

Chapmans Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity: Chapmans Limited
ACN: 000 012 386
Reporting period: For the year ended 31 December 2017
Previous period: For the year ended 31 December 2016

2. Results for announcement to the market

				\$
Revenues from ordinary activities	down	39%	to	1,673,423
Loss from ordinary activities after tax attributable to the owners of Chapmans Limited	down	36,891%	to	8,506,123
Loss for the year attributable to the owners of Chapmans Limited	down	36,891%	to	8,506,123
				2017
				Cents
Basic earnings per share				(1.404)
Diluted earnings per share				(1.404)
				2016
				Cents
				(0.001)
				(0.001)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$8,506,123 (31 December 2016: loss of \$22,995).

On 14 June 2017, the Company issued 45,000,000 shares at \$0.002 per share.

On 21 August 2017, the Company issued 400,000,000 shares at \$0.005 per share.

On 22 September 2017, the Company issued 70,000,000 shares at \$0.005 per share.

On 2 November 2017, the Company issued 99,438,179 shares as part of a one for two rights issue at \$0.005 per share.

On 17 November 2017, the Company issued 200,000,000 shares at \$0.005 per share.

On 8 December 2017, the Company issued 185,561,764 shares at \$0.005 per share

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.46</u>	<u>2.88</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

- 20 Four Media Holdings Pty Ltd – 39.55% ownership.
 - MJ Life Sciences Pty Ltd – 50% ownership
 - TWM Haztek Holdings Pty Ltd – 50% ownership through Syn Dynamics Pty Ltd
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9. Foreign entities

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

Not applicable.

10. Audit qualification or review

The financial statements are in the process of being audited.

11. Attachments

The Preliminary Financial Report of Chapmans Limited for the year ended 31 December 2017 is attached.

12. Signed

Signed  _____

Peter Dykes
Executive Chairman

Date: 28 February 2018

Chapmans Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2017

	Consolidated	
	31 December	31 December
	2017	2016
Note	\$	\$
Revenue	1,673,423	2,741,122
Expenses		
Directors remuneration	(1,136,273)	(1,074,996)
Consultancy and contractors fees	(326,479)	(102,029)
Depreciation and amortisation expense	(7,614)	(2,013)
Legal and professional fees	(717,671)	(266,194)
Loss on disposal of financial assets	(156,240)	(55,444)
Impairment of financial assets	(5,177,331)	(506,958)
Bad debts	-	(22,500)
Research & development expenses	(485,000)	-
Other expenses	(714,975)	(373,641)
Finance costs	(4,676)	(36,232)
Share of losses in associates accounted for under the equity method	(1,453,287)	(324,110)
Loss before income tax expense	(8,506,123)	(22,995)
Income tax expense	-	-
Loss after income tax expense for the year	<u>(8,506,123)</u>	<u>(22,995)</u>
Loss after income tax expense for the year attributable to:		
Non-controlling interest	(919,877)	(21,251)
Owners of Chapmans Limited	<u>(7,586,246)</u>	<u>(1,744)</u>
	<u>(8,506,123)</u>	<u>(22,995)</u>
Other Comprehensive income		
Profit/(loss) on revaluation of available-for-sale financial assets	<u>657,961</u>	<u>(77,608)</u>
Total comprehensive loss for the year attributable to:		
Non-controlling interest	(919,877)	(21,251)
Owners of Chapmans Limited	<u>(6,928,285)</u>	<u>(79,352)</u>
	<u>(7,848,162)</u>	<u>(100,603)</u>
Basic earnings per share	(1.404)	(0.001)
Diluted earnings per share	(1.404)	(0.001)

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 2017

		Consolidated	
		31 December	31 December
	Note	2017	2016
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	1	41,943	98,715
Trade and other receivables		596,295	388,478
Total current assets		<u>638,238</u>	<u>487,193</u>
Non-current assets			
Intangible assets		1,471,278	1,471,278
Financial assets	2	3,218,675	6,023,750
Investments accounted for under the equity method	3	626,509	624,583
Plant & equipment		7,386	21,616
Total non-current assets		<u>5,323,848</u>	<u>8,141,227</u>
Total assets		<u>5,962,086</u>	<u>8,628,420</u>
Liabilities			
Current liabilities			
Trade and other payables		572,437	663,048
Borrowings		10,320	196,996
Total current liabilities		<u>582,757</u>	<u>860,044</u>
Total liabilities		<u>582,757</u>	<u>860,044</u>
Net assets		<u>5,379,329</u>	<u>7,768,376</u>
Equity			
Issued capital	5	27,383,547	21,924,432
Accumulated losses		(25,521,943)	(17,935,697)
Reserves		458,853	(199,108)
Equity attributable to the owners of Chapmans Limited		<u>2,320,457</u>	<u>3,789,627</u>
Non-controlling interest		3,058,872	3,978,749
Total equity		<u>5,379,329</u>	<u>7,768,376</u>

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

Chapmans Limited
Statement of changes in equity
For the year ended 31 December 2017

	Issued capital	Reserves	Non-controlling interest	Retained profits	Total equity
Consolidated	\$	\$	\$	\$	\$
Balance at 1 January 2016	18,141,394	(121,500)	.	(17,933,953)	85,941
Loss after income tax expense for the year	-	-	(21,251)	(1,744)	(22,995)
Other Comprehensive income	-	(77,608)	-	-	(77,608)
Total comprehensive income for the year	-	(77,608)	(21,251)	(1,744)	(100,603)
Recognition of Non-controlling interest	-	-	4,000,000	-	4,000,000
Contributions of equity	3,816,750	-	-	-	3,816,750
Transaction costs	(33,712)	-	-	-	(33,712)
Balance at 31 December 2016	<u>21,924,432</u>	<u>(199,108)</u>	<u>3,978,749</u>	<u>(17,935,697)</u>	<u>7,768,376</u>

