



Bluechiip Limited

ABN 79 104 795 922

Appendix 4E

(ASX Listing Rule 4.3A)

Preliminary Unaudited Financial Report For the year ended 30 June 2015

**Reporting period - 1 July 2014 to 30 June 2015
(Previous corresponding period - 1 July 2013 to 30 June 2014)**

Name of entity

BLUECHIIP LIMITED

ABN

79 104 795 922

FINANCIAL YEAR ENDED (“CURRENT PERIOD”)

30 JUNE 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Change	Change in Value \$	%	To
Revenue from ordinary activities	Down	\$8,081	19.27%	\$33,856
Other income – interest income, grant and R&D tax incentive	Down	\$41,108	5.54%	\$700,935
Loss from ordinary activities after tax attributable to members	Down	\$644,273	25.21%	\$1,911,688

Dividends

It is not proposed to pay a dividend (2014: No dividend proposed).

There are no franked dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial year ended 30 June 2015 (2014: Nil).

Net Tangible Assets per security

As at 30 June 2015: 1.00 cents

As at 30 June 2014: 0.76 cents

COMMENTARY ON THE RESULTS FOR THE YEAR AND SIGNIFICANT INFORMATION

Results of operations

Operating Results

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$1,911,688 (2014: loss of \$2,555,961).

Results of operations

The Company recognised net revenue totalling \$33,856 at 30 June 2015 (2014: \$41,937) during the year despite net revenue from sale of products has increased to \$33,856 (2014: \$26,279).

Other income decreased from \$742,043 to \$700,935 mainly due to:

- Export Market Development Grant incentive which no claim was made during the year (2014: \$97,086)

Loss before income tax decreased from \$2,555,961 to \$1,911,688 mainly due to:

- Lower employee benefit expenses - \$864,120 (2014: \$1,078,647) due to the reduction of R&D personnel in August 2014 and reduced benefit expenses of former Chief Executive Officer from November 2014 to January 2015;
- Lower consultancy fees - \$182,484 (2014:\$262,195) incurred due to the termination of the service of a market development consultant; and
- Lower business development expenditure - \$97,859 (2014:\$225,573) due to termination of the service of a business development consultant.

Acquisition and Divestment

During the year, Bluechiip IVF Pty Limited and Bluechiip Employees Pty Limited, both wholly owned dormant subsidiaries were dissolved. Other than these, there have been no other entities over which control has been gained or lost during the year ended 30 June 2015.

Capital structure

During the financial year ended 30 June 2015, the following material movements in share capital occurred:

- In 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 with an expiry of 31 March 2015. In addition, the Company also announced a Share Purchase Plan which allowed participation from eligible existing Bluechiip's shareholders to purchase further fully paid ordinary shares in the Company at \$0.10 per share which raised \$763,000.
- In April 2015, the Company completed a capital raising of \$1,000,000 at \$0.045 per share via a placement to sophisticated and professional investors. The amount of \$918,500 comprising 20,411,212 ordinary fully paid shares were issued and the remainder of \$81,500 committed by Mr Iain Kirkwood and Mr Michael Ohanessian comprising 1,811,111 shares will be issued subject to the approval of the shareholders at the forthcoming Annual General Meeting.
- Capitalised share issue costs relating to the placements above totalled \$175,391 and have been offset against the issued capital.

Significant Events after Balance Date

Subsequent to year end, the Company entered into a Loan Agreement with Guerilla Nominees Pty Ltd for a loan facility of \$600,000 ("Loan"). The Loan is to be drawn down in 2 tranches, first draw down of \$300,000 on 26 August 2015 and second draw down of \$300,000 in September 2015. The salient terms of the Loan Agreement are as follow:

- (i) Interest rate of 10% per annum calculated daily is charged on the Loan; and
- (ii) Establishment fee of \$20,000 for the Loan facility is to be paid;

The Loan, interest and establishment fee accrued are to be repaid in November 2015 from receipt of R&D Tax Incentive 2014/2015 to be received from AusIndustry.

