



ASX Announcement

For immediate release

25 July 2014

BLUECHIIP LIMITED JUNE 2014 QUARTERLY CASH FLOW REPORT

Bluechiip Limited (ASX: BCT) today released its quarterly cash flow report for the period ended 30 June 2014.

Highlights for the quarter

- Capital raising via Share Purchase Plan ("SPP") before fees of \$507,000;
- Grant received from Export Market Development Grant ("EMDG") of \$97,085; and
- Substantial reduction in the average operating net cash outflow to circa \$150,000 per month as compared to previous quarters

Commentary

Net operating cash outflow for the June 2014 quarter was \$444,700 representing an average monthly operating net cash outflow of \$148,233 (previous four quarters to March 2014 averaged \$331,832 per month after excluding the R&D Tax Incentive for FY13 of \$1,138,839 received in September 2013). The substantial reduction in operating net cash outflow was the result of the action over the last six months to cut all expenditure assessed as non-essential for the achievement of commercial sales. In addition, the Company was successful in receiving the full amount of EMDG grant applied for during the year in the June 2014 quarter of \$97,085.

Net cash outflow from investing activities was \$49,708 representing capital expenditure outlays for the quarter. Included in the capital expenditure was part payment of \$34,345 in relation to tooling for the Bluechiip[®] cryovial.

The net cash inflow from financing activities was \$619,513 as a result of:

- a) net proceeds from the SPP in June 2014 of \$486,326;
- b) net proceeds from tranche 2 capital raising via private placement completed in August 2013 of \$24,250; and
- c) drawdown from Macquarie loan of \$108,938.

ASX Announcement

For immediate release

Page 2

25 July 2014

During the quarter, significant commercial and validation activities were undertaken including the following:

- first licensing deal signed in China which provides for minimum order quantity, agreed milestones of co-development and royalties;
- commercial sales made in the United States of America ("USA"), Italy and locally for Bluechiip's biobanking suite of products; and
- completed two important vial validation studies with the Florey Institute (Australia) and a leading hospital in the north east of the USA in which the Bluechiip® vials have successfully passed stringent toxicity testing, thereby proving the vials' potential use in other life science fields.

In reviewing the company's liquidity and cash flow, the directors note that the company:

- (a) expects sales, licensing and royalty receipts from customers over the coming months;
- (b) has 10.5M options issued to shareholders, the majority of which expires on 31 December 2014 and have an exercise price of \$0.20; and
- (c) has a short term funding facility of up to \$720,000 for working capital.

END.

For more information:

Iain Kirkwood
Non Executive Chairman
Ph: +61 408 473 496
iain.kirkwood@bluechiip.com

Dr. Jason Chaffey
Managing Director / CEO.
Ph: +61 3 9763 9763
jason.chaffey@bluechiip.com

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 admitted on the basis of commitments

Name of entity

BLUECHIIP LTD

ABN

79 104 795 922

Quarter ended ("current quarter")

30 JUNE 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Cumulative to
		\$A'000	30 June 2014
			\$A'000
1.1	Receipts from customers	13	15
1.2	Payments for:		
	(a) staff costs	(222)	(1,166)
	(b) advertising and marketing	(29)	(151)
	(c) research and development	(24)	(660)
	(d) leased assets	(13)	(54)
	(e) other working capital	(279)	(1,523)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	19
1.5	Interest and other costs of finance paid	(11)	(51)
1.6	Income taxes paid	-	-
1.7	Other:		
	- GST refunds	23	121
	- Income tax refund	-	1,139
	- Government grants	97	97
Net operating cash flows		(443)	(2,214)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter	Cumulative to
	\$A'000	30 June 2014
		\$A'000
1.8 Net operating cash flows (carried forward)	(443)	(2,214)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(50)	(98)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	(50)	(98)
1.14 Total operating and investing cash flows	(493)	(2,312)
Cash flows related to financing activities		
1.15 Net proceeds from issuance of shares, options, etc via private placement net of costs	510	2,845
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	109	251
1.18 Repayment of borrowings	-	(1,002)
1.19 Dividends paid	-	-
1.20 Others – Other material expenditure	-	(38)
Net financing cash flows	619	2,056
Net increase (decrease) in cash held	126	(256)
1.21 Cash at beginning of quarter/year to date	485	867
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	611	611

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(51)
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Item 1.5: This was in relation to interest paid for the period of \$10,724.

Item 1.17: This was the third drawdown of facility funding by Macquarie Bank in relation to Research & Development expenditure for the 2013 and 2014 financial year

Item 1.24: Directors fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Securities of 202,275 shares were issued in June 2014 at an implied issue price of \$0.05 per share, in lieu of payments for the provision of services from suppliers to the company.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	489	297
3.2	Credit standby arrangements	None	Not applicable
3.3	Credit card facility	None	Not applicable

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter	Previous quarter
	\$A'000	\$A'000
4.1 Cash on hand and at bank	611	485
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	611	485

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	None	None
5.2 Place of incorporation or registration	Not applicable	Not applicable
5.3 Consideration for acquisition or disposal	Not applicable	Not applicable
5.4 Total net assets	Not applicable	Not applicable
5.5 Nature of business	Not applicable	Not applicable

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.


 Jason Chaffey
 Managing Director and Chief Executive Officer

Date: 25 July 2014

+ See chapter 19 for defined terms.