	Issued capital	Reserves	Non-controlling interest	Retained profits	Total equity
Consolidated	\$	\$	\$	\$	\$
Balance at 1 January 2017	21,924,432	(199,108)	3,978,749	(17,935,697)	7,768,376
Loss after income tax expense for the year	-	-	(919,877)	(7,586,246)	(8,506,123)
Other Comprehensive income	-	657,961	-	-	657,961
Total comprehensive income for the year	-	657,961	(919,877)	(7,586,246)	(7,848,162)
Contributions of equity	5,675,000	-	-	-	5,675,000
Transaction costs	(215,885)	-	-	-	(215,885)
Balance at 31 December 2017	<u>27,383,547</u>	<u>458,853</u>	<u>3,058,872</u>	<u>(25,521,943)</u>	<u>5,379,329</u>

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

Chapmans Limited
Statement of cash flows
For the year ended 31 December 2017

	Consolidated	
	31 December 2017	31 December 2016
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	1,170,196	2,740,390
Research & Development grants received	496,559	-
Payments to suppliers	(3,577,069)	(1,889,071)
Interest received	67	732
Interest and other finance costs paid	(4,676)	(36,232)
Net cash used in operating activities	1(b) (1,914,923)	815,819
Cash flows from investing activities		
Payments for investments	(4,991,497)	(3,325,968)
Payments for equity accounted investments	-	(1,025,000)
Proceeds from disposal of investments	2,115,721	1,040,431
Net cash from/(used in) investing activities	(2,875,776)	(3,310,537)
Cash flows from financing activities		
Proceeds from issue of shares	5,675,000	3,133,340
Costs of issue of shares	(215,885)	(21,513)
Proceeds from borrowings	914,500	2,800,000
Repayment of borrowings	(696,264)	(3,330,334)
Loans to other entities	(943,400)	-
Net cash from financing activities	4,733,951	2,581,493
Net (decrease)/increase in cash and cash equivalents	(56,748)	86,775
Cash and cash equivalents at the beginning of the financial year	98,715	11,940
Effect of foreign forex on cash and cash equivalents	(24)	-
Cash and cash equivalents at the end of the financial year	<u>41,943</u>	<u>98,715</u>

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

Chapmans Limited
Notes to the financial statements
31 December 2017

Note 1.

(a) Cash and cash equivalents

	Consolidated	Consolidated
	31 December	31 December
	2017	2016
	\$	\$
Cash at bank	41,943	98,715

(b) Reconciliation of profit after income tax to net cash used in operating activities

	Consolidated	Consolidated
	31 December	31 December
	2017	2016
	\$	\$
(Loss) after income tax expense for the year	(8,506,123)	(22,995)
Adjustments for:		
Depreciation and amortisation	7,614	2,013
Loss on disposal of financial assets	156,240	55,444
Impairment of financial assets	5,177,331	506,958
Bad debt written off	-	22,500
Share of loss of associates accounted for under the equity method	1,453,287	324,110
Forgiveness of loans	(6,602)	-
Change in operating assets and liabilities:		
Increase/decrease in trade and other receivables	343,037	484,890
Increase/decrease in trade and other payables	(539,707)	(557,102)
Net cash inflow from operating activities	<u>(1,914,923)</u>	<u>815,818</u>

Note 2. Financial assets

Available for sale financial assets

	Consolidated	Consolidated
	31 December	31 December
	2017	2016
	\$	\$
Investments in listed companies - at fair value	<u>2,698,625</u>	<u>123,750</u>

Unlisted investments

Investments in unlisted companies - at cost	5,050,050	5,900,000
Less provision for impairment	<u>(4,530,000)</u>	-
	<u>520,050</u>	<u>5,900,000</u>

Total financial assets	<u>3,218,675</u>	<u>6,023,750</u>
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Note 3. Investments accounted for under the equity method

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Investments in Associates	2,753,544	1,200,000
Share of accumulated losses	(2,028,704)	(575,417)
Less provision for impairment	(98,331)	-
	<u>626,509</u>	<u>624,583</u>

Note 4. Operating segments

The Company has one operating segment providing growth capital and advisory services to private and public companies. It earns from the provision of consulting and advisory services and other returns from its investments. 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 5. Equity - issued capital

	Consolidated			
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,300,000,000</u>	<u>300,000,057</u>	<u>27,383,547</u>	<u>21,924,432</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	\$0.003	640,000
Issue of shares	27 June 2016	144,500,000	\$0.0035	505,750
Issue of shares	18 October 2016	250,000,000	\$0.003	750,000
Issue of shares	4 November 2016	400,000,000	\$0.002	800,000
Issue of shares	20 December 2016	560,500,000	\$0.002	1,121,000
Share consolidation 10:1		(2,699,999,943)	-	-
Share issue costs		-	-	(33,710)
Balance	1 January 2017	300,000,057		21,924,432
Issue of shares	14 June 2017	45,000,000	\$0.002	900,000
Issue of shares	21 August 2017	400,000,000	\$0.005	2,000,000
Issue of shares	22 September 2017	70,000,000	\$0.005	350,000
Issue of shares (Rights issue)	2 November 2017	99,438,179	\$0.005	497,191
Issue of shares	11 November 2017	200,000,000	\$0.005	1,000,000
Issue of shares	8 December 2017	185,561,764	\$0.005	927,809
Share issue costs		-	-	(215,885)
		<u>1,300,000,000</u>		<u>\$27,383,547</u>

Note 5. Equity - issued capital (continued)

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.

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