Except for the above, 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 Group, the results of these operations or the state of affairs of the Group in future financial periods.

Basis of Preparation

The 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 the Notes to the Preliminary Unaudited Consolidated Financial Statements.

Audit

This report is based on accounts which are in the process of being audited. As at the date of this report the Directors are not aware of any audit item under dispute or item which would result in a qualification other than as disclose in Note 1 Summary of significant accounting policies under "going concern" paragraph.



Mr Andrew McLellan
Managing Director and CEO
31 August 2015



BLUECHIP LIMITED

ABN 79 104 795 922

Preliminary Unaudited Financial Report For the Year Ended 30 June 2015

Bluechiip Limited

ABN 79 104 795 922

Preliminary Unaudited Consolidated Statement of Financial Position

As at 30 June 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	742,803	609,684
Trade and other receivables	7	682,989	659,640
Other current assets	8	178,874	234,233
Inventory	9	377,867	141,395
TOTAL CURRENT ASSETS		1,982,533	1,644,952
NON-CURRENT ASSETS			
Property, plant and equipment	10	109,684	143,195
TOTAL NON-CURRENT ASSETS		109,684	143,195
TOTAL ASSETS		2,092,217	1,788,147
LIABILITIES			
CURRENT LIABILITIES			
Trade, other payables and deferred revenue	11	344,628	473,475
Interest-bearing loans and borrowings	12	4,857	252,657
Employee entitlements	13	64,137	127,016
TOTAL CURRENT LIABILITIES		413,622	853,148
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	12	-	4,857
Employee entitlements	13	9,408	5,573
TOTAL NON-CURRENT LIABILITIES		9,408	10,430
TOTAL LIABILITIES		423,030	863,578
NET ASSETS		1,669,187	924,569
EQUITY			
Issued capital	14	20,344,230	17,667,151
Reserves	15	4,694,252	4,715,025
Accumulated losses		(23,369,295)	(21,457,607)
TOTAL EQUITY		1,669,187	924,569

The above preliminary unaudited consolidated statement of financial position should be read in conjunction with the accompanying notes and the full financial report for the year ended 30 June 2014.

Bluechiip Limited

ABN 79 104 795 922

Preliminary Unaudited Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
Net revenue from operating activities	2	33,856	41,937
Cost of sales		(121,290)	(163,752)
Other income	3	700,935	742,043
Employee benefits expense		(864,120)	(1,078,647)
Share based payment expense	15	(4,227)	(93,331)
Business development		(97,859)	(225,573)
Depreciation, amortisation and impairment	4 (b)	(33,511)	(38,027)
Research and Development		(634,868)	(404,789)
Patent costs		(27,460)	(63,267)
Consultancy fees		(182,483)	(262,195)
Travel and accommodation		(91,460)	(111,900)
Occupancy costs		(55,370)	(50,579)
Legal and professional fees		(235,577)	(274,721)
Finance costs	4 (a)	(48,281)	(115,752)
Other expenses	4 (c)	(249,973)	(457,408)
Loss before income tax		(1,911,688)	(2,555,961)
Income tax		-	-
Net loss after income tax		(1,911,688)	(2,555,961)
Total comprehensive income/(loss) for the year		(1,911,688)	(2,555,961)
Earnings per share			
Basic earnings (loss) per share (cents)	5	(1.3)	(2.3)
Diluted earnings (loss) per share (cents)	5	(1.3)	(2.3)

The above preliminary unaudited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes and the full financial report for the year ended 30 June 2014.

Bluechiip Limited

ABN 79 104 795 922

Preliminary Unaudited Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

	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
Shares issued during the year	14(a)	2,852,470	(25,000)	-	2,827,470
Transaction costs on share issue	14(a)	(175,391)	-	-	(175,391)
Share base payment expense	15	-	4,227	-	4,227
Total comprehensive income/(loss) attributable to members of the entity		-	-	(1,911,688)	(1,911,688)
At 30 June 2015		20,344,230	4,694,252	(23,369,295)	1,669,187

	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
Shares issued during the year	14(a)	3,065,913	-	-	3,065,913
Transaction costs on share issue	14(a)	(194,215)	-	-	(194,215)
Share base payment expense	15	-	42,366	-	42,366
Total comprehensive income/(loss) attributable to members of the entity		-	-	(2,555,961)	(2,555,961)
At 30 June 2014		17,667,151	4,715,025	(21,457,607)	924,569

The above preliminary unaudited consolidated statement of changes in equity should be read in conjunction with the accompanying notes and the full financial report for the year ended 30 June 2014.

