



BCAL DIAGNOSTICS LIMITED

ABN 51 142 051 223

**Annual Report
for the Year Ended 30 June 2021**

**BCAL Diagnostics Limited
2021 Financial Report**

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LETTER FROM THE CHAIR

Dear fellow Shareholders,

On behalf of the Directors of BCAL Diagnostics Limited (BCAL, or the Company), I am pleased to report on the activities of the Company for the year ended 30 June 2021.

Before commenting on what was a transformational FY21 for BCAL Diagnostics, I would like to again articulate our mission. BCAL is developing a new diagnostic approach for breast cancer diagnosis using an *in vitro* (IVD) blood test as an adjunct to mammography. Our goal is to deliver a product which is effective in *improving breast cancer screening, for every woman, everywhere*. The demand for breast cancer diagnostics is well understood with over 2.2 million new cases registered annually and over 680,000 deaths.

The results for the year ended 2021 show a loss of \$1.5m (2020 loss: \$0.7m), reflecting the costs of the ASX listing being \$0.6m, and an increase in the level of activity as the business added resources needed for the next phase of development. The business continues to claim the research and development tax offset, being 43.5% of the research and development spend. Cash at year end amounted to \$3.4m, which was then supplemented by the \$10m initial public offering (IPO) capital raising, before costs, in July 2021.

The \$14m in total funds raised (when including the \$4m pre-IPO round received during the year) will enable the Company to accelerate its programme in bringing the BCAL blood test product to market. The support of our investors shows a significant degree of confidence in BCAL's science and the potential to achieve a number of significant milestones moving forward.

While we have been building with a focus on research and development since 2010, BCAL has moved quickly over the last year to build an outstanding team of employees, consultants and advisory board members to drive the next stage of the Company's development. An initial regulatory focus is to seek approval for the BCAL test from the Australian Therapeutic Goods Administration (TGA). The Company commenced the collection of samples from 1,000 participants in August 2021 which will provide important clinical data to pursue regulatory submissions and approvals.

BCAL's success and speed of execution will also depend on the quality of its partners and key suppliers. The Company is pleased to have announced its collaboration with GenesisCare Clinical CRO. In addition, the Company announced a Product Development Agreement with IZON Science Limited to develop a bespoke kit, using IZON equipment and components, to accelerate the time for processing clinical samples and providing a format that can be processed rapidly and effectively by pathology laboratories.

BCAL is also working on accelerating its market entry into the USA and is in discussion with potential partners who can provide BCAL with scientific development, technical support on product development, and commercial input in relation to billing and reimbursement.

I take this opportunity to thank my fellow directors, our employees and consultants, and our new and long-standing shareholders, for their ongoing support as we go forward in what will be an exciting year ahead.



Jayne Shaw
Executive Chair

Directors' Report

Your directors present their report together with the financial statements on BCAL Diagnostics Limited (the "Company" or "BCAL Diagnostics") for the year ended 30 June 2021.

Directors

The following persons were directors of BCAL Diagnostics Limited during the financial year or as at the date of this report:

Jayne Shaw	Executive Chair
Ronald Phillips	Non-executive Director
Jonathan Trollip	Non-executive Director (Appointed 23 December 2020)
Marilyn Sleight	Non-executive Director (Appointed 31 March 2021)
Mark Burrows	Non-executive Director (Appointed 21 July 2021)

Information on Directors as at Report Date

Jayne Shaw (Executive Chair)

Ms Jayne Shaw was appointed as a Director on 15 February 2010.

Trained as a Registered Nurse in the UK, on arrival in Australia Jayne became a Director of Nursing and Chief Executive Officer of two private hospitals. Following this, she established an Australian and international consulting business which was sold to Healthsouth a large US Healthcare company.

Ms Shaw then became the Co-founder of Vision Group, an Ophthalmic Doctor equity consolidation model that was successfully listed on the ASX. Ms Shaw has been a member of a number of private healthcare boards involved with specialist consolidation including cardiology, orthopaedics, and women's health, and continued to work with private equity firms on local and International Healthcare transactions.

Ms Shaw, together with Mr Ronald Phillips, was a co-owner of Sydney Breast Clinic and a co-founder of BCAL Diagnostics. Current Board positions are Corum Group (ASX: COO), and unlisted entities The Woolcock Research Institute, The Citadel Group, and Mabel Technologies.

