



# **BLUECHIIP LIMITED**

ABN 79 104 795 922

**Half Year Financial Report  
For the six month period ended  
31 December 2014**

# Bluechiip Limited

ABN 79 104 795 922

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# Bluechiip Limited

ABN 79 104 795 922

## Corporate Information

### Directors

Mr Iain Kirkwood	Non-Executive Chairman
Mr Andrew McLellan	Managing Director – appointed 27 January 2015
Mr Matthew Morgan	Non-Executive Director
Mr Michael Ohanessian	Non-Executive Director – appointed 15 December 2014
Dr Jason Chaffey	Managing Director and CEO – resigned 14 November 2014
Mr Joe Baini	Non-Executive Director – resigned 1 August 2014
Mr Ron Finkel	Non-Executive Director – resigned 1 August 2014

### Company Secretary

Mr Lee D Mitchell

### Registered office

1 Dalmore Drive  
Caribbean Business Park  
Scoresby Victoria 3179  
Phone: +613 9763 9763  
Fax: +613 9763 9764

### Principal place of business

1 Dalmore Drive  
Caribbean Business Park  
Scoresby Victoria 3179  
Phone: +613 9763 9763  
Fax: +613 9763 9764

### Share registry

Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001  
Phone: +612 9290 9600  
Fax: +612 9279 0664

Bluechiip Limited shares are listed on the Australian Stock Exchange (ASX: BCT).

### Auditors

Ernst & Young  
8 Exhibition Street  
Melbourne Victoria 3000

### Website

[www.bluechiip.com](http://www.bluechiip.com)

# Bluechiip Limited

ABN 79 104 795 922

## Directors' Report

For the half year ended 31 December 2014

Your directors submit their report for the half year ended 31 December 2014.

### Directors

The names and details of the Company's directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Iain Kirkwood	Non-Executive Chairman
Mr Andrew McLellan	Managing Director – appointed 27 January 2015
Mr Matthew Morgan	Non-Executive Director
Mr Michael Ohanessian	Non-Executive Director – appointed 15 December 2014
Dr Jason Chaffey	Managing Director and CEO – resigned 14 November 2014
Mr Joe Bains	Non-Executive Director – resigned 1 August 2014
Mr Ron Finkel	Non-Executive Director – resigned 1 August 2014

### Principal Activities

The principal activity of the Group during the half year was the development and commercialisation of a unique tracking system that offers enhanced technical capabilities over existing barcode and Radio Frequency Identification (RFID) technologies.

There have been no significant changes in the nature of these activities during the year.

## Operating and Financial Review

### Operating Results

The consolidated net loss of the Group for the half year after income tax amounted to \$1,017,206 (2013: loss of \$1,526,472).

The decline in the consolidated net loss of the Group by 33.36% from \$1,526,472 to \$1,017,206 was a result of the following:

#### Income

Revenue recognised from sales of the Group's products for the half year was \$28,713 (2013: \$6,140). Other income for the half year was \$356,790 (2013: \$327,057), representing an increase of 9.09%. This was a result of a higher R&D Tax Incentive expected for the period of \$343,684 as compared to previous half year of \$314,000 as the Company continues with its research and development on the broader use of the technology.

#### Expenses

Included in the half year result were total expenses for the period of \$1,402,709 (2013: \$1,859,669). The decrease in expenses of 24.57% for the half year result was driven amongst others by reduction in employee benefits, consultancy and business development expenses from a total of \$931,133 in the previous half year to \$552,382 in the current half year. Research and development expenses increased from \$176,514 in the previous half year to \$375,221 in the current half year mainly due to the payment of \$323,659 to a major supplier for validation and inventory of tags in the current half year.

# Bluechiip Limited

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## Directors' Report (continued)

For the half year ended 31 December 2014

## Dividends

No dividends were paid or declared since the start of the financial year (2013: Nil). No recommendation for payment of dividends has been made.

## Events during the Half Year

On 8 September 2014, the Company completed 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 per new share issued with an exercise price of \$0.13 per option and expiry of 31 March 2015 ("Placement").