Bluechiip Limited

ABN 79 104 795 922

Preliminary Unaudited Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		56,044	13,853
Receipts from government grants		-	97,085
Payments to suppliers and employees		(2,956,475)	(3,418,367)
Interest received		20,199	19,911
Interest paid		(14,617)	(51,118)
R&D tax concession received		625,047	1,138,840
Net cash flows used in operating activities	16	(2,269,802)	(2,199,796)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(113,237)
Net cash flows used in investing activities		-	(113,237)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		2,860,167	3,055,163
Transaction costs on share issue		(205,849)	(210,364)
Transaction costs on borrowings		-	(38,170)
Proceeds from borrowings		234,761	251,397
Repayment of borrowings		(486,158)	(1,002,393)
Net cash flows from financing activities		2,402,921	2,055,633
Net increase/ (decrease) in cash held		133,119	(257,400)
Cash and cash equivalents at beginning of financial year		609,684	867,084
Cash and cash equivalents at end of financial year	6	742,803	609,684

The above preliminary unaudited consolidated statement of cash flow should be read in conjunction with the accompanying notes and the full financial report for the year ended 30 June 2014.

Bluechiip Limited

ABN 79 104 795 922

Notes to the Preliminary Unaudited Consolidated Financial Statements

For the Year Ended 30 June 2015

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis and the Group is a for-profit entity.

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

Going Concern

The 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:

- loan facilities totalling \$600,000 obtained from Guerilla Nominees Pty Ltd subsequent to year end, of which \$300,000 has been drawn down on 26 August 2015 and the balance of \$300,000 to be drawn down in September 2015 (**Loan Facility**). The Loan Facility is to be repaid in November 2015 from receipt of R&D Tax Incentive 2014/2015 to be received from AusIndustry;
- sales revenue is anticipated to be generated over the next twelve months;
- 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 license 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

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

Note 1 Summary of Significant Accounting Policies (continued)

Basis of Preparation (continued)

Going Concern (continued)

In the event that such activities are not entered into or concluded on 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 carrying value of assets including inventories and advances to manufacturers are assessed on the basis that the Group will continue as a going concern. 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 Net revenue from operating activities

	2015	2014
	\$	\$
Gross revenue from sale of product	56,272	106,141
Less: Trade discount	(22,416)	(79,862)
Net revenue from sale of product	33,856	26,279
Less: Deferred revenue	-	(4,342)
	33,856	21,937
Licence income	-	20,000
Total	33,856	41,937

Included in the amount of revenue recognised during 2014 was \$10,482 invoiced for the sale of products to customers but was not fully recognised in the Statement of Comprehensive Income as part of the products were not delivered as at 30 June 2014. The deferred revenue of \$4,342 was reversed during the year.

	2015 \$	2014 \$
Note 3 Other Income		
Other revenue		
- Interest income from bank	20,199	19,911
- Government grants	-	97,085
- R&D tax incentive / concession	680,736	625,047
Total other income	700,935	742,043

Note 4 Expenses

(a) Finance costs

Interest expense - external	18,881	56,952
Debt establishment fee (refer Note 12(a) for further detail)	29,400	58,800
Total finance costs	48,281	115,752

(b) Depreciation and amortisation

Depreciation of property, plant and equipment	33,389	36,429
Amortisation of non-current assets	122	1,598
Total	33,511	38,027

(c) Other Expenses:

Share registry, administration and secretarial	86,079	101,866
Insurance	42,913	40,190
Advertising and Branding	2,000	53,003
Conference and seminar	4,519	25,237
Telecommunications	23,619	24,856
Membership and subscriptions	6,538	4,018
Website development	2,176	75,853
Others	82,129	132,385
Total Other Expenses	249,973	457,408

