



ASX Announcement

For immediate release

24 October 2014

BLUECHIIP LIMITED SEPTEMBER 2014 QUARTERLY CASH FLOW REPORT

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

Highlights for the quarter:

- Share placement raised \$1,095,000 (**Placement**);
- Share Purchase Plan (**SPP**) receipts of \$140,000 (as part of the total \$763,000);
- Research & Development (**R&D**) Tax Incentive of \$625,047;
- Loan of \$486,158 fully repaid;
- Cash on hand at 30 September of \$1.5m.

Commentary

Net operating cash outflow for the September 2014 quarter (adjusted for R&D Tax Incentive of \$625,047) was \$703,163 representing an average monthly operating net cash outflow of \$234,388 (previous four quarters to June 2014 averaged \$275,299 per month after excluding the R&D Tax Incentive for FY13 of \$1,138,839 received in September 2013). The reduction in operating net cash outflow reflects the continuous attention to all expenditure assessed as non-essential for the achievement of commercial sales.

There was no investing cash flow for the September 2014 quarter.

The net cash inflow from financing activities was \$968,836 mainly attributable to:

- a) Proceeds from Placement of \$1,095,000;
- b) Part proceeds from SPP received in September 2014 of \$140,000;
- c) Proceeds from loan facility of \$234,761; and
- d) Repayment (and cancellation) of the loan facility of \$486,158.

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

- The installation of Bluechiip system on selected sciences application was successfully installed at the Shanghai Outdo Biotech Co., Ltd as part of the development and commercialization agreement for the China region
- Validation of Bluechiip system with first time sales made to Flinders University (Australia) and the Florey Institute of Neuroscience and Mental Health (Australia)
- Manufacturing trials of the new vial, a result of the successful integration of Bluechiip MEMS tag with Micronic vial, as part of the co-development project with Micronic BV

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- Transition to high volume production for the jointly developed, unique MEMS-based tracking tags through the partnership with STMicroelectronics
- Validation sales of the Bluechiip system to:
 - Florey Institute of Neuroscience and Mental Health (Victoria)
 - Flinders University (South Australia)
 - Taylor Wharton Australia
 - Wesley-St. Andrew's Research Institute Brisbane
 - Cell Care Australia (Victoria)

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 per option; and
- (c) subject to the approval of the shareholders at the Company's forthcoming AGM, potentially has 10.95M options (one free attached unlisted share option per new share issued from the Placement) proposed to be issued to shareholders, with an exercise price of \$0.13 per option which expires on 31 March 2015

END.

For more information:

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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 admitted on the basis of commitments

Name of entity

BLUECHIIP LTD

ABN

79 104 795 922

Quarter ended ("current quarter")

30 SEPTEMBER 2014

Consolidated statement of cash flows

		Current quarter	Cumulative to
		\$A'000	30 September 2014
			\$A'000
Cash flows related to operating activities			
1.1	Receipts from customers	22	22
1.2	Payments for:		
	(a) staff costs	(229)	(229)
	(b) advertising and marketing	(20)	(20)
	(c) research and development	(204)	(204)
	(d) leased assets	(3)	(3)
	(e) other working capital	(280)	(280)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	4
1.5	Interest and other costs of finance paid	(15)	(15)
1.6	Income taxes paid	-	-
1.7	Other:		
	- GST refunds	21	21
	- Income tax refund	625	625
	- Government grants	-	-
Net operating cash flows		(79)	(79)

+ 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 September 2014
	\$A'000	\$A'000
1.8 Net operating cash flows (carried forward)	(79)	(79)
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	-	-
(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	-	-
1.14 Total operating and investing cash flows	(79)	(79)
Cash flows related to financing activities		
1.15 Net proceeds from issuance of shares, options, etc via private placement net of costs	1,220	1,220
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	235	235
1.18 Repayment of borrowings	(486)	(486)
1.19 Dividends paid	-	-
1.20 Others – Other material expenditure	-	-
Net financing cash flows	969	969
Net increase (decrease) in cash held	890	890
1.21 Cash at beginning of quarter/year to date	611	611
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,501	1,501

+ 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	(32)
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 \$14,617.

Item 1.7: Included \$625,000 Research & Development tax incentive received from ATO for financial year 2013/2014.

Item 1.15: This was in relation to a capital raising of \$1,095,000 to sophisticated and professional investors via a placement comprising 10,950,000 ordinary fully paid shares at \$0.10 per ordinary share with one free attached unlisted share option, issued with an exercise price of \$0.13 per option with an expiry of 31 March 2015 (options have not been issued and approval for their issue will be sought at the Company's 2014 AGM). The capital raising was completed in September 2014.

Included in the amount is a partial receipt of \$140,000 pursuant to a Share Purchase Plan ("SPP") carried out in September 2014. The total amount for the SPP was \$763,000 of which balance of \$623,000 was subsequently received in October 2014.

Item 1.17: This was a drawdown of facility funding from Macquarie Bank to facilitate company's working capital.

Item 1.18: Full repayment and cancellation of Macquarie loan.

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 450,000 shares were issued in September 2014 at an issue price of \$0.10 per share pursuant to a Placement completed in September 2014, in lieu of payment to Halcyon Corporate for the provision of advisory services 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.

+ See chapter 19 for defined terms.

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	37	30
3.2 Credit standby arrangements	None	Not applicable
3.3 Credit card facility	None	Not applicable
Item 3.1 This amount is in relation to loan facilities for premium insurance and IT server financing.		

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 \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,501	611
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,501	611

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

+ See chapter 19 for defined terms.

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.

A handwritten signature in black ink, appearing to read 'Jason Chaffey', with a stylized, cursive script.

Jason Chaffey
Managing Director and Chief Executive Officer

Date: 24 October 2014

+ See chapter 19 for defined terms.