On 29 September 2014, the Company also completed a Share Purchase Plan (SPP) which allows participation from eligible existing Bluechiip's shareholders to purchase further fully paid ordinary shares in the Company at \$0.10 per share. The Company issued 7,630,000 shares raising \$763,000 as part of the SPP.

The capital raising completed above enabled the Company to focus in its commercialisation strategy. Highlights for the period were:

### Validation

- Further validation sales of Bluechiip system with hospitals, biobanks, Laboratory Information Management System (LIMS) integrators and end-users in the United States, Europe, Asia and Australia. The feedback from these sales provides both feedback on the product usability and an input to further commercial activities.

### Licensing and Distribution

- The establishment of a test and evaluation agreement with SIAD Group in Italy to integrate the Bluechiip Cryotag into SIAD's cryobags which are used to store cord blood and other biological products;
- NPO Bio Bank Support Organisation to sell the Bluechiip product range for biobanking and other life science related markets in Japan;
- Glory Biotech Corp to sell the Bluechiip product range for biobanking and other life science related markets in Korea;
- Axon Scientific Sdn Bhd to sell the Bluechiip product range for biobanking and other life science related markets in Malaysia;
- Integrated Bio Ltd to sell the Bluechiip product range for biobanking and other life science related markets in Taiwan; and
- The Company continues to work with existing distributors such as Micronic America and MiTeGen and discussion on further potential commercial partnerships

# Bluechiip Limited

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## Directors' Report (continued)

For the half year ended 31 December 2013

## Events during the Half Year (continued)

### Original Equipment Manufacturer ("OEM") and Partnerships

- 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; and
- Important to developing future partnerships, Bluechiip has concentrated its effort on:
  - The development and miniaturisation of the Matchbox™ reader to provide portability; and
  - The development of a multi vial reader for demonstration at the SLAS meeting in Washington, USA in February 2015.

During the half year ended 31 December 2014, Bluechiip de-registered two of its wholly owned dormant subsidiaries in Australia, Bluechiip IVF Pty Limited and Bluechiip Employees Pty Limited as the Directors opine that the subsidiaries are not required at this moment.

### Appointment of Director

In December 2014 Mr Michael Ohanessian joined the board of Bluechiip. Mr Ohanessian's executive experience in technology-related businesses brings a mixture of operational, strategic and leadership capabilities to his role at Bluechiip. Following a ten-year career at Mobil Oil, Mr. Ohanessian joined the Boston Consulting Group where he consulted to clients in a wide range of industries including banking, aviation, mining, packaging, sports, oil and gas, retailing and importantly, biotechnology. During his seven years as CEO of Vision BioSystems, a division of the publicly listed Vision Systems Limited, he transformed the business from a small, unprofitable contract manufacturer into a vertically integrated, profitable and growing medical diagnostics business with distribution to over 60 countries.

## Events after Balance Date

On 27 January 2015, Mr Andrew McLellan was appointed Managing Director of the Company. Andrew brings vast experience in innovation and commercialisation combined with significant technical and operational experience. Prior to joining Bluechiip, he was the CEO of the Advanced Manufacturing Co-operative Research Centre (AMCRC), Andrew focused on bringing together industry and research to develop and commercialise ground breaking innovations. He has held a range of senior positions including Director at Leica Microsystems (previously Vision BioSystems a division of the publicly listed Vision Systems Limited), Vice President of Marketing and Business Development North America and Director of Product Management at Vision BioSystems Pty Ltd.

## Basis of Preparation

The half year financial report has been prepared on a going concern basis which takes into account the Group's assets and liabilities and assumes that funds will be obtained from several sources as outlined in Note 1 to the Consolidated Financial Statements.

The review opinion prepared by the independent auditor EY is not subject to any dispute or qualification, but is subject to an emphasis of matter paragraph regarding continuation of the Group as a going concern.

# Bluechiip Limited

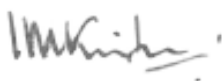
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**Directors' Report (continued)**  
**For the half year ended 31 December 2013**

## **Auditor independence declaration**

The directors received the declaration set out on page 21 of this report from the auditor of Bluechiip Limited.

