantive changes in the types of risks the consolidated entity is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

***Market risk***

*Equity price risk*
Equity price risk is the risk that changes in equity prices will affect the consolidated entity's value of its holdings of financial instruments.

Inherently, the consolidated group is not free of market price risk because it invests capital in securities whose market prices can fluctuate.

| | Average price increase | | | Average price decrease | | |
|---|---|---|---|---|---|---|
| **Consolidated - 31 December 2015** | **% change** | **Effect on profit before tax** | **Effect on equity** | **% change** | **Effect on profit before tax** | **Effect on equity** |
| Investments in listed companies | 5% | - | 21,907 | (5%) | - | (21,907) |
| Cash and cash equivalents | 5% | 597 | - | (5%) | (597) | - |
| | | 597 | 21,907 | | (597) | (21,907) |

## Note 23. Financial instruments (continued)

| Consolidated - 31 December 2014 | Average price increase % change | Effect on profit before tax | Effect on equity | Average price decrease % change | Effect on profit before tax | Effect on equity |
|---|---|---|---|---|---|---|
| Investments in listed companies | 5% | - | 132,267 | (5%) | - | (132,267) |
| Cash and cash equivalents | 5% | 433 | - | (5%) | (433) | - |
| | | 433 | 132,267 | | (433) | (132,267) |

*Interest rate risk*
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

The financial instruments that primarily expose the Group to interest rate risk are cash and cash equivalents. Whole the consolidated entity has significant borrowings these borrowings are subject to a fixed rate of interest and therefore are not exposed to interest rate risk. Refer to the table above for the sensitivity analysis performed

***Credit risk***
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

There are no amounts of collateral held as security at 31 December 2015 (2014: Nil).

The consolidated entity has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 11.

*Past due but not impaired*
Customers with balances past due but without provision for impairment of receivables amount to $22,500 as at 31 December 2015 ($100,000 as at 31 December 2014).

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

| | Consolidated 31 December 2015 $ | Consolidated 31 December 2014 $ |
|---|---|---|
| 0 to 3 months overdue | 22,500 | 100,000 |

***Liquidity risk***
Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated entity manages this risk through the following mechanisms:

**Note 23. Financial instruments (continued)**

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

*Remaining contractual maturities*
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Consolidated - 31 December 2015 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 160,595 | - | - | - | 160,595 |
| Other payables | - | 203,000 | - | - | - | 203,000 |
| *Interest-bearing - fixed rate* | | | | | | |
| Director loans | 0.00% | 34,931 | - | - | - | 34,931 |
| External loans | 8.00% | 889,400 | - | - | - | 889,400 |
| Total non-derivatives | | 1,287,926 | - | - | - | 1,287,926 |

| Consolidated - 31 December 2014 | Weighted average interest rate % | 1 year or less $ | Between 1 and 2 years $ | Between 2 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 244,126 | - | - | - | 244,126 |
| *Interest-bearing - fixed rate* | | | | | | |
| Director loans | 0.00% | 241,805 | - | - | - | 241,805 |
| External loans | 8.00% | 2,689,260 | - | - | - | 2,689,260 |
| Total non-derivatives | | 3,175,191 | - | - | - | 3,175,191 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 24. Fair value measurement

*Fair value hierarchy*
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed 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
Level 3: Unobservable inputs for the asset or liability

| Consolidated - 31 December 2015 | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| *Assets* | | | | |
| Available-for-sale investments | 438,145 | - | - | 438,145 |
| Total assets | 438,145 | - | - | 438,145 |

| Consolidated - 31 December 2014 | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| *Assets* | | | | |
| Available-for-sale investments | 1,815,331 | - | - | 1,815,331 |
| Total assets | 1,815,331 | - | - | 1,815,331 |

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

## Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by I J Lamb & Co, the auditor of the company:

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| *Audit services - I J Lamb & Co* | | |
| Audit or review of the financial statements | 10,000 | 10,000 |
| *Other services - I J Lamb & Co* | | |
| Preparation of the tax return | - | - |
| | 10,000 | 10,000 |

## Note 26. Contingent liabilities

There are no known contingent liabilities as at 31 December 2015.

