



## ASX Announcement

For immediate release

Friday 1 August 2014

### PRELIMINARY UNAUDITED RESULTS

Bluechiip (ASX: BCT) today releases the Company's preliminary unaudited financial results for the year ended 30 June 2014.

#### HIGHLIGHTS

The preliminary unaudited consolidated result for the year ended 30 June 2014 is a Net Loss after Tax of \$2.5 million. There have been significant changes to the business in the 2H'14 and an overview is provided in the commentary below. The comparative half year numbers included in the following table highlight the positive impact on the Profit and Loss of these changes. Further benefits are anticipated in FY'15.

\$	1H'14	2H'14	%
Net revenue	6,140	35,797	483
Loss before income tax	1,526,472	1,042,369	-32
Business Development	164,903	60,670	-63
Consultancy fees	188,272	73,923	-61
Finance costs	40,384	16,568	-59

The audited results are due to be released by 31 August 2014.

#### COMMENTARY

The directors point out that the Company has undergone significant change since January 2014 and a summary of these changes (which have been the subject of previous announcements) follows.

#### Board and Executive

Dr Jason Chaffey was appointed as Interim CEO in January 2014. Subsequently, in July 2014, Jason was appointed the Managing Director of the Company. He was previously the Chief Technology Officer and has been with the Company for over eight years. Matthew Morgan was appointed to the board in February 2014. Matthew is a former venture capitalist with a strong background in technology commercialisation. In December 2013 he co-authored the review of Bluechiip's

commercialisation strategy that contributed to the changes that commenced implementation in January 2014. In July 2014, the Board was reduced to three Directors with the resignation of Ron Finkel and Joe Baini.

### **Commercialisation Strategy**

The Company adopted a new commercialisation strategy in February 2014, which places greater emphasis on the adoption of the Bluechiip technology by collaborative partners with established channels to market. The strategy is tried and proven and appropriate for an emerging technology company such as Bluechiip to effectively reach local and global customers in multiple market segments. The key objective of this strategy is to generate shareholder returns. Its key components are:

- Licence the use of smart chips, tags, readers and software to commercial partners that can incorporate the chip's functionality into existing product ranges;
- Partner with organisations and OEM's to develop products in new markets and to subsequently manufacture and sell in return for a royalty arrangement; and
- Direct sales to reference clients, with the principal benefit being validation of the smart chip in product applications and markets given validation is crucial to present and future distribution and OEM participation.

For its initial commercialisation focus, Bluechiip has identified the healthcare market and specifically applications requiring cryogenic storage facilities, as the smart chip is the only technology currently known to measure temperature, can function in extreme temperatures and survives gamma irradiation sterilisation. The healthcare market is large and segmented, however with the new strategy in place, and working with relevant partners, Bluechiip can execute upon this market to derive value.

Key milestones to date in this commercialisation strategy are:

- Sales to seven reference clients to widen validation of the smart chip in Australia, US and Europe;
- Executed distribution agreements in Australia, Malaysia, USA and Canada;
- A collaborative development agreement with Micronic to develop a new dual identity vial for the life sciences market; and
- A distribution development and commercial agreement in China.

The Company is currently in discussions with a range of local and overseas companies to add to our successes to date.

An updated investor presentation is attached to this release and sets out the new commercialisation strategy more fully.

## **Cost reductions**

Bluechiip completed a substantial cost reduction exercise during 2H'14. Key cost reductions were achieved from various day-to-day operating and administrative expenses and redirected to support commercialisation. For comparison, the Net operating cash outflow for 1H'14 was an average \$363,464 per month compared to an average of \$190,111 per month in 2H'14 excluding the R&D Tax Incentive across the same periods. Bluechiip will continue to manage the expenditure prudently to align with the business needs as it grows.

### **For more information:**

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### **About Bluechiip Limited:**

Bluechiip Limited has developed a wireless tracking solution 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](http://www.bluechiip.com)

**Bluechiip Limited** ABN 79 104 795 922

Bluechiip Investor Presentation  
August 2014



# Disclaimer

Material used in this presentation is a summary of available information, and while given in good faith, is professional opinion only. Any investor in Bluechiip Limited (BCT) should refer to all BCT ASX releases and statutory reports before considering investment in the company.