Note 5 Earnings per share

Earnings/(loss) used to calculate basic and dilutive Earnings Per Share ("EPS")	(1,911,688)	(2,555,961)
Weighted average number of ordinary shares outstanding during the year – No. used in calculating basic EPS	146,561,090	113,535,439

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

	2015 \$	2014 \$
Note 6 Current assets - Cash and Cash Equivalents		
Cash at bank	742,803	609,684

Cash at Bank includes \$81,500 (2014: Nil) held in a Trust Account, being the proceeds received and committed by Mr Iain Kirkwood and Mr Michael Ohanessian in aggregate for shares to be issued pursuant to the Private Placement to sophisticated and professional investors in April 2015. The shares issue is now subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM") and the proceeds are not accessible until the shares are issued.

Note 7 Current assets - Trade and Other Receivables

Trade receivables	2,253	32,426
R&D tax off-set receivable	680,736	625,047
Related party (a)	-	2,167
	682,989	659,640

(a) Related party loan

The amount was in relation to the balance of proceeds to be received from Mr Iain Kirkwood, Chairman arising from his commitment to subscribe to shares in the Company in the private placement held on 20 August 2013. The proceeds were fully received during the year.

Note 8 Other current assets

Other debtors	-	10,238
Prepayment	26,404	30,438
Deposit (a)	152,470	193,557
	178,874	234,233

(a) The deposit was in relation to a supplier payment for the purchase of raw materials to manufacture the Company's commercial Matchbox™ readers.

Note 9 Inventory

Raw materials	253,169	86,553
Finished goods	186,289	84,357
Provision of net realisable value - Finished Goods	(61,591)	(29,515)
Total inventory at cost	377,867	141,395

The above raw materials consist of chips and tags. The finished goods consist of Bluechiip's commercial cryotags, Matchbox™ readers, cryovials and racks.

	2015 \$	2014 \$
Note 10 Non-current assets - Property, Plant and Equipment		
Plant and equipment at cost	229,060	229,060
Accumulated depreciation	(138,828)	(116,341)
Total plant and equipment	90,232	112,719
Furniture fixture and fittings at cost	18,156	18,156
Accumulated depreciation	(10,096)	(8,973)
Total furniture, fixture and fittings	8,060	9,183
Computer equipment at cost	103,681	103,681
Accumulated depreciation	(92,289)	(82,510)
Total computer equipment	11,392	21,171
Capitalised software, at cost	56,368	56,368
Accumulated amortisation	(56,368)	(56,246)
Total capitalised software	-	122
Total property, plant and equipment	109,684	143,195

(a) Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated

	Plant and Equipment \$	Furniture, Fixtures and Fittings \$	Computer Equipment \$	Capitalised Software \$	Total \$
Balance at 30 June 2015					
Balance at the beginning of year	112,719	9,183	21,171	122	143,195
Depreciation/amortisation expense	(22,487)	(1,123)	(9,779)	(122)	(33,511)
Carrying amount at the end of 30 June 2015	90,232	8,060	11,392	-	109,684
Balance at 30 June 2014					
Balance at the beginning of year	25,704	7,234	35,369	1,720	70,027
Additions	101,925	3,005	6,265	-	111,195
Depreciation/amortisation expense	(14,910)	(1,056)	(20,463)	(1,598)	(38,027)
Carrying amount at the end of 30 June 2014	112,719	9,183	21,171	122	143,195

Note 11 Current liabilities – Trade, Other Payables and Deferred Revenue

	2015 \$	2014 \$
Trade payables (c)	178,954	320,390
Sundry payables and accrued expenses	165,674	148,743
Deferred revenue (d)	-	4,342
	<u>344,628</u>	<u>473,475</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

- Total Current	344,628	473,475
Financial liabilities as trade and other payables	<u>344,628</u>	<u>473,475</u>

(b) Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

c) Trade payables as at 30 June 2015 includes directors fees accrued of \$12,959 (2014: \$16,043)