Shares held as at date of this report: 27,769,602.

Unlisted options held as at date of report: 2,022,638.

Ronald Phillips AO (Non-executive Director)

Mr Phillips was appointed a Director on 15 February 2010.

Following 15 years in the NSW Parliament which included serving as Minister for Health and Deputy Leader of the Opposition, Mr Phillips developed a successful consulting business in the Health and Aged Care Industry.

His business interests included co-owner and Managing Director of Sydney Breast Clinic which he sold to Healthscope. He recently retired as Chair of the Sydney Local Health District and as Director of Westmead IVF.

Shares held as at date of this report: 26,514,567.

Unlisted options held as at date of report: 2,022,638.

Mr Phillips is a member of the Audit and Risk Management Committee and the Remuneration and Nomination Committee.

Directors' Report (Continued)

Jonathan Trollip (Non-executive Director)

Mr Trollip was appointed a Director on 23 December 2020.

Professional non-executive director. Mr Trollip is a globally experienced Director with over 30 years of commercial, corporate, governance and legal and transactional expertise.

He is currently non-executive Chairman of ASX listed Global Value Fund Limited, Future Generation Investment Company Limited, Antipodes Global Investment Company Limited, Plato Income Maximiser Limited, Spheria Emerging Companies Limited and a non-executive director of ASX listed Propel Funeral Partner Limited and LSE listed Kore Potash PLC.

Mr Trollip has postgraduate degrees in economics and law and is a Fellow of the Australian Institute of Company Directors. He has a keen interest in the not-for-profit sector and is involved at Board level and a contributor with various not for profit organisations in Australia and Southern Africa in the education sector and in wildlife conservation.

Mr Trollip is the Chair of the Audit and Risk Management Committee and a member of the Remuneration and Nomination Committee.

Shares held as at date of this report: 3,147,649.

Unlisted options held as at date of report: 1,155,793.

Merilyn Sleigh (Non-executive Director)

Dr. Sleigh was appointed a Director on 31 March 2021.

Dr. Sleigh has over 30 years of experience as a senior executive and non-executive director in Australia's biotechnology sector. Dr Sleigh was, from its foundation, Chief Executive Officer and Managing Director of EvoGenix Limited, a biotech startup company that expanded internationally and listed on the ASX before acquisition by a larger company, resulting in attractive returns for its investors.

Dr. Sleigh was formerly Dean of the Faculty of Life Sciences, University of NSW; Director of Research & Development at Australian biotech Peptech Ltd and a research scientist and senior manager with CSIRO. Dr Sleigh has held non-executive director positions with ASX listed companies Clover Corporation, and Tyrian Diagnostics Ltd. as well as with Adalta Ltd and Mimetica Pty Ltd. Other director roles have been with government and not for profit organisations, including the Rural Industries Research and Development Corporation and Relationships Australia. She has acted as an adviser and consultant to companies, government, research institutes and investors on technology commercialisation. She holds a BSc, Doctorate in Philosophy and Diploma in Corporate Management and is a Fellow of the Australian Institute of Company Directors.

Dr. Sleigh is the Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.

Shares held as at date of this report : Nil

Unlisted options held as at date of report: Nil.

Mark Burrows (AO) (Non-executive Director)

Mr Mark Burrows was appointed a Director on 21 July 2021.

Mr. Burrows has joined the BCAL Board on a pro-bono basis, as he is an advocate for early diagnosis of breast cancer and other cancers. He has enjoyed a long and distinguished career in investment banking both in

Directors' Report (Continued)

Australia and the UK. Mr. Burrows cofounded Baring Brothers Burrows & Co in Australia in the early 80s. In 1999 he was appointed the Managing Director / Deputy Chairman of ING Barings in London. In 2004, Mark joined Lazard as a Managing Partner and in 2006 returned to Australia and was appointed Lazard Australia's inaugural Chairman. Mr. Burrows returned to investment banking in 2011 as Vice Chairman of Credit Suisse's Global Investment Bank.

