



## ASX Announcement

For immediate release

25 October 2016

### BLUECHIIP LIMITED SEPTEMBER 2016 QUARTERLY CASH FLOW REPORT

Bluechiip Limited (**Bluechiip or Company**) (ASX: BCT) today released its quarterly cash flow report for the period ended 30 September 2016.

#### Highlights:

- **Successful capital raising of \$1.49 million via Rights Issue and Shortfall Facility**
- **Licence and Supply Agreement and Master Services Agreement with Planet Innovation**

#### Commentary

Net operating cash outflow for June 2016 quarter was \$578,725, compared to \$445,393 for the previous quarter. The increase in the net operating cash outflow is mainly attributable to the payment of interest on loan, patents and trademarks application arising from research and development (**R&D**) activities particularly the multi-vial reader project and items relating to financial year end reporting.

During the quarter, \$1,478,214 was received from amount raised of \$1,488,294 in relation to the non renounceable rights issue on the basis of 1 new ordinary share for 3 existing ordinary shares at an issue price of \$0.022 per new share in Bluechiip and its associated shortfall facility which was also placed with sophisticated and professional investors. The capital raised was before defraying share issue costs.

The Company also obtained a R&D loan facility of \$150,000 to part finance the R&D activities. The loan repayment is secured by the expected R&D Tax incentive to be received for the financial year ended 30 June 2017.

During the quarter, we:

- Entered into a non-exclusive Licence and Supply Agreement (**Licence Agreement**) and Master Services Agreement (**Master Services Agreement**) with Planet Innovation Pty Ltd (**Planet Innovation**).
  - The Licence Agreement grants a non-exclusive licence to Planet Innovation to develop products that integrate Bluechiip's technology in the field of systems and devices for the handling, storage or monitoring of medical biological products or samples. Bluechiip is to sell its technology products including tags, readers and software to Planet Innovation and Planet Innovation is to commit minimum annual development expenditure alternatively to minimum annual purchasing obligations; and
  - The Master Services Agreement grants a non-exclusive licence to Planet Innovation to develop products that integrate Bluechiip's technology whilst retain all rights in its core technology and intellectual property.

- Continued with the second phase of our Original Equipment Manufacturing (**OEM**) license and supply agreement to incorporate Bluechiip's technology into our partner's Assisted Reproductive Technologies (**ART**) medical device for sale into In Vitro Fertilisation (**IVF**) clinics across the globe, recording invoices for delivery of technology support service and components;
- Recorded a sale of a starter kit to the Chinese Centre for Disease, Control and Prevention (**CCDC**), an agency of the Chinese Ministry of Health based in Beijing, People Republic of China. The sale is the first step forward toward a successful rollout of the full suite of Bluechiip's products;
- Entered into technology evaluation agreement with a major automatic identification and data capture company in the USA;
- Continued to introduce the Bluechiip OEM Developer Kit to a number of potential OEM partners. The Developer Kit enables OEM partners to integrate Bluechiip's technology with their own products. We also continue research and development of solutions to meet the OEM partners' requirements;
- Continued expansion of Bluechiip's OEM pipeline in USA, Europe and APAC market and conversion of OEM partner opportunities; and
- Registering further patents from the R&D activities.

**END.**

**For more information:**

Andrew McLellan  
Managing Director / CEO  
Ph: +61 457 823 470  
[andrew.mclellan@bluechiip.com](mailto:andrew.mclellan@bluechiip.com)

**About Bluechiip Limited:**

Founded in 2003 and ASX listed in 2011 [ASX:BCT], Bluechiip has its head office in Melbourne, Australia and distribution channels around the globe.

Bluechiip's unique and patented technology combines secure wireless sample tracking with integrated temperature reading for use in extreme environments, working reliably in temperatures from -196°C to +200°C, and impervious to autoclaving, gamma irradiation sterilization, humidification, centrifuging, cryogenic storage and frosting.

Based on MEMS technology, the Bluechiip® tag contains no electronics. Unlike traditional tracking technology like labels, barcodes or RFID, Bluechiip does not require line-of-sight visibility for temperature readings and tracking, and so can be read through frost without damaging the sample.

The tag can either be embedded or manufactured into storage products such as vials or bags. Easy identification, along with any associated information from the tag can be detected by a reader, which can also sense the temperature of the tagged items. Unlike other tracking methods, the Bluechiip® technology can sense the temperature of each item a tag is attached to or embedded in.

This technology is particularly important for industries such as the \$2b biopreservation & cryopreservation market, which processes more than 300 million samples per year of tissue, blood, serum, plasma, etc., for industries such as pharmaceuticals, IVF, research and clinical trials. It also has applications in cold chain logistics, food, manufacturing, security and defence.

Further information is available at [www.bluechiip.com](http://www.bluechiip.com)

