

Chapmans Limited

A.C.N. 000 012 386

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PLEASE ADDRESS ALL CORRESPONDENCE TO GPO BOX 4246 SYDNEY NSW 2001

APPENDIX 4D

HALF-YEAR REPORT

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

Reporting period	Half-year ended	30 June 2011
Previous corresponding reporting period	Half-year ended	30 June 2010

Results for announcement to the Market

		\$ 30 June 2011	\$ 30 June 2010
Revenue from ordinary activities	down 86% to	6,742	49,645
Loss from ordinary activities after tax attributable to members	up 104% to	(206,698)	(101,198)
Net Loss for the period attributable to members	up 104% to	(206,698)	(101,198)

N. T. A.

	30 June 2011	30 June 2010
Net tangible asset backing per ordinary security	1.8 cents	2.2 cents

31 August 2011

CHAPMANS LIMITED

A.C.N. 000 012 386

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2011

CHAPMANS LIMITED

DIRECTORS' REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2011

Your Directors present the financial statements of the consolidated entity for the half-year ended 30 June 2011.

1. REVIEW AND RESULTS OF OPERATIONS

The company continued managing its investment operations and supervising its share portfolios, as well as examining participation in seed capital and venture capital investment proposals.

During the period, 33,000,000 shares were placed for \$477,000 cash, mainly to a listed investment company, and 5,000,000 shares were issued at 2.5 cents each to acquire an additional 8% shareholding in a company involved in litigation funding, making the total holding 20%. Since balance date, 5,000,000 shares were issued at 2.5 cents each as part of a settlement of a loan transaction, and 3,000,000 shares were issued at 1.2 cents each for cash.

In 2010, the Company's 72%-owned subsidiary, Hallmark Minerals N L, acquired an interest in the share capital of an overseas company with coal mining interests in Kalimantan, Indonesia. This project has not progressed as anticipated and is being kept under review. Hallmark Minerals continued to seek participation in mineral projects in Australia and overseas.

Chapmans also maintained, through its wholly-owned subsidiary Gladstone Development Pty Ltd, a fifteen percent (15%) interest in a private company which owns land in Gladstone, Queensland. Various development proposals have been submitted and are being evaluated.

The results of the half-year show a net loss of \$206,698.

2. NEW CONSTITUTION

The adoption of a new Constitution for the Company which was put to shareholders at the Annual General Meeting held on 31 May 2011 as a Special Resolution, was approved by the requisite majority of shareholders.

3. DIRECTORS

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

Name:	B Ganke	E Goh	P Hetherton	K Skelton
Director since:	1974	1985	1983	1986

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of Directors.

DATED at Sydney
this 31st day of August 2011

P Hetherton
Director

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Chapmans Limited:

As auditor for the review of Chapmans Limited for the half-year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

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

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

I J Lamb & Co
Chartered Accountants

I J Lamb
Partner

Sydney

31 August 2011

CHAPMANS LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2011

	<u>Note</u>	30 June 2011 \$	30 June 2010 \$
Revenues		6,742	49,645
Administration expenses		(140,696)	(123,491)
Finance costs		(26,127)	(27,352)
Loss on investments		(46,617)	-
		-----	-----
Loss before Income tax		(206,698)	(101,198)
Income Tax Expense		-	-
		-----	-----
Loss		(206,698)	(101,198)
		-----	-----
Other comprehensive income/(loss):			
Net decrease in Fair Value Reserve		(33,059)	(87,327)
		-----	-----
Total comprehensive income/(loss)		<u>(239,757)</u>	<u>(188,525)</u>
Loss Attributable to:			
Owners of the parent entity		(196,984)	(97,697)
Non-controlling interest		(9,714)	(3,501)
		-----	-----
		<u>(206,698)</u>	<u>(101,198)</u>
Comprehensive income/(loss) attributable to:			
Owners of the parent entity		(229,449)	(184,633)
Non-controlling interest		(10,308)	(3,892)
		-----	-----
		<u>(239,757)</u>	<u>(188,525)</u>
Earnings per share			
Basic earnings (loss) per share	8	(\$0.0016)	(\$0.00085)
Diluted earnings/(loss) per share	8	(\$0.0016)	(\$0.00085)