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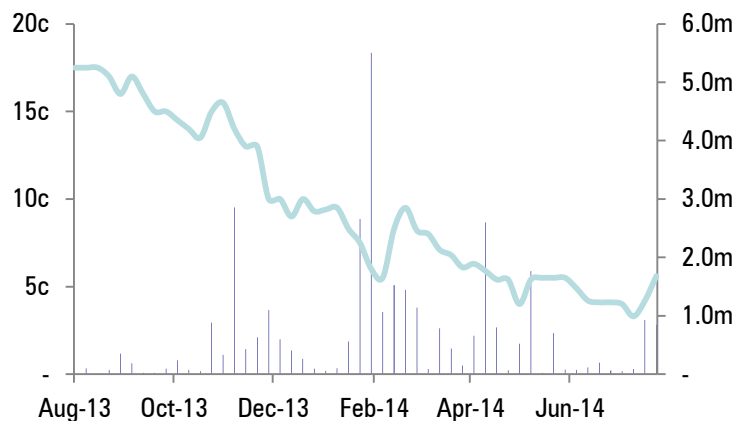
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# Bluechiip – Corporate Overview

## Summary

ASX Code	BCT
Share Price	6.3c
52 week range	3.3c – 18.0c
Market Cap.	\$8.0m
Net Cash	\$0.4m
Enterprise Value	\$7.7m

## Share Price



## Board & Management

Iain Kirkwood	Chairman
Jason Chaffey	Managing Director
Matthew Morgan	Non-Exec. Director

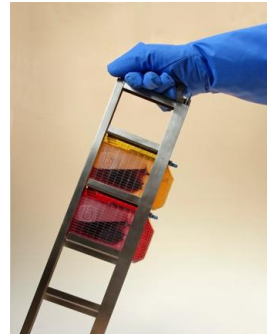
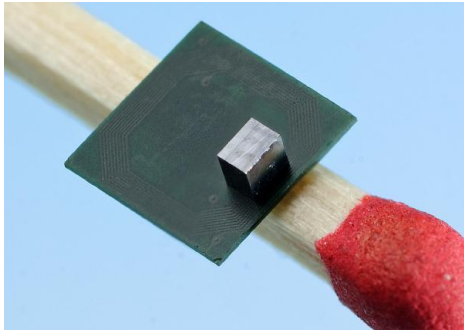
## Major Shareholders

Dr. Stephen Woodford	13.3%
Chairman & Entities	6.9%
Roshi Blue Pty Ltd	4.7%
Founder	4.6%
3 <sup>rd</sup> Pulitano Pty Ltd	4.6%
Top 20 shareholders	51%

# Bluechiip – Operational Snapshot

## ***Commercialising is now the key focus***

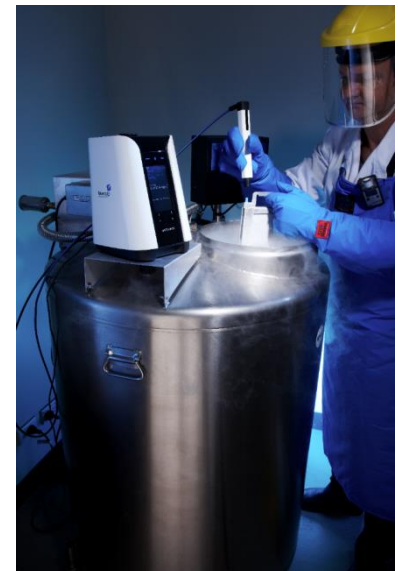
- Bluechiip has developed a MEMS based smart chip providing a unique patent-protected secure wireless tracking technology
- Bluechiip's smart chips have temperature sensing capabilities and other advanced features exceeding incumbent technologies in extreme environment situations such as biobanking
- There are many other markets where applications are suitable for the wireless tracking technology
- After a long period of development Bluechiip is now focussed on commercialising globally via third party distribution and manufacturing and development under licence
- **Our objective is to be a leading global player in secure tracking**



# Biobanking – First Reference Application

Biobanking is the practice of **cryopreservation**: storing highly sensitive and precious biological samples and tissue for short and long periods of time.

- Biobanking Industry
  - Industry move towards stricter tracking & identity compliance (identification redundancy)
  - Dual identity and pre-analytical knowledge
  - The ISBER Best Practices recommends keeping freeze/thaw cycles to a minimum
  - College of American Pathologists (CAP) Guidelines highlights areas of importance and key intervals for monitoring temperature and its fluctuations
  - Total Addressable biobanking market is \$1B+



Stem Cells

IVF and  
Regenerative  
Medicine

Tissue and  
Pathology  
Samples

Clinical Trials

Pharmaceuticals



# Bluechiip Smart Chip

Unique, patent protected wireless secure tracking solution with temperature sensing provides a superior solution to existing tracking systems

## Identification & tracking

Passive wireless reading  
Unique ID & error checking



## Gamma Resistant

Immune to gamma irradiation  
(used for sterilisation)



