

Chapmans Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Chapmans Limited
ACN:	000 012 386
Reporting period:	For the half-year ended 30 June 2016
Previous period:	For the half-year ended 30 June 2015

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	180.7% to	2,519,858
Profit from ordinary activities after tax attributable to the owners of Chapmans Limited	up	186.6% to	1,631,840
Profit for the half-year attributable to the owners of Chapmans Limited	up	186.6% to	1,631,840
		2016 Cents	2015 Cents
Basic earnings per share		0.2672	(1.1371)
Diluted earnings per share		0.2672	(1.1371)

Dividends

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

Comments

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,631,840 (30 June 2015: loss of \$1,884,622).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.68</u>	<u>0.37</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

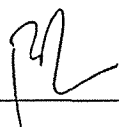
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

The Interim Report of Chapmans Limited for the half-year ended 30 June 2016 is attached.

12. Signed

Signed



Peter Dykes
Executive Chairman

Date: 23 September 2016

Chapmans Limited

ACN 000 012 386

Interim Report - 30 June 2016

Chapmans Limited
Directors' report
30 June 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Chapmans Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2016.

Directors

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

Peter Dykes
Anthony Dunlop
Chris Newport

Review of operations

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

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

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,631,840 (30 June 2015: loss of \$1,884,622).

Chapmans Limited
Directors' report
30 June 2016

Digital Star Media Holdings Pty Limited (DSM)

Digital Star Media is a mobile digital media business established to capitalize on the global market opportunity in sports media content required for the burgeoning mobile sports fan audience markets. Through its 20FOUR branded mobile App and online platform, DSM allows fans to keep up with their favourite sport stars and access exclusive content free of charge with including personal stories and insights, master classes, one-on-one interaction and unique pay-for-use experiences

The business solves problems for players around monetizing player values outside of salary cap restrictions and hazardous social media platforms while providing compelling new media solutions for brand owners wanting to align brands and products with sport stars to highly measurable and engaged mobile and social media audiences.

The company's business model is based on the traditional media pillars of selling audience reach to big brands with key new media differentiators of:

- Smarter commercial model - Paying much less for exclusive media assets than broadcasters by acquiring sports star mobile and social media rights as opposed to mainstream broadcast rights for games
- Captures larger audiences - Leverages larger, more measurable and engaged audiences than free to air and subscription tv audiences
- New and exclusive content - Exclusive athlete generated content plus exclusive sponsored content publishing the off-field stories and journey's of professional athletes

The business is highly scalable with an exceptional executive team and board consisting of proven experts in sports and social media content production, sports media sales and marketing and global talent management.

The business is preparing to launch in Q1 2017 and has plans for an ASX listing.

Valuation 30 June 2016	\$13.5m
Chapmans Investment Valuation 30 June 2016	\$ 5.3m
Total Investment to date:	\$ 1.2m
Equity Holding:	39.25%
Basis for Valuation:	Recent third party investment
Securities Purchased:	Ordinary Shares

Digital4ge Pty Limited (Digital4ge)

Digital4ge is a specialist early stage mobile technology commercialization business which identifies and secures majority holding equity rights in compelling early stage businesses with scalable and global market potential.

The company was established by two experienced digital and mobile technology experts in 2014 with the aim of developing a strong pipeline of industry agnostic compelling mobile technology based opportunities.

The company's business model is to secure the equity and investment rights for specific qualified opportunities and within 12 – 24 months to develop each opportunity as individually registered spin outs with liquidity and significant capital uplift returns achieved through ASX listings or trade sale options.

Chapmans Limited invested \$750,000 in 2014 in exchange for a 15% equity holding with board representation.

REFFIND Limited (ASX:RFN)

Digital4ge developed and listed its first asset, REFFIND Limited, by way of IPO on the ASX in July 2015. At 30 June 2016, Digital4ge held a 45% interest in RFN which had a market capitalization of approximately \$19 million with operations in Australia and the United States where it offers an innovative mobile communication solution for enterprises with a focus on employee referrals.

Chapmans Limited
Directors' report
30 June 2016

Visual Amplifiers Limited (VAMP)

Digital4ge's other key asset is a 60.61% equity holding in Visual Amplifiers Limited (VAMP) which is a compelling social media product placement platform connecting influencers and big brand advertisers.