	2015 \$	2014 \$
(d) Deferred revenue:		
At 1 July	4,342	-
Invoices raised during the year (excluding GST)	-	46,279
Recognised in the Statement of Comprehensive Income (refer Note 2)	-	(41,937)
Reversal of deferred revenue (refer to Note 2)	(4,342)	-
At 30 June	<u>-</u>	<u>4,342</u>

Note 12 Interest-bearing loans and borrowings

CURRENT

Bank loan (a)	-	251,397
Directors & Officers premium funding	-	20,247
Finance lease (b)	4,857	10,413
Deferred borrowing costs (a)	-	(29,400)
Total Interest-bearing liabilities	<u>4,857</u>	<u>252,657</u>

NON-CURRENT

Interest-bearing liabilities (b)	<u>-</u>	<u>4,857</u>
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Total interest-bearing liabilities	<u>4,857</u>	<u>257,514</u>
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(a) Relates to a facility agreement entered into by the Company with Macquarie Bank Ltd on 27 June 2013. 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 30 June 2015, the debt establishment fee was fully amortised.

(b) Relates to a three year finance lease for an IT infrastructure upgrade that expires in November 2015. The 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.

	2015 \$	2014 \$
Note 13 Employee Entitlements		
CURRENT		
Annual Leave provision	49,918	82,801
Long Service Leave provision	14,219	44,215
	<u>64,137</u>	<u>127,016</u>
NON-CURRENT		
Long Service Leave provision	<u>9,408</u>	<u>5,573</u>
TOTAL PROVISIONS	<u>73,545</u>	<u>132,589</u>

Note 14 Issued Capital

167,508,269 (2014 : 127,526,037) Ordinary shares	21,777,907	18,925,437
Less: Capitalised share issue costs	<u>(1,433,677)</u>	<u>(1,258,286)</u>
Total	<u>20,344,230</u>	<u>17,667,151</u>

(a) Ordinary Shares

At the beginning of the reporting year	17,667,151	14,795,453
Issue of ordinary shares	2,852,470	3,065,913
Less: Capitalised share issue costs	<u>(175,391)</u>	<u>(194,215)</u>
Total	<u>20,344,230</u>	<u>17,667,151</u>

(i) Shares issued during the year 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 AGM
- Share based incentive payment of \$8,250 made to former CEO Dr Jason Chaffey, and a termination payment made to former CEO, Brett Schwarz of \$42,715. Issues of shares were made pursuant to shareholders' approval at the previous AGM to settle the outstanding share based incentive payment to Dr Chaffey and outstanding termination payment to Mr Schwarz.
- Private Placement (\$1,000,000) to sophisticated and professional investors of which \$918,500 comprising 20,411,212 ordinary fully paid shares were issued and a further 1,811,111 shares to be issued for the remainder \$81,500 received and committed by Mr Iain Kirkwood and Mr Michael Ohanessian in aggregate is subject to the approval of the shareholders at the forthcoming AGM.

Note 14 Issued Capital (continued)

(b) Number of Ordinary Shares	2015 No.	2014 No.
At the beginning of the reporting year	127,526,037	99,761,762
Shares issued during the year:		
- Issue of ordinary shares	38,991,212	27,334,275
- 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	-
- Shares issued under Employee Share Acquisition Plan ("ESAP")	-	430,000
Total issued and fully paid ordinary shares	167,508,269	127,526,037

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

The ESAP is designed as a plan to permit employees and directors of Bluechip Limited to participate, at the invitation of the Board, in the acquisition of shares on terms and conditions determined by the Board. All shares issued under the ESAP are issued at \$Nil cash consideration.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

At 30 June 2015, there were no options outstanding (2014:10,495,999 options with an exercise price of \$0.20 per option expiry of 31 December 2014). During the year, 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"). During the year the entire 10,495,999 and 10,950,000 options were not exercised and expired on 31 December 2014 and 31 March 2015 respectively.