## Onboard sensor

Temperature sensing



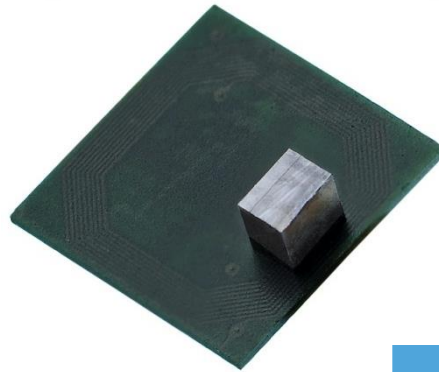
## Reliable & Secure

Robust against failure  
Secure & difficult to clone



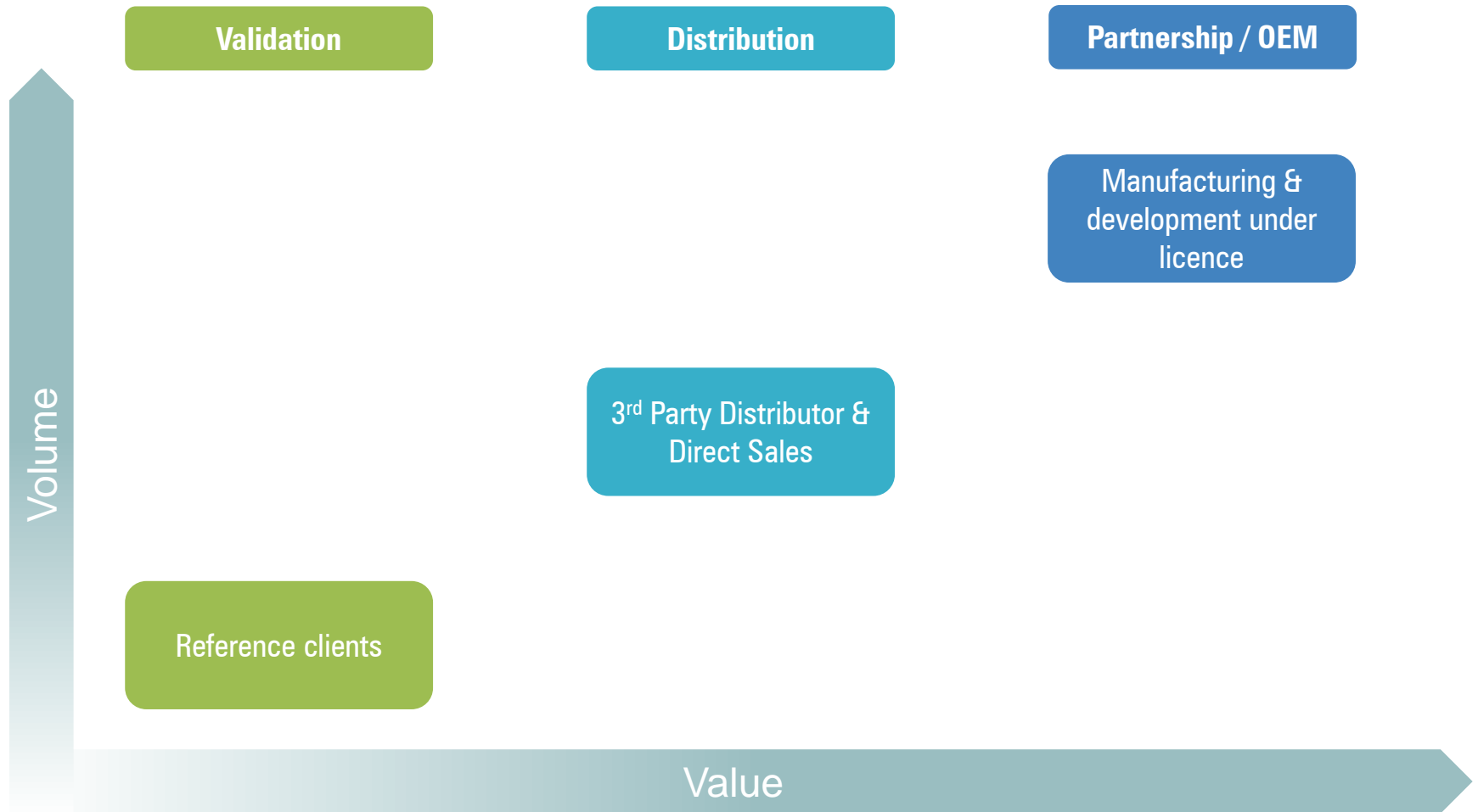
## Cryo safe

Survives & operates in extreme  
temperatures (-196°C to +130°C)