VAMP provides mass demographic product placement on Instagram for brands through VAMP's influencer briefing and payment platform. The company works as a link among 700 'social influencers' on its books with big brand clients such as UniQlo, Ebay and Samsung by offering services that include talent recruitment, product delivery and payments through to reporting, analytics and optimization.

VAMP influencers post images within brand specified date ranges with a focus on product placement as opposed to product endorsement which strengthens the brands image and generates a higher reach in terms of comments and likes. VAMP has successfully represented Smirnoff, Vittoria, General Pants, UniQlo, Snapple and many others.

Valuation 30 June 2016	\$16.80m
Investment Valuation 30 June 2016	\$ 2.50m
Total Investment to date:	\$ 0.75m
Equity Holding:	15%
Basis for Valuation:	Recent third party investment
Securities Purchased:	Ordinary Shares

Fantasy Sports Global Limited (FSG)

FSG is an innovative sports gaming product business with unique player value database, fantasy sports and sports lotto products. The company has a unique business to business model that optimizes revenues for its database and product innovation by leveraging into the large marketing budgets and customer bases of the major global sports betting companies (wholesale customers) as well as white labelling it's products to large companies such as sporting clubs, franchises and large corporates (enterprise customers).

In June this year Chapmans Opportunities Limited invested \$5m for a 12.30% equity holding in FSG as part of a \$10.45m placement, with board representation, exclusive corporate advisory and ASX listing rights.

FSG has since signed its first wholesale supply agreement with the Australian arm of a large global sports betting company under which it's dynamic player database and fantasy sports platform are to be supplied on a white label basis with a significant recurring revenue share. The company expects to replicate this outstanding outcome with many of the largest sports betting companies in Australia.

Significant demand for FSG's enterprise customer offer from leading sporting franchises, retailers and big brand corporates also exists.

The company plans to expand into key international markets working with strategic partners in each territory with mainland China and India the first markets targeted.

Valuation 30 June 2016	\$40.6m
Investment Valuation 30 June 2016	\$ 5.0m
Total Investment to date:	\$ 5.0m
Equity Holding:	12.3%
Basis for Valuation:	Recent third party investment
Securities Purchased:	Ordinary Shares

Matters subsequent to the end of the financial half-year

In July this year Chapmans invested \$600,000 through its subsidiary Chapmans Opportunities Limited for a 19% equity holding with board representation and exclusive advisory and ASX listing rights.

The company has entered into a strategic 12 months research, development and commercialization agreement with CSIRO who have commissioned SDA's test batch processing plant in Queensland and are preparing to test customer bulk samples to enable the company to progress with large long term supply agreements with large scale customers.

Syn Dynamics Australia Pty Limited (SDA)

SDA has developed and patented breakthrough next generation plasma gasification technology with significant market opportunities in the global hazardous waste treatment and renewable energy industries. The technology has been developed over the past 10 years in Europe and Australia and is designed to address the performance, efficiency and scale limitations of existing gasification technology with the objective of optimizing conversion, cost and accessibility requirements of the global waste mass markets

The technology solves chronic storage and insurance costs for heavy industries that generate hazardous and toxic waste while addressing large balance sheet liabilities associated with environmental and public health risks for oil refineries, petrochemical manufacturers, mining, metals and pharmaceutical companies

Plasma gasification is a next generation of gasification, a globally proven and adopted process by which carbon based material is converted into synthetic gas – 'syngas'. Syngas is a global commodity and has a wide range of uses including various forms of renewable energy such as electricity generation and as a fuel or feedstock for chemical manufacturers.

Compared to other brown-to-green gasification technologies, SDA's technology has breakthrough cost, performance and implementation advantages presenting mass scale adoption opportunities in huge addressable global markets. Two key unique features are:

- Converts 100% of waste material into clean syngas – competing technologies only convert 30% - 50% and produce residual tars and toxic chemicals such as dioxins hence limiting their adoption.
- Operates with low energy consumption and can be installed on-site as a fixed or mobile plant

Valuation 30 June 2016	\$3.2m
Investment Valuation 30 June 2016	\$ -
Investment post 30 June 2016:	\$0.6m
Total Investment to date:	\$0.6m
Equity Holdings:	19%
Basis for Valuation:	Recent investment
Securities Purchased:	Ordinary Shares