Signed in accordance with a resolution of the directors.



Iain Kirkwood  
Non-Executive Chairman



Andrew McLellan  
Managing Director

Melbourne, 24 February 2015

# Bluechiip Limited

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## Consolidated Statement of Financial Position

As at 31 December 2014

	Note	31 December 2014 \$	30 June 2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,119,099	609,684
Trade and other receivables	7	352,034	659,640
Other current assets	8	201,019	234,233
Inventory		239,273	141,395
<b>TOTAL CURRENT ASSETS</b>		<b>1,911,425</b>	<b>1,644,952</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		126,302	143,195
<b>TOTAL NON-CURRENT ASSETS</b>		<b>126,302</b>	<b>143,195</b>
<b>TOTAL ASSETS</b>		<b>2,037,727</b>	<b>1,788,147</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	230,968	473,475
Interest-bearing liabilities	10	21,065	252,657
Employee entitlements		60,383	127,016
<b>TOTAL CURRENT LIABILITIES</b>		<b>312,416</b>	<b>853,148</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	10	-	4,857
Employee entitlements		17,860	5,573
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,860</b>	<b>10,430</b>
<b>TOTAL LIABILITIES</b>		<b>330,276</b>	<b>863,578</b>
<b>NET ASSETS</b>		<b>1,707,451</b>	<b>924,569</b>
<b>EQUITY</b>			
Issued capital	11	19,492,239	17,667,151
Reserves	12	4,690,025	4,715,025
Accumulated losses		(22,474,813)	(21,457,607)
<b>TOTAL EQUITY</b>		<b>1,707,451</b>	<b>924,569</b>



# Bluechiip Limited

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## Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2014

	Note	2014 \$	2013 \$
Revenue from operating activities	3	28,713	6,140
Cost of Sales		(89,038)	(45,981)
Other income	4	356,790	327,057
Employee benefits expense		(387,573)	(577,958)
Share based payment expense - shares		-	(5,022)
Business development		(48,341)	(164,903)
Depreciation, amortisation and impairments		(16,892)	(15,007)
Research and Development		(375,221)	(176,514)
Patent costs		(9,510)	(34,384)
Consultancy fees		(116,468)	(188,272)
Travel and accommodation		(34,222)	(89,886)
Occupancy costs		(27,326)	(24,506)
Legal and professional fees		(103,721)	(136,188)
Finance costs		(45,089)	(69,784)
Other expenses	5	(149,308)	(331,264)
<b>Loss before income tax</b>		<b>(1,017,206)</b>	<b>(1,526,472)</b>
Income tax		-	-
Net loss after income tax		<b>(1,017,206)</b>	<b>(1,526,472)</b>
<b>Total comprehensive income/(loss) for the half year</b>		<b>(1,017,206)</b>	<b>(1,526,472)</b>
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents)	6	(0.74)	(1.40)
Diluted earnings/(loss) per share (cents)	6	(0.74)	(1.40)

# Bluechiip Limited

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## Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2014

	Note	Ordinary Shares \$	Employee Equity Benefits Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2014		17,667,151	4,715,025	(21,457,607)	924,569
Total comprehensive income/(loss) attributable to members of the entity		-	-	(1,017,206)	(1,017,206)
Shares issued during the period	11	1,908,965	-	-	1,908,965
Share based payments	12	25,000	(25,000)	-	-
Transaction costs on shares issued	11	(108,877)*	-	-	(108,877)
<b>At 31 December 2014</b>		<b>19,492,239</b>	<b>4,690,025</b>	<b>(22,474,813)</b>	<b>1,707,451</b>

### For the half year ended 31 December 2013

	Note	Ordinary Shares \$	Employee Equity Benefits Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2013		14,795,453	4,672,659	(18,901,646)	566,466
Total comprehensive income/(loss) attributable to members of the entity		-	-	(1,526,472)	(1,526,472)
Shares issued during the period	11	2,548,800	-	-	2,548,800
Share based payments	12	-	5,022	-	5,022
Transaction costs on shares issued	11	(165,033)*	-	-	(165,033)
<b>At 31 December 2013</b>		<b>17,179,220</b>	<b>4,677,681</b>	<b>(20,428,118)</b>	<b>1,428,783</b>

\*These are transaction costs relating to the Placement and SPP for the half year ended 31 December 2014 and private placement for the half year ended 31 December 2013.