During his extensive investment banking career, Mr. Burrows has been the principal financial advisor to some of the most significant and transformative corporate and government transactions in Australia. Mr. Burrows has served as a non-executive director on several Australasian and UK public companies including Chairman and Deputy Chair of Brambles, Fairfax Media and Telstra.

Since the Rio Earth Summit in 1992, Mr. Burrows has also been an advocate of global financial institutions' Private Sector involvement in sustainable development. Over this period, Mr. Burrows has retained a number of roles advising United Nations, G20 and corporates on climate initiatives relating to the financial sector. From 2017 to 2020, Mr. Burrows was a Senior Advisor to Macquarie Bank, on climate finance and renewable energy. Mr Burrows currently retains a role as a senior advisor to UNEP, UNDP, The Green Finance Initiative in London and is on the Asian Council of The Nature Conservancy. He is also a Senior Advisor to the G20 Sustainability Group.

Shares held as at date of this report : 442,908.

Unlisted options held as at date of report: Nil.

Company Secretary

Guy Robertson, B. Com (Hons), CA

Mr Robertson was appointed as Company Secretary and Chief Financial Officer on 16 March 2021. Mr Robertson succeeded Mr Ronald Phillips who was the Company Secretary from the start of the year until 16 March 2021.

Mr Robertson has held a number of senior roles within the Jardine Matheson group of companies in Australia and Hong Kong including General Manager of Finance for Franklins Supermarkets in Australia, Chief Operating Officer and Chief Financial Officer for Colliers Jardine Asia Pacific based in Hong Kong and Chief Financial Officer and Managing Director (NSW) for Jardine Lloyd Thompson.

Mr Robertson has significant experience as a Company Secretary and Director of ASX listed companies. He is currently a director of Hastings Technology Metals Ltd (ASX:HAS) and Metal Bank Limited (ASX:MBK).

Principal Activities and Strategy

The Company's core activity is the development of a novel blood screening test to improve the early diagnosis and monitoring of breast cancer that is safe, cost effective, accurate and available to all women regardless of age, race and geographic location.

Dividends

No dividends were paid to members during the financial year (2020 \$Nil).

Directors' Report (Continued)

Review of Operations

Ongoing Activities

The Company is developing an in vitro diagnostic test (IVD) that confirms a fingerprint of lipid biomarkers extracted from extracellular vesicles (EVs) from a patient's plasma or blood sample to diagnose the presence of breast cancer cells in a patient's body.

The Company's goal is to improve the early diagnosis and monitoring of breast cancer that is safe, cost effective, accurate and available to all women regardless of age, race and geographic location.

The Company's lead product has completed two major clinical studies to identify a series of lipid biomarkers that distinguish between blood samples from cancer patients and healthy individuals. To date, the results indicate that the BCAL test can exceed both sensitivity and selectivity of current incumbent diagnostic tools for breast cancer on the market. It also appears to be strongly competitive compared with available information on other diagnostic approaches in development.

The Company intends to seek Priority Evaluation Status for an expedited review of data from its pivotal trial under the regulation of the Australian Therapeutic Goods Administration (TGA).

Impact of COVID-19

The global COVID-19 pandemic and the subsequent restrictions imposed by Australian governments have caused disruption to businesses and economic activity. BCAL has managed, and continues to actively manage, the risks arising from COVID-19 and has implemented a number of initiatives in response to the pandemic.

These initiatives include measures to protect the safety of our contractors and employees. Most employees have been enabled to work from home and appropriate protocols have been implemented for those continuing to work in the laboratory.

To enable the collection of blood samples in line with our product development plan the Company has moved to establish agreements with suitable partners in Australian states beyond New South Wales and is in discussions with potential partners in the USA.

These issues have not had a material impact on these financial statements and are not expected to materially impact the financial position of the Company in the coming year. As the ongoing impacts of COVID-19 are difficult to predict, however, COVID-19 may adversely affect some of the Company's research and development activities, and so the Company will continue to monitor the risks and act accordingly.

Operating Results

The net loss after tax for the year was \$1,524,970 (2020: loss \$696,360).

Shareholder equity increased to \$3,606,855 (2020: \$438,917) reflecting the result for the year, and a capital raise of \$4,409,999, before costs.

Significant Changes in the State of Affairs

On 26 April 2021 the shareholders resolved to convert the existing share capital of the Company comprising 6,