	2015 \$	2014 \$
Note 15 Employee Equity Benefits Reserve		
Opening balance	4,715,025	4,672,659
Employee Share Acquisition Plan (ESAP) expense (a)	(25,000)	42,366
Employee Share Option Plan (ESOP) expense issued during the year (b)	4,227	-
Total Employee Equity Benefits Reserve	4,694,252	4,715,025

(a) Included in the ESAP is an amount of \$25,000 provided as part of remuneration to the Chairman, Mr Iain Kirkwood for his role as Executive Chairman, which 500,000 shares were issued subsequent to shareholders' approval at the Company's 2014 AGM.

(b) The option expense under the ESOP has been determined based on the fair values of the performance rights granted to CEO/Managing Director calculated at grant date using a Black-Scholes-Merton model to value the options over the shares, the Binomial Option Pricing Model to estimate the value of the options and Monte Carlo simulation based models to test the likelihood of attaining the performance hurdle.

Note 16 Cash Flow Statement Reconciliation	2015 \$	2014 \$
Reconciliation of Net Loss after Tax to Net Cash Flows from Operations		
Net loss	(1,911,688)	(2,555,961)
Non-cash flows in loss		
- Amortisation	122	1,598
- Depreciation	33,389	36,429
- Interest payable to Dr. Stephen Woodford	-	794
- Share based payment expense	4,227	42,366
- Share issue in lieu of payment to suppliers	-	58,914
- Amortisation of finance loan	29,400	58,800-
<i>Changes in assets and liabilities</i>		
- (Increase)/decrease in trade and other receivables	(23,349)	479,250
- (Increase)/decrease in other assets	55,359	26,161
- (Increase)/decrease in inventory	(236,472)	(67,840)
- (Decrease)/increase in trade ,other payables and deferred revenue	(161,747)	(227,989)
- (Decrease)/increase in employee entitlements	(59,043)	(52,318)
	<u>(2,269,802)</u>	<u>(2,199,796)</u>

Note 17 Significant Events After the Balance Sheet Date

On 25 August 2015, the Company entered into a Loan Agreement with Guerilla Nominees Pty Ltd for a loan facility of \$600,000 ("Loan"). The Loan is to be drawn down in 2 tranches, first draw down of \$300,000 on 26 August 2015 and second draw down of \$300,000 in September 2015. The salient terms of the Loan Agreement are as follow:

- (i) Interest rate of 10% per annum calculated daily is charged on the Loan; and
- (ii) Establishment fee of \$20,000 for the Loan facility is to be paid;

The Loan, interest and establishment fee accrued are to be repaid in November 2015 from receipt of R&D Tax Incentive 2014/2015 to be received from AusIndustry.

Except as disclosed in other sections to the report and the above, there were no other matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of these operations or the state of affairs of the Group in future financial years.

Note 18 Controlled Entities

	Country of Incorporation	Percentage Owned (%) [*] 2015	Percentage Owned (%) [*] 2014
Parent Entity:			
Bluechiip Limited	Australia		
Subsidiaries of parent entity:			
Bluechiip IVF Pty Limited (a)	Australia	-	100%
Bluechiip Employees Pty Limited (a)	Australia	-	100%
Bluechiip, Inc.(b)	United States	100%	100%
Bluechiip Holdings, Inc.(b)	United States	100%	100%

* Percentage of voting power is in proportion to ownership

(a) During the year, these dormant companies were dissolved.

(b) These companies (which are dormant) are in the process of dissolution as the Directors opine that the subsidiaries are not required at this moment.

Note 19 Parent entity information

	2015 \$	2014 \$
Information relating to Bluechiip Limited		
Current assets	1,982,533	1,644,952
Total assets	2,092,217	1,788,147
Current liabilities	413,622	853,148
Total liabilities	423,030	863,578
Issued capital	20,344,230	17,667,151
Reserves	4,694,252	4,715,025
Retained earnings	(23,369,295)	(21,457,607)
Total shareholder's equity	1,669,187	924,569
Loss of the parent entity	(1,911,688)	(2,555,961)
Total comprehensive income of the parent entity	(1,911,688)	(2,555,961)