# Bluechiip Limited

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## Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2014

	Note	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		43,492	1,507
Payments to suppliers and employees		(1,635,043)	(2,179,481)
Interest income received		13,106	13,057
Interest paid		(14,617)	(71,557)
R&D tax incentive received		625,047	1,138,840
Net cash flows used in operating activities		(968,015)	(1,097,634)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(44,847)
Net cash flows used in investing activities		-	(44,847)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary shares		1,860,167	2,492,133
Transaction costs on share issue		(131,340)	(189,690)
Proceeds from borrowings		234,761	142,459
Repayment of borrowings		(486,158)	(1,002,393)
Net cash flows from financing activities		1,477,430	1,442,509
Net increase in cash held		509,415	300,028
Cash and cash equivalents at beginning of period		609,684	867,084
Cash and cash equivalents at end of period		1,119,099	1,167,112

# Bluechiip Limited

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## Notes to the Financial Statements For the Half Year Ended 31 December 2014

### Note 1 Basis of preparation and Accounting Policies

#### Basis of Preparation

This condensed interim financial report for the half year ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report has also been prepared on a historical cost basis.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Bluechiip Limited during the half year ended 31 December 2014 and to the date of this report in accordance with the continuous disclosure obligations of the ASX Listing rules.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The following accounting standards were adopted by the Group:

- AASB 1031, Materiality: 1 July 2014
- AASB 2013-3, Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets: 1 July 2014
- AASB 2014-1, Amendments to Australian Accounting Standards – Part A Annual Improvement to IFRS 2010-2012 cycle: 1 July 2014

The accounting standards which had an application date during the half year had no material impact on the Group.

#### Going Concern

The half year financial report has been prepared on a going concern basis which takes account of the Group's assets and liabilities and assumes that funds will be obtained from several sources including:

- sales revenue is forecast to be generated over the next twelve months;
- potential receipt of funds from option holders exercising their options by 31 March 2015;
- grants from the Australian state and federal governments, and from overseas sources which the Group continues to actively pursue;
- receipts from the Federal R&D Tax incentive programme on the basis that the Group continues to qualify for these receipts;
- up-front licence fees, milestone payments, co-development or collaboration funding from third party joint ventures may be generated within the next twelve months; and
- raising further capital during the year.

In the short term the Group plans to raise additional capital via a private placement and/or rights issue to fund its operations.

# Bluechiip Limited

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## Notes to the Consolidated Financial Statements (continued) For the Half Year Ended 31 December 2014

### Note 1 Basis of preparation and Accounting Policies (continued)

#### Basis of Preparation (continued)

The Directors cannot be certain of the success of, or the timing of, funding from these sources, however, the Directors will continue to plan the Group's operations on the basis that the sources and activities identified above are in progress and the Directors believe funds raised from these sources and activities together with the existing assets will allow for the Group to operate for a period of not less than twelve months from the date of this report.

In the event funds are not obtained in a timely basis, there is likely to be material uncertainty whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements take no account of the consequences, if any, of the effect of

- An inability to generate sales revenue and the associated cash flows; or
- An inability of the Group to obtain adequate funding.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

#### Note 2 Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (the Chief Operating Decision Maker or CODM) in assessing performance and in determining the allocation of resources. The CODM only reviews consolidated financial information and as such, it has been determined that there is only one segment at the moment. Given the Company's stage of development, the Directors consider this to be appropriate.