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

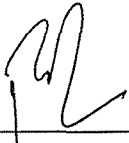
Auditor's independence declaration

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

Chapmans Limited
Directors' report
30 June 2016

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

On behalf of the directors



Peter Dykes
Executive Chairman

23 September 2016

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

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

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
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I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2016 there have been no contravention of:

- (a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (b) any applicable code of professional conduct in relation to the review

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

G Webb

Graham Webb
Partner
Dated: 23 September 2016

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Chapmans Limited
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Chapmans Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2016

		Consolidated	
	Note	2016	Restated 2015
		\$	\$
Revenue	6	2,519,858	897,622
Expenses			
Director remuneration		(239,000)	(198,195)
Consultancy fees		(380,742)	(921,479)
Depreciation and amortisation expense		-	(167)
Impairment of investments		(22,500)	(45,000)
Loss on disposal of assets		(19,587)	(396,072)
Other expenses		(214,487)	(1,027,716)
Finance costs		(15,175)	(193,615)
Profit/(loss) before income tax expense		1,628,367	(1,884,622)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year		1,628,367	(1,884,622)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		1,628,367	(1,884,622)
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		(3,473)	-
Owners of Chapmans Limited		1,631,840	(1,884,622)
		<u>1,628,367</u>	<u>(1,884,622)</u>
Total comprehensive income for the half-year attributable to:			
Non-controlling interest		(3,473)	-
Owners of Chapmans Limited		1,631,840	(1,884,622)
		<u>1,628,367</u>	<u>(1,884,622)</u>
		Cents	Cents
Basic earnings per share	17	0.2672	(1.1371)
Diluted earnings per share	17	0.2672	(1.1371)

Refer to note 4 for detailed information on Change in accounting policy.

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

Chapmans Limited
Statement of financial position
As at 30 June 2016

	Note	2016 \$	Consolidated Restated 2015 \$	Restated 2014 \$
Assets				
Current assets				
Cash and cash equivalents		127,995	11,940	6,418
Trade and other receivables		156,958	22,500	200,000
Total current assets		<u>284,953</u>	<u>34,440</u>	<u>206,418</u>
Non-current assets				
Financial assets	7	13,162,973	7,066,260	2,845,331
Property, plant and equipment		2,013	2,013	667
Total non-current assets		<u>13,164,986</u>	<u>7,068,273</u>	<u>2,845,998</u>
Total assets		<u>13,449,939</u>	<u>7,102,713</u>	<u>3,052,416</u>
Liabilities				
Current liabilities				
Trade and other payables	8	154,921	610,019	383,384
Borrowings	9	146,534	754,965	2,689,260
Total current liabilities		<u>301,455</u>	<u>1,364,984</u>	<u>3,072,644</u>
Non-current liabilities				
Borrowings	10	1,017,804	372,366	241,805
Total non-current liabilities		<u>1,017,804</u>	<u>372,366</u>	<u>241,805</u>
Total liabilities		<u>1,319,259</u>	<u>1,737,350</u>	<u>3,314,449</u>
Net assets		<u>12,130,680</u>	<u>5,365,363</u>	<u>(262,033)</u>
Equity				
Issued capital	11	19,278,344	18,141,394	14,556,394
Accumulated losses		(11,144,191)	(12,776,031)	(14,556,394)
Equity attributable to the owners of Chapmans Limited		8,134,153	5,365,363	(262,033)
Non-controlling interest	12	3,996,527	-	-
Total equity		<u>12,130,680</u>	<u>5,365,363</u>	<u>(262,033)</u>

Refer to note 4 for detailed information on Change in accounting policy.

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

Chapmans Limited
Statement of changes in equity
For the half-year ended 30 June 2016

Consolidated	Issued capital \$	Retained profits \$	Total equity \$
Restated balance at 1 January 2015	14,556,394	(14,506,827)	470,638
Loss after income tax expense for the half-year	-	(1,884,622)	(1,884,622)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(1,884,622)	(1,884,622)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	2,702,500	-	2,702,500
Balance at 30 June 2015	17,258,894	(16,391,449)	867,445

Consolidated	Issued capital \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Balance at 1 January 2016	18,141,394	(12,776,031)	-	5,365,363
Profit/(loss) after income tax expense for the half-year	-	1,631,840	(3,473)	1,628,367
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	1,631,840	(3,473)	1,628,367
Recognition of non-controlling interest	-	-	4,000,000	4,000,000
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,136,950	-	-	1,136,950
Balance at 30 June 2016	19,278,344	(11,144,191)	3,996,527	12,130,680