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

BLUECHIIP LIMITED

**ABN**

79 104 795 922

**Quarter ended ("current quarter")**

30 SEPTEMBER 2016

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| <b>1. Cash flows from operating activities</b>            |                            |                                       |
| 1.1 Receipts from customers                               | 53                         | 53                                    |
| 1.2 Payments for  |                            |                                       |
| (a) research and development                              | (41)                       | (41)                                  |
| (b) product manufacturing and operating costs             | (57)                       | (57)                                  |
| (c) advertising and marketing                             | (58)                       | (58)                                  |
| (d) leased assets   | -                          | -                                     |
| (e) staff costs (inclusive internal R&D)                  | (269)                      | (269)                                 |
| (f) administration and corporate costs                    | (193)                      | (193)                                 |
| 1.3 Dividends received (see note 3)                       |                            |                                       |
| 1.4 Interest received                                     | 1                          | 1                                     |
| 1.5 Interest and other costs of finance paid              | (21)                       | (21)                                  |
| 1.6 Income taxes paid                                     | -                          | -                                     |
| 1.7 Government grants and tax incentives                  | -                          | -                                     |
| 1.8 Other (provide details if material)                   | 6                          | 6                                     |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(579)</b>               | <b>(579)</b>                          |

|  |   |   |
|--|---|---|
| <b>2. Cash flows from investing activities</b> |   |   |
| 2.1 Payments to acquire:                       |   |   |
| (a) property, plant and equipment              | - | - |
| (b) businesses (see item 10)                   | - | - |
| (c) investments                                | - | - |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (3<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
|                                      | (d) intellectual property                             | -                          | -                                     |
|                                      | (e) other non-current assets                          | -                          | -                                     |
| 2.2                                  | Proceeds from disposal of:                            |                            |                                       |
|                                      | (a) property, plant and equipment                     | -                          | -                                     |
|                                      | (b) businesses (see item 10)                          | -                          | -                                     |
|                                      | (c) investments                                       | -                          | -                                     |
|                                      | (d) intellectual property                             | -                          | -                                     |
|                                      | (e) other non-current assets                          | -                          | -                                     |
| 2.3                                  | Cash flows from loans to other entities               | -                          | -                                     |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                     |
| 2.5                                  | Other (provide details if material)                   | -                          | -                                     |
| 2.6                                  | <b>Net cash from / (used in) investing activities</b> | -                          | -                                     |

|           |   |              |              |
|-----------|---|--------------|--------------|
| <b>3.</b> | <b>Cash flows from financing activities</b>                                 |              |              |
| 3.1       | Proceeds from issues of shares  | 1,478        | 1,478        |
| 3.2       | Proceeds from issue of convertible notes                                    | -            | -            |
| 3.3       | Proceeds from exercise of share options                                     | -            | -            |
| 3.4       | Transaction costs related to issues of shares, convertible notes or options | -            | -            |
| 3.5       | Proceeds from borrowings  | 150          | 150          |
| 3.6       | Repayment of borrowings   | -            | -            |
| 3.7       | Transaction costs related to loans and borrowings                           | -            | -            |
| 3.8       | Dividends paid  | -            | -            |
| 3.9       | Other (provide details if material)   | -            | -            |
| 3.10      | <b>Net cash from / (used in) financing activities</b>                       | <b>1,628</b> | <b>1,628</b> |

|           |  |       |       |
|-----------|--|-------|-------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |       |       |
| 4.1       | Cash and cash equivalents at beginning of quarter/year to date               | 488   | 488   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (579) | (579) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | -     | -     |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | 1,628 | 1,628 |

| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date (3 months)<br>\$A'000 |
|--------------------------------------|--|----------------------------|------------------------------------|
| 4.5                                  | Effect of movement in exchange rates on cash held  | -                          | -                                  |
| 4.6                                  | <b>Cash and cash equivalents at end of quarter</b> | <b>1,537</b>               | <b>1,537</b>                       |

| 5.  | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances  | 1,511                      | 462                         |
| 5.2 | Call deposits  | 26                         | 26                          |
| 5.3 | Bank overdrafts  | -                          | -                           |
| 5.4 | Other (provide details)  | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>1,537</b>               | <b>488</b>                  |

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

(68)

-

**Item 6.1**

Directors' fees accrued for 7 months paid to Non-Executive Directors

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

| 8. <b>Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|--|---|
| 8.1 Loan facilities  | 670  | 650                                       |
| 8.2 Credit standby arrangements  | -  | -   |
| 8.3 Other (please specify)   | 65   | -   |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |  |   |

**Item 8.1**

R&D Tax Prepayment Loan from R&D Capital Partners Pty Ltd for 2 loan facilities of \$500,000 (drawn down in previous quarter) and \$150,000 (drawn down in current quarter) secured by R&D tax incentive 2015/2016 and R&D tax incentive 2016/2017 receivable respectively. An interest rate of 15% per annum is calculated and payable monthly on the drawn down facilities.

Also relates to a premium funding loan facility of \$20,000 to finance insurance premium. The facility was fully drawn down in previous quarter and is to be repaid over 10 months

**Item 8.3**

Relates to credit card facilities.

| 9. <b>Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Research and development                       | 220            |
| 9.2 Product manufacturing and operating costs      | 85             |
| 9.3 Advertising and marketing                      | 65             |
| 9.4 Leased assets                                  | -              |
| 9.5 Staff costs (inclusive internal R&D)           | 298            |
| 9.6 Administration and corporate costs             | 169            |
| 9.7 Other (provide details if material)            | (175)          |
| <b>9.8 Total estimated cash outflows</b>           | <b>662</b>     |

**Item 9.7**

Relates to net repayment of R&D Tax Prepayment Loan facility arising from R&D tax incentive 2015/2016 of \$675,000 expected to be received during the Dec 2016 quarter.

| <b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b> | <b>Acquisitions</b> | <b>Disposals</b> |
|--|---------------------|------------------|
| 10.1 Name of entity  | None                | None             |
| 10.2 Place of incorporation or registration  | Not applicable      | Not applicable   |
| 10.3 Consideration for acquisition or disposal   | Not applicable      | Not applicable   |
| 10.4 Total net assets  | Not applicable      | Not applicable   |
| 10.5 Nature of business  | Not applicable      | Not applicable   |

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: \_\_\_\_\_

Date: 25 October 2016

(Director/Company secretary)

Print name: Andrew McLellan

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.