#### Note 3 Revenue from operating activities

	2014 \$	2013 \$
Gross revenue from sale of products	49,417	6,140
Trade discounts	(20,704)	-
Net revenue from sale of products	28,713	6,140

	2014 \$	2013 \$
Other income		
- Interest income	13,106	13,057
- R&D tax incentive	343,684	314,000
Total other income	356,790	327,057

#### Note 4 Other Income

# Bluechiip Limited

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## Notes to the Consolidated Financial Statements (continued) For the Half Year Ended 31 December 2014

	2014 \$	2013 \$
<b>Note 5 Other Expenses</b>		
<b>Expense information:</b>		
Share registry, administration and secretarial	58,214	66,869
Insurance	22,175	21,530
Advertising and branding	2,000	56,620
Conference and seminar	1,966	21,806
Telecommunication	12,071	13,977
Website development	651	71,741
Other	52,231	78,721
Total Other Expenses	149,308	331,264

## Note 6 Earnings per share

Earnings used to calculate basic and dilutive EPS (1,017,206) (1,526,472)

	31 December 2014 No.	31 December 2013 No.
<b>For basic and diluted EPS</b>		
Weighted average number of ordinary shares outstanding during the half year – number used in calculating basic EPS	138,268,727	109,093,135

As the Group incurred a loss during the half year, the impact of options was anti-dilutive and as such, basic and diluted EPS are the same amount.

	31 December 2014 \$	30 June 2014 \$
<b>Note 7 Current Assets – Trade and Other Receivables</b>		
Trade receivables	8,350	32,426
R&D tax off-set receivable	343,684	625,047
Receivable from Chairman of the Company	-	2,167
	352,034	659,640

## Note 8 Current Assets – Other Current Assets

Other debtors	10,238	10,238
Prepayments	29,028	30,438
Advance to manufacturer (a)	161,753	193,557
	201,019	234,233

(a) This advance represents balance of payments made to the manufacturer for the purchase of raw materials to manufacture the Company's commercial Matchbox™ readers.

# Bluechiip Limited

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## Notes to the Consolidated Financial Statements (continued) For the Half Year Ended 31 December 2014

	31 December 2014	30 June 2014
	\$	\$
<b>Note 9 Current Liabilities – Trade and Other Payables</b>		
Trade payables	174,419	320,390
Sundry payables and accrued expenses	56,549	153,085
	<u>230,968</u>	<u>473,475</u>

## Note 10 Interest-bearing Liabilities

### CURRENT

Macquarie loan (a)	-	251,397
Directors' & Officers and Product Liability insurance premium funding	10,791	20,247
Finance lease (b)	10,274	10,413
Deferred borrowing costs (a)	-	(29,400)
	<u>21,065</u>	<u>252,657</u>

### NON-CURRENT

Finance lease (b)	-	4,857
	<u>-</u>	<u>4,857</u>
Total interest-bearing liabilities	<u>21,065</u>	<u>257,514</u>

(a) Relates to a facility agreement entered into by the Company with Macquarie Bank Ltd on 27 June 2013. A further drawdown of the \$234,761 was made in July 2014. Subsequently, the facility was fully repaid and terminated on 25 September 2014. Debt establishment fee of \$88,200 were incurred which was recognised over the term of the loan using effective interest rate method. As at 31 December 2014, the debt establishment fee was fully amortised.

(b) Relates to a three year finance lease for IT infrastructure that expires in November 2015. Lease liability is effectively secured on the right to the leased assets recognised in the financial statements and will revert to the lessor in the event of default.

	31 December 2014	31 December 2013
	\$	\$
<b>Note 11 Issued Capital</b>		
Opening Balance	17,667,151	14,795,453
Shares issued during the period (i)	1,933,965	2,548,800
Transaction cost for shares issued	(108,877)	(165,033)
Total	<u>19,492,239</u>	<u>17,179,220</u>

- (i) Shares issued during the period were in relation to the following:
- The Private Placement (\$1,095,000) and Share Purchase Plan (\$763,000)
  - Shares issued to the Chairman in lieu of cash for director fees (\$25,000) which was approved at the previous Annual General Meeting ("AGM")
  - Share based incentive payment of \$8,250 made to former CEO Dr Jason Chaffey, and a termination payment made to Brett Schwarz of \$42,715. Issues of shares were made pursuant to shareholder approval at the previous AGM to settle the outstanding share based incentive payment to Dr Chaffey and outstanding termination payment to Mr Schwarz.