	Barcode	RFID	Bluechiip
Extreme temperature readability	✗	✗	✓
Gamma radiation immunity	✓	✗	✓
Temperature sensing	✗	✗	✓

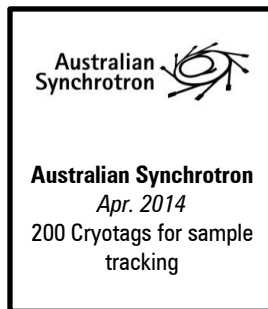
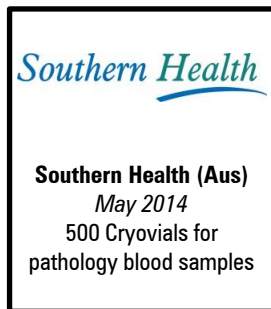
# Bluechiip - Commercialisation Pathway



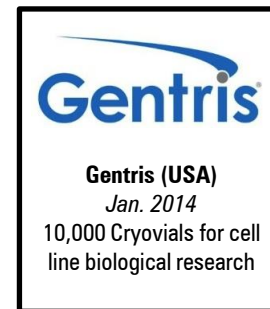
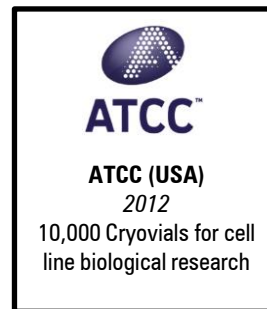
# Validation

- Reference Clients are critical to validate the Bluechiip secure tracking solution
- Critical to current and future distribution and OEM participation
- Validation began in earnest in CY'14 with further successes pending

## Australia



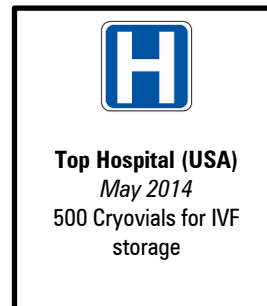
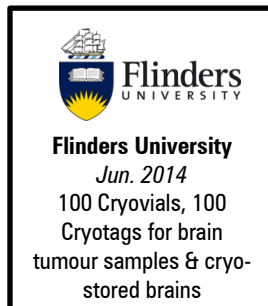
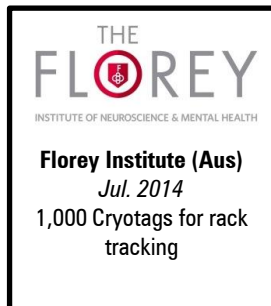
## United States



## Europe

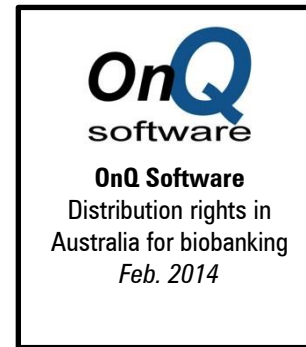
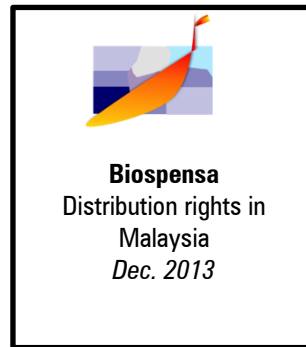


## China



# Distribution

- Distribution agreements generate licensing & royalties revenue
- Previously, distribution agreements were a reselling proposition
- Agreements currently in place are:



- Bluechiip China is a distribution model with ability to transition to development and manufacture under a partnership



# Partnership / OEM – New markets and applications

- Bluechiip has been successful in the Healthcare market with applications in cryovials and cryotags
- In May 2014 Bluechiip executed a R&D collaboration agreement to develop dual identity vial
- Bluechiip aims to develop smart chip functionality to meet unmet needs across new markets and applications
- Bluechiip seeks to share in the success and risk of product sales by collaborating with Partners / OEM's to develop new innovative products in new markets



# Key Milestones and News Flow

## **Validation**

- 7 reference clients achieved to date in CY'14
- A further 2 reference clients anticipated in next 2 months

## **Distribution**

- 4 new distributors signed in CY'14
- Actively working with potential new distributor

## **Partnership / OEM**

- Working with new Chinese distributor to progress relationship
- Dual identity vial co-development agreement with Micronic BV signed May 2014
- Meeting with a new partner in Q3 CY'14
- Longer term plan is to transition Bluechiip to licence / royalty arrangement on a global basis

# Questions?

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