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

Chapmans Limited
Statement of cash flows
For the half-year ended 30 June 2016

	Consolidated	
	2016	2015
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,760,000	9,245
Payments to suppliers (inclusive of GST)	(1,227,696)	(1,686,438)
	532,304	(1,677,193)
Interest received	-	27
Interest and other finance costs paid	(3,076)	(42,760)
Net cash from/(used in) operating activities	529,228	(1,719,926)
Cash flows from investing activities		
Payments for investments	(1,286,028)	(45,000)
Proceeds from disposal of investments	403,586	452,068
Net cash (used in)/from investing activities	(882,442)	407,068
Cash flows from financing activities		
Proceeds from issue of shares	1,085,618	2,702,500
Proceeds from borrowings	400,000	191,250
Repayment of borrowings	(861,969)	(1,586,405)
Loans to other entities	(134,458)	-
Loans repaid by directors	20,000	-
Loans to directors	(39,922)	-
Net cash from financing activities	469,269	1,307,345
Net increase/(decrease) in cash and cash equivalents	116,055	(5,513)
Cash and cash equivalents at the beginning of the financial half-year	11,940	6,418
Cash and cash equivalents at the end of the financial half-year	127,995	905

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

Chapmans Limited
Notes to the financial statements
30 June 2016

Note 1. General information

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

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

Level 10, 52 Phillip Street, Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 September 2016.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Going concern

At 30 June 2016 there was deficiency of net current assets of \$16,502 due to a loan classified as current. However, that loan was subsequently repaid from existing cash reserves and accordingly directors are of the opinion company is a going concern & can repay its debts as & when they fall due.

Note 3. Critical accounting judgements, estimates and assumptions

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

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy

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

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

Recovery of deferred tax assets

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

Note 4. Change in accounting policy

Given the evolution of the Company's operations during the half year ended 30 June 2016, the directors have determined that the Company should be classified as an Investment Entity on the basis that the Company's business purpose is to invest funds obtained from investors solely for returns from capital appreciation and / or investment income. Accordingly, the Company's portfolio of investments have now been accounted for at fair value through the profit or loss and classified as Financial Assets in the Statement of Financial Position.

In prior years, the portfolio of investments were classified as available-for-sale financial assets and equity accounted investments. Those investments with market prices quoted on the Australian Securities Exchange (ASX) were accounted for at fair value and unlisted investments were accounted for at cost.

Statement of profit or loss and other comprehensive income

	2015 \$ Reported	Consolidated \$ Adjustment	2015 \$ Restated
Extract			
Revenue	101,681	795,941	897,622
Expenses			
Impairment of investments	-	(45,000)	(45,000)
Loss on disposal of assets	-	(396,072)	(396,072)
Other expenses	(1,072,716)	45,000	(1,027,716)
Loss before income tax expense	(2,284,491)	399,869	(1,884,622)
Income tax expense	-	-	-
Loss after income tax expense for the half-year attributable to the owners of Chapmans Limited	(2,284,491)	399,869	(1,884,622)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year attributable to the owners of Chapmans Limited	<u>(2,284,491)</u>	<u>399,869</u>	<u>(1,884,622)</u>

Note 4. Change in accounting policy (continued)

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(0.9070)	(0.2301)	(1.1371)
Diluted earnings per share	(0.9070)	(0.2301)	(1.1371)

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

Extract	2015 \$ Reported	Consolidated \$ Adjustment	2015 \$ Restated
Assets			
Current assets			
Financial assets	1,338,145	(1,338,145)	-
Total current assets	1,372,585	(1,338,145)	34,440
Non-current assets			
Investments accounted for using the equity method	448,693	(448,693)	-
Financial assets	-	7,066,260	7,066,260
Deferred tax	311,600	(311,600)	-
Total non-current assets	762,306	6,305,967	7,068,273
Total assets	2,134,891	4,967,822	7,102,713
Liabilities			
Current liabilities			
Trade and other payables	363,595	246,424	610,019
Borrowings	924,331	(169,366)	754,965
Other	449,424	(449,424)	-
Total current liabilities	1,737,350	(372,366)	1,364,984
Non-current liabilities			
Borrowings	-	372,366	372,366
Total non-current liabilities	-	372,366	372,366
Total liabilities	1,737,350	-	1,737,350
Net assets	397,541	4,967,822	5,365,363
Equity			
Reserves	(121,500)	121,500	-
Accumulated losses	(17,622,353)	4,846,322	(12,776,031)
Total equity	397,541	4,967,822	5,365,363