# Bluechip Limited

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## Notes to the Consolidated Financial Statements (continued) For the Half Year Ended 31 December 2014

### Note 11 Issued Capital (Cont'd)

(a) Number of Ordinary Shares	31 December 2014 No.	31 December 2013 No.
At the beginning of the reporting period	127,526,037	99,761,762
Shares issued during the period:		
Issue of ordinary shares	18,580,000	16,992,000
Shares issued to Chairman in lieu of cash for director fees	500,000	-
Shares issued as part of termination/incentive/bonus payments to former CEOs of the Company	491,020	-
Total issued and fully paid ordinary shares	147,097,057	116,753,762

At 31 December 2014, there were 10,950,000 options outstanding with an exercise price of \$0.13 per option and expiry of 31 March 2015 (30 June 2014: 10,495,999 options outstanding with an exercise price of \$0.20 per option and expiry 31 December 2014).

	2014 \$	2013 \$
<b>Note 12 Employee Equity Benefits Reserve</b>		
Opening balance	4,715,025	4,672,659
Employee Share Acquisition Plan (ESAP) expense	(25,000)	5,022
Total Employee Equity Benefits Reserve	4,690,025	4,677,681

### Note 13 Related Party Disclosures

#### Transactions with related parties

In connection with the Company's Placement and SPP carried out during the half year, Mr Matthew Morgan via Millers Point Company had provided consulting services to the Company for a fee of \$4,500.

Other than disclosed in this report, there were no other transactions with related parties during the half year.

	31 December 2014 \$	30 June 2014 \$
<b>Note 14 Commitments</b>		
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for:		
Payable – minimum lease payments:		
- not later than 12 months	51,416	35,955
- more than 12 months	-	-
	51,416	35,955

The above lease commitment for 2014 is in respect of office premises rental (2013: office premises rental and lease of two (2) units of network analyser test equipment).



# **Bluechiip Limited**

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## **Notes to the Consolidated Financial Statements (continued) For the Half Year Ended 31 December 2014**

### **Note 14 Commitments (Cont'd)**

#### **(b) Contractual Commitments**

As at 31 December 2014, the Company has current contractual commitments of USD\$493,186 for chip production and validation.

### **Note 15 Contingencies**

The company has no contingent liabilities or contingent assets as at 31 December 2014.

### **Note 16 Events After the Balance Sheet Date**

On 27 January 2015, Mr. Andrew McLellan was appointed Managing Director of the Company. There were no other matters or circumstances that have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Company, the results of these operations or the state of affairs of the Company in the future financial years.

# Bluechiip Limited

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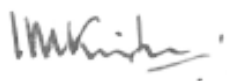
## Directors' Declaration

In accordance with a resolution of the Directors of Bluechiip Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of Bluechiip Limited for the half year ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:
  - i. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
  - ii. Complying with Accounting Standard AASB134 Interim Financial Reporting and the *Corporations Regulations 2001*
- (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.

On behalf of the board,



Iain Kirkwood  
Non-Executive Chairman



Andrew McLellan  
Managing Director

Melbourne, 24 February 2015

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bluechiip Limited, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 internal controls as the directors determine are 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our 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, we 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 consolidated entity's financial position as at 31 December 2014 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 Bluechiip Limited and the entities it controlled during the half-year, ASRE 2410 requires that we 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 we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bluechiip 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 31 December 2014 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*.

## Significant Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the half-year financial report which indicates that there is significant uncertainty regarding the ability of the consolidated entity to continue as a going concern. Unless the entity can obtain further funding in the short term, as referred to in Note 1, there is significant uncertainty whether the entity will be able to continue as a going concern, and therefore whether it will realise the assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.



Ernst & Young



David Petersen  
Partner  
Melbourne  
24 February 2015

## Auditor's Independence Declaration to the Directors of Bluechiip Limited

In relation to our review of the financial report of Bluechiip Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



David Petersen  
Partner  
24 February 2015