## Note 27. Commitments

| | Consolidated | |
|---|---|---|
| | 31 December 2015 | 31 December 2014 |
| | $ | $ |
| *Lease commitments - operating* | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Within one year | - | 9,000 |

## Note 28. Related party transactions

*Parent entity*
Chapmans Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 30.

*Associates*
Interests in associates are set out in note 31.

*Transactions with related parties*
The company has borrowed $34,931 from directors of the company. There is no interest payable on this loan.

## Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent | |
|---|---|---|
| | 31 December 2015 | 31 December 2014 |
| | $ | $ |
| Loss after income tax | (3,140,525) | (2,135,782) |
| Total comprehensive income | (3,237,025) | (2,290,253) |

## Note 29. Parent entity information (continued)

*Statement of financial position*

| | Parent 31 December 2015 $ | Parent 31 December 2014 $ |
|---|---|---|
| Total current assets | 449,685 | 1,876,749 |
| Total assets | 2,211,991 | 3,389,016 |
| Total current liabilities | 1,737,350 | 3,314,450 |
| Total liabilities | 1,737,350 | 3,314,450 |
| Equity | | |
| Issued capital | 18,141,394 | 14,556,394 |
| Available-for-sale reserve | (46,500) | (396,072) |
| Accumulated losses | (17,620,253) | (14,085,756) |
| Total equity | 474,641 | 74,566 |

*Contingent liabilities*
The parent entity had no contingent liabilities as at 31 December 2015 (2014: nil).

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2015 (2014: Nil).

*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

| Name | Principal place of business / Country of incorporation | Ownership interest 31 December 2015 % | Ownership interest 31 December 2014 % |
|---|---|---|---|
| Gladstone Development Pty Limited | Australia | 100.00% | 100.00% |
| Chapmans Corporate Advisory Pty Limited | Australia | 100.00% | 100.00% |
| ACN 600 838 873 Pty Limited | Australia | 100.00% | 100.00% |

## Note 31. 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 % | Ownership interest 31 December 2014 % |
|---|---|---|---|
| Digital Star Media Pty Limited | Australia | 40.00% | - |

*Summarised financial information*

| | Digital Star Media Pty Limited 31 December 2015 $ | Digital Star Media Pty Limited 31 December 2014 $ |
|---|---|---|
| *Summarised statement of financial position* | | |
| Current assets | 5,748 | - |
| Non-current assets | 203,000 | - |
| Total assets | 208,748 | - |
| Current liabilities | 62,941 | - |
| Non-current liabilities | - | - |
| Total liabilities | 62,941 | - |
| Net assets | 145,807 | - |
| *Summarised statement of profit or loss and other comprehensive income* | | |
| Revenue | - | - |
| Expenses | (628,267) | - |
| Profit before income tax | (628,267) | - |
| Income tax benefit | - | - |
| Profit after income tax | (628,267) | - |
| Other comprehensive income | - | - |
| Total comprehensive income | (628,267) | - |

## Note 32. Events after the reporting period

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).

No other matter or circumstance has arisen since 31 December 2015 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 33. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|---|---|---|
| | 31 December 2015 $ | 31 December 2014 $ |
| Loss after income tax expense for the year | (3,140,525) | (2,135,782) |
| Adjustments for: | | |
| Depreciation and amortisation | 333 | 333 |
| Loss on disposal of investments | - | 271,399 |
| Provision for unlisted investments | 222,667 | 518,056 |
| Loss from associates | 251,307 | - |
| Change in operating assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | 77,500 | (166,917) |
| (Increase)/Decrease in financial assets | 1,606,073 | (1,075,541) |
| Increase/(Decrease) in trade and other payables | 119,469 | (182,287) |
| Increase/(decrease) in financial liabilities | (1,696,569) | 878,915 |
| Net cash used in operating activities | (2,559,745) | (1,891,824) |