Note 4. Change in accounting policy (continued)

Statement of profit or loss and other comprehensive income

	2014 \$ Reported	Consolidated \$ Adjustment	2014 \$ Restated
Extract			
Expenses			
Change in fair value of investments	-	(154,471)	(154,471)
Loss before income tax expense	(2,135,782)	(154,471)	(2,290,253)
Income tax expense	-	(311,600)	(311,600)
Loss after income tax expense for the half-year attributable to the owners of Chapmans Limited	(2,135,782)	(466,071)	(3,067,924)
Other comprehensive income for the half-year, net of tax	(154,471)	154,471	-
Total comprehensive income for the half-year attributable to the owners of Chapmans Limited	<u>(2,290,253)</u>	<u>(311,600)</u>	<u>(3,067,924)</u>
	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	(0.0040)	(0.0003)	(0.0043)
Diluted earnings per share	(0.0040)	(0.0003)	(0.0043)

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

	2014 \$ Reported	Consolidated \$ Adjustment	2014 \$ Restated
Extract			
Equity			
Reserves	(421,071)	421,071	-
Accumulated losses	(14,085,756)	(732,671)	(14,818,427)
Total equity	<u>49,567</u>	<u>(311,600)</u>	<u>(262,033)</u>

Note 5. Operating segments

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

Note 6. Revenue

	Consolidated 2016 \$	Restated 2015 \$
<i>Sales revenue</i>		
Revenue from sales of shares	-	61,737
Consulting and advisory fees	1,760,000	-
	<u>1,760,000</u>	<u>61,737</u>
<i>Other revenue</i>		
Interest	-	681
Change in fair value of investments	759,858	795,941
Other revenue	-	39,263
	<u>759,858</u>	<u>835,885</u>
Revenue	<u>2,519,858</u>	<u>897,622</u>

Note 7. Non-current assets - financial assets

	Consolidated 2016 \$	Restated 2015 \$
Investments in listed companies - at fair value	92,500	438,145
Investments in unlisted companies - at fair value	13,070,473	6,628,115
	<u>13,162,973</u>	<u>7,066,260</u>

Note 8. Current liabilities - trade and other payables

	Consolidated 2016 \$	Restated 2015 \$
Trade and other payables and accruals	<u>154,921</u>	<u>610,019</u>

Note 9. Current liabilities - borrowings

	Consolidated 2016 \$	Restated 2015 \$
External loans payable	<u>146,534</u>	<u>754,965</u>

Note 10. Non-current liabilities - borrowings

	Consolidated	
	2016	Restated 2015
	\$	\$
External loans payable	400,000	134,435
Loans from Directors	121,808	34,931
Loans from related parties	495,996	203,000
	<u>1,017,804</u>	<u>372,366</u>

Note 11. Equity - issued capital

	Consolidated			
	2016	2015	2016	2015
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,789,500,000</u>	<u>1,431,666,665</u>	<u>19,278,344</u>	<u>18,141,394</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2016	1,431,666,665		18,141,394
Issue of shares	7 June 2016	213,333,335	\$0.0030	640,000
Issue of shares	27 June 2016	144,500,000	\$0.0035	505,750
Share issue costs		-	\$0.0000	(8,800)
Balance	30 June 2016	<u>1,789,500,000</u>		<u>19,278,344</u>

Share buy-back

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

Note 12. Equity - non-controlling interest

	Consolidated	
	2016	2015
	\$	\$
Issued capital	4,000,000	-
Accumulated losses	(3,473)	-
	<u>3,996,527</u>	<u>-</u>

In June 2016 Chapmans Opportunities Limited (COL), a company acquired on incorporation, issued 6.25 million ordinary shares to a third party investor @ \$0.64 per share to represent a \$4m equity investment and 20% equity interest.

This resulted in COL having 31.25 million ordinary shares issued post investment with a post money valuation of \$20 million.

This transaction enabled COL to complete it's \$5m investment in Fantasy Sports Global Limited through which COL holds a 12.30% equity interest.