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

CHAPMANS LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2011

	<i><u>Note</u></i>	30 June 2011 \$	30 December 2010 \$
Current Assets			
Cash and cash equivalents		206,068	545
Available for sale financial assets	2	82,893	101,324
Investment in Joint Venture	3	200,000	200,000
Trade and other receivables	4	444,549	308,238
		-----	-----
Total Current Assets		933,510	610,107
		=====	=====
Non Current Assets			
Available for sale financial assets	5	1,303,694	1,315,335
Property plant and equipment		3,453	4,063
Deferred tax assets		311,600	311,600
Other receivables	6	1,229,604	1,229,604
		-----	-----
Total Non Current Assets		2,848,351	2,860,602
		-----	-----
Total Assets		3,781,861	3,470,709
		=====	=====
Current Liabilities			
Trade and other payables		181,449	156,694
Borrowings		752,013	827,859
		-----	-----
Total Current Liabilities		933,462	984,553
		-----	-----
Total Liabilities		933,462	984,553
		-----	-----
Net Assets		2,848,399	2,486,156
		=====	=====
Equity			
Capital and Reserves attributable to company's equity holders			
Share Capital	7	10,500,393	9,898,393
Other Reserves		(572,684)	(540,219)
Accumulated Losses		(7,592,406)	(7,395,422)
		-----	-----
Total Equity attributable to company's equity holders		2,335,303	1,962,752
Minority Interests		513,096	523,404
		-----	-----
Total Equity		2,848,399	2,486,156
		=====	=====

The Consolidated Balance Sheet should be read in conjunction with the accompanying Notes

CHAPMANS LIMITED
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CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY

ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Share Capital \$	Reserves \$	Accumulated Losses \$	Minority Interests \$	Total Equity \$
Balance at 1 January 2010	9,798,393	(472,459)	(7,158,209)	353,162	2,520,887
Total comprehensive income/(loss)	-	(86,936)	(97,697)	(3,892)	(188,525)
Share Issues	100,000	-	-	175,000	275,000
Balance at 30 June 2010	<u>9,898,393</u>	<u>(559,395)</u>	<u>(7,255,906)</u>	<u>524,270</u>	<u>2,607,362</u>
Balance at 1 January 2011	9,898,393	(540,219)	(7,395,422)	523,404	2,486,156
Total comprehensive income/(loss)	-	(32,465)	(196,984)	(10,308)	(239,757)
Share Issues	602,000	-	-	-	602,000
Balance at 30 June 2011	<u>10,500,393</u>	<u>(572,684)</u>	<u>(7,592,406)</u>	<u>513,096</u>	<u>2,848,399</u>

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

CHAPMANS LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2011

	30 June 2011 \$	30 June 2010 \$
Cash flows from operating activities		
Interest paid	(769)	(52,288)
Operating expenses	(121,772)	(98,375)
	-----	-----
Net cash from/(used in) operating activities	(122,541)	(150,663)
	-----	-----
Cash flows from investing activities:		
Dividends received	460	88
Payments for deposits	(126,288)	(72,351)
Payments for investments	(42,815)	(222,248)
Payments for plant & equipment	-	(1,886)
Proceeds from sale of investments	120,078	108,995
Repayments from deposits	1,500	190,000
	-----	-----
Net cash from/(used in) investing activities	(47,065)	2,598
	-----	-----
Cash flows from financing activities:		
Proceeds from issue of shares	477,000	-
Proceeds from borrowings	33,706	219,600
Repayment of borrowings	(135,577)	(75,921)
	-----	-----
Net cash from/(used in) financing activities	375,129	143,679
	-----	-----
Net increase in cash held	205,523	(4,386)
Cash at the beginning of the financial period	545	11,391
	-----	-----
Cash at the end of the financial period	206,068	7,005
	=====	=====

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

CHAPMANS LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Report of the consolidated entity consisting of Chapmans Limited and its subsidiaries are the same as those used in the 31 December 2010 Financial Report.

1.1 Basis of preparation

This financial report is a general purpose financial report which has been prepared in accordance with AASB 134, Interim Financial Reporting, Australian Equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Accounting Interpretations) and the Corporations Act 2001.

The interim report does not include full disclosures of the type normally included in an annual financial report. It should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010 and any public announcements made during the half-year under the continuous disclosure obligations.

These consolidated interim financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets that have been measured at fair value.

1.2 Statement of compliance

The financial report complies with Australian Accounting Standards, which include the Australian equivalent to International Financial reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and associated notes, complies with International Financial Reporting Standards (IFRS).

		30 June 2011 \$	31 December 2010 \$
NOTE	AVAILABLE FOR SALE FINANCIAL ASSETS		
2.	Current		
	Shares in Corporations listed on Stock Exchanges at quoted market value	82,893 =====	101,324 =====
NOTE	INVESTMENT IN JOINT VENTURE		
3.	Coal Project - Indonesia	200,000 =====	200,000 =====

This investment is in a Coal Mining Joint Venture Project in Kalimantan, Indonesia, entered into in 2010 by the Company's 72%-owned subsidiary, Hallmark Minerals N L. This project has not progressed as anticipated and is being kept under review.

**CHAPMANS LIMITED
AND CONTROLLED ENTITIES**

		30 June 2011 \$	31 December 2010 \$
NOTE	TRADE & OTHER RECEIVABLES		
4.	Current		
	Loans - unsecured	286,543	158,908
	Debtors & prepayments	158,006	149,330
		-----	-----
		<u>444,549</u>	<u>308,238</u>
NOTE	AVAILABLE FOR SALE FINANCIAL ASSETS		
5.	Non Current		
	Shares in Corporations listed on Stock Exchanges at quoted market value	147,108	283,749
	Shares in unlisted Corporations - at cost	1,156,586	1,031,586
		-----	-----
		<u>1,303,694</u>	<u>1,315,335</u>
NOTE	OTHER RECEIVABLES		
6.	Loans - unsecured	<u>1,229,604</u>	<u>1,229,604</u>

Loans-unsecured with Nadi Bay Beach Corporation Ltd. The maturity date of the loan is 30 June 2013, which date may be varied by mutual agreement. Interest is currently 9% p.a on part of the capitalised amount. Interest of \$449,107 which was earned in previous years including current period's interest of \$31,399 has not been brought in as revenue at this stage.

The original transaction, which took place over thirty years ago, was for an amount of less than \$150,000. The Directors of Chapmans who are now also Directors and shareholders of Nadi Bay Beach Corporation were not Directors of that company at the time of the original transaction.

NOTE **SHARE CAPITAL**
7.

158,000,000 (2010 120,000,000)		
ordinary fully paid shares	<u>10,500,393</u>	<u>9,898,393</u>

During the period, 33,000,000 shares were placed for \$477,000 cash, mainly to a listed investment company, and 5,000,000 shares were issued at 2.5 cents each to acquire an additional 8% shareholding in a company involved in litigation funding, making the total holding 20%. Since balance date, 5,000,000 shares were issued at 2.5 cents each as part of a settlement of a loan transaction and 3,000,000 shares were issued at 1.2 cents each for cash.

**CHAPMANS LIMITED
AND CONTROLLED ENTITIES**

	30 June 2011 \$	30 June 2010 \$
NOTE 8. EARNINGS PER SHARE		
Basic earnings/(loss) per share	(\$0.0016)	(\$0.00085)
Diluted earnings/(loss) per share	(\$0.0016)	(\$0.00085)
Net loss used to calculate earnings/(loss) per share	(\$206,698) =====	(\$101,198) =====
Number of weighted ordinary shares used in calculation of basic earnings (loss) per share	124,635,359 =====	118,110,497 =====
NOTE 9. SEGMENT INFORMATION		
Revenue	6,742 =====	49,645 =====
Results (Loss)	(206,698) =====	(101,198) =====
The group's revenue and results are predominantly from operations in the investment sector in Australia.		
NOTE 10. SIGNIFICANT SUBSEQUENT EVENTS		
There were no significant events since the end of the reporting period except as reported elsewhere in the report.		

**CHAPMANS LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 30 JUNE 2011

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 9 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance.
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

P Hetherton
Director

Sydney

31 August 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chapmans Limited:

I have reviewed the accompanying half-year financial report of Chapmans Limited ("the Company") which comprises the consolidated balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the Directors' Declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, I have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Chapmans Limited, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

I J Lamb & Co
Chartered Accountants

I J Lamb
Partner

Sydney
31 August 2011