## Note 34. Earnings per share

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

**Chapmans Limited**
**Directors' declaration**
**31 December 2015**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Dykes
Executive Chairman

31 March 2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPMANS LIMITED AND CONTROLLED ENTITIES

### Report on the Financial Report

We have audited the accompanying financial report of Chapmans Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Chapmans Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

*Auditor's Opinion*

In our opinion:

a. the financial report of Chapmans Limited is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPMANS LIMITED AND CONTROLLED ENTITIES

### Report on the Remuneration Report

We have audited the remuneration report included in pages 19 to 47 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion the remuneration report of Chapmans Limited for the year ended 31 December 2015 complies with s 300A of the *Corporations Act 2001*.

I J Lamb & Co

FCA.

I J Lamb

Dated this 31 March 2016

**Chapmans Limited**
**Shareholder Information**
**31 December 2015**

**Distribution of equitable securities**
Analysis of number of equitable security holders by size of holding:

| | Number of holders of ordinary shares | Number of holders of options over ordinary shares |
|---|---|---|
| 1 to 1,000 | 23 | 4,711 |
| 1,001 to 5,000 | 5 | 13,537 |
| 5,001 to 10,000 | 5 | 45,991 |
| 10,001 to 100,000 | 88 | 6,472,200 |
| 100,001 and over | 448 | 1,425,130,226 |
| | 569 | 1,431,666,665 |
| Holding less than a marketable parcel | 132 | 7,762,871 |

**Equity security holders**

*Twenty largest quoted equity security holders*
The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| Poipu Bay Pty Ltd | 195,000,000 | 13.6 |
| Anthony Dunlop | 132,500,000 | 9.3 |
| Coolabah Capital Pty Ltd | 84,000,000 | 5.9 |
| Fund Contribution Services Pty Ltd | 80,500,000 | 5.6 |
| Nicholas Diamond | 60,097,000 | 4.2 |
| Digital4ge Pty Ltd | 55,000,000 | 3.8 |
| Navigator Australia Ltd | 50,000,000 | 3.5 |
| RFD Victoria Pty Ltd | 35,000,000 | 2.4 |
| Diamond United Investments Pty Ltd | 34,500,000 | 2.4 |
| Oscars House Pty Ltd | 30,000,000 | 2.1 |
| Tenceecee Pty Ltd | 23,984,903 | 1.7 |
| Neil Gibson | 21,545,000 | 1.5 |
| Jarryd Ward | 17,666,667 | 1.2 |
| Magoth Pty Ltd | 16,666,667 | 1.2 |
| Currandooley Pty Ltd | 16,350,000 | 1.2 |
| Carrara Wealth Group Pty Ltd | 15,200,000 | 1.1 |
| PSK Consulting Pty Ltd | 15,000,000 | 1.0 |
| Costi Family Superfund Pty Ltd | 14,259,697 | 1.0 |
| Suanbru Pty Ltd | 11,500,000 | 0.8 |
| Westglade Pty Ltd | 11,440,956 | 0.8 |
| | 920,210,890 | 64.3 |

*Unquoted equity securities*
There are no unquoted equity securities.

**Chapmans Limited**
**Shareholder Information**
**31 December 2015**

**Substantial holders**
Substantial holders in the company are set out below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| Poipu Bay Pty Ltd | 195,000,000 | 13.6 |
| Anthony Dunlop | 132,500,000 | 9.3 |
| Coolabah Capital Pty Ltd | 84,000,000 | 5.9 |
| Fund Contribution Services Pty Ltd | 80,500,000 | 5.6 |

**Voting rights**
The voting rights attached to ordinary shares are set out below:

*Ordinary shares*
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.