Note 13. 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

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2016				
<i>Assets</i>				
Financial assets	92,500	-	13,070,473	13,162,973
Total assets	92,500	-	13,070,473	13,162,973

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated - 2015				
<i>Assets</i>				
Financial assets	438,145	-	6,628,115	7,066,260
Total assets	438,145	-	6,628,115	7,066,260

There were no transfers between levels during the financial half-year.

Valuation techniques for fair value measurements categorised within level 2 and level 3

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of financial assets. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 13. Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Financial assets \$	Total \$
Balance at 1 January 2016	6,628,115	6,628,115
Net gains recognised in profit or loss relating to unlisted investments	842,358	842,358
Additions	5,600,000	5,600,000
Balance at 30 June 2016	<u>13,070,473</u>	<u>13,070,473</u>

Note 14. Contingent liabilities

There were no contingent liabilities as at the date of this report (30 June 2015: Nil).

Note 15. Related party transactions

Loans to/from related parties

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

	Consolidated	
	2016	2015
	\$	\$
Current borrowings:		
Loan from key management personnel	121,808	34,931

The loans have been provided by Peter Dykes (\$97,605) and Anthony Dunlop (\$23,203) and have no fixed term. These loans do not attract any interest.

Note 16. Events after the reporting period

In July this year Chapmans invested \$600,000 through its subsidiary Chapmans Opportunities Limited for a 19% equity holding with board representation and exclusive advisory and ASX listing rights.

The company has entered into a strategic 12 months research, development and commercialization agreement with CSIRO who have commissioned SDA's test batch processing plant in Queensland and are preparing to test customer bulk samples to enable the company to progress with large long term supply agreements with large scale customers.

Syn Dynamics Australia Pty Limited (SDA)

SDA has developed and patented breakthrough next generation plasma gasification technology with significant market opportunities in the global hazardous waste treatment and renewable energy industries. The technology has been developed over the past 10 years in Europe and Australia and is designed to address the performance, efficiency and scale limitations of existing gasification technology with the objective of optimizing conversion, cost and accessibility requirements of the global waste mass markets

The technology solves chronic storage and insurance costs for heavy industries that generate hazardous and toxic waste while addressing large balance sheet liabilities associated with environmental and public health risks for oil refineries, petro-chemical manufacturers, mining, metals and pharmaceutical companies

Plasma gasification is a next generation of gasification, a globally proven and adopted process by which carbon based material is converted into synthetic gas – 'syngas'. Syngas is a global commodity and has a wide range of uses including various forms of renewable energy such as electricity generation and as a fuel or feedstock for chemical manufacturers.

Compared to other brown-to-green gasification technologies, SDA's technology has breakthrough cost, performance and implementation advantages presenting mass scale adoption opportunities in huge addressable global markets. Two key unique features are:

- Converts 100% of waste material into clean syngas – competing technologies only convert 30% - 50% and produce residual tars and toxic chemicals such as dioxins hence limiting their adoption.
- Operates with low energy consumption and can be installed on-site as a fixed or mobile plant

Valuation 30 June 2016	\$3.2m
Investment Valuation 30 June 2016	\$ -
Investment post 30 June 2016:	\$0.6m
Total Investment to date:	\$0.6m
Equity Holdings:	19%
Basis for Valuation:	Recent investment
Securities Purchased:	Ordinary Shares

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 17. Earnings per share

	Consolidated	
	2016	2015
	\$	\$
Profit/(loss) after income tax	1,628,367	(1,884,622)
Non-controlling interest	3,473	-
Profit/(loss) after income tax attributable to the owners of Chapmans Limited	<u>1,631,840</u>	<u>(1,884,622)</u>

Note 17. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>610,831,506</u>	<u>165,734,289</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>610,831,506</u>	<u>165,734,289</u>
	Cents	Cents
Basic earnings per share	0.2672	(1.1371)
Diluted earnings per share	0.2672	(1.1371)

Chapmans Limited
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Dykes
Executive Chairman

23 September 2016

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

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

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Chapmans Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Chapmans Limited's financial position as at 30 June 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of Chapmans Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

SYDNEY

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

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

Conclusion

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

- (i) giving a true and fair view of Chapmans Limited's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW 2000

Graham Webb

Graham Webb
Partner
Dated: 23 September 2016