

BLUECHIIP LIMITED

MARCH 2019 QUARTERLY CASH FLOW REPORT

Bluechiip Limited (**Bluechiip** or the **Company**) (**ASX: BCT**) today released its quarterly cash flow report for the period ended 31 March 2019.

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2019

Highlights during the quarter

- The delivery of readers and chips to customers including Labcon continues, achieving the best quarter of net sales revenue of \$272k.
- Scaling activities are progressing as the Company continues to meet customer orders.
- Continued to pursue partnerships from the pipeline of developer kits and agreements in market.
- Received approval from the Department of Innovation and Science Australia for the decision under section 28A and 28C of the Industry Research and Development Act 1986 in relation to the application for the 2018-2020 certificate for overseas advance finding for the core overseas activities.
- Successfully secured 2017/2018 Export Marketing Development Grant (EMDG) of \$72k.
- Cash balance stands at \$5.173m as at 31 March 2019 with no borrowings.

Business Progress Update

Bluechiip continues to make progress with the ongoing delivery of readers and chips to customers including Labcon following the updated development and supply agreement that resulted in the Company achieving its best quarter of net sales revenue to date of \$272,462.

The Company continued to pursue partnerships and work closely on the conversion of Development and Supply Agreement from the pipeline of 32 developer kits and agreements with potential partners in North America, Europe and Asia.

Commentary on the Cash Flow Report

Bluechiip recorded net sales revenue of \$272,462 and sales receipts of \$218,078 for the quarter.

Net operating cash outflow for the March 2018 quarter was \$491,028, down from \$822,677 for the December 2018 quarter. This was mainly attributable to the receipt of R&D Tax Incentive of \$790,451.

Outlook

The Company remains focused on the following:

- Rapidly scaling production of chips and readers to fulfil the purchase orders received from customers, including Labcon, and the receipt of subsequent cash inflows arising from them.
- Scaling the production of chips with the aim of achieving economies of scale and bringing down the production cost.
- Advancing negotiations for the licensing of Bluechiip's technology and securing new licence agreements with other OEM partners.
- Research and development to meet our current and potential OEM partners' requirements, arising from the sales of developer kits in prior quarters. The developer kits enable potential OEM partners to integrate Bluechiip's technology into their own products.
- Progress work on registering further patents to add to our existing 25 confirmed patents.

END.

For more information, please contact:

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About Bluechiip Limited

Bluechiip has developed a wireless tracking solution for the healthcare and life science, security, defence and manufacturing industries which represents a generational change from current methods such as labels (hand-written and pre-printed), barcodes (linear and 2D) and microelectronic integrated circuit (IC)-based RFID (Radio Frequency Identification).

The unique tag is based on MEMS technology and contains no electronics. The tag can either be embedded or manufactured into a storage product, such as vials or bags. Easy identification, along with any associated information from the tag such as temperature can be detected by a reader, which can also sense the temperature of the tagged items. The traditional identification technologies have significant limitations. Whereas a barcode requires a visible tag or line-of-sight optical scan, bluechiip® technology does not. Unlike labels, barcodes and RFID, the bluechiip® technology can sense the temperature of each item a tag is attached to, or embedded in.

The bluechiip® technology has initial applications in the healthcare industry particularly those businesses which require cryogenic storage facilities (biobanks and biorepositories). bluechiip® offers the only technology that enables accurate and reliable tracking of products including stem cells, cord blood, and other biospecimens. In addition to functioning in extreme temperatures, the bluechiip® tracking solution can survive autoclaving, gamma irradiation sterilization, humidification, centrifuging, cryogenic storage and frosting.

The bluechiip® technology has other healthcare applications in pathology, clinical trials and forensics. Several other key markets outside of healthcare include cold-chain logistics/supply chain, security/defence, industrial/manufacturing and aerospace/aviation. Further information is available at www.bluechiip.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

BLUECHIIP LIMITED

ABN

79 104 795 922

Quarter ended ("current quarter")

31 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	218	389
1.2 Payments for		
(a) research and development	(542)	(972)
(b) product manufacturing and operating costs	(171)	(466)
(c) advertising and marketing	(44)	(138)
(d) leased assets	-	-
(e) staff costs (inclusive internal R&D)	(469)	(1,383)
(f) administration and corporate costs	(292)	(728)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	12
1.5 Interest and other costs of finance paid	-	(29)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	790	790
1.8 Other (provide details if material)	15	89
1.9 Net cash from / (used in) operating activities	(491)	(2,436)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(25)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2)	(25)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	7,452
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(4)	(417)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(600)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(4)	6,435

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	5,670	1,199
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(491)	(2,436)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(25)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	6,435

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,173	5,173

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,145	5,643
5.2	Call deposits	2,028	27
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,173	5,670

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

37

-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
65	-

Item 8.3

Relates to credit card facilities.

9. Estimated cash outflows for next quarter

\$A'000

9.1 Research and development

556

9.2 Product manufacturing and operating costs

214

9.3 Advertising and marketing

125

9.4 Leased assets

-

9.5 Staff costs (inclusive internal R&D)

551

9.6 Administration and corporate costs

140

9.7 Other (provide details if material)

-

9.8 Total estimated cash outflows

1,586

Item 9.7

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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	None	None
10.2 Place of incorporation or registration	Not applicable	Not applicable
10.3 Consideration for acquisition or disposal	Not applicable	Not applicable
10.4 Total net assets	Not applicable	Not applicable
10.5 Nature of business	Not applicable	Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 29 April 2019

Print name: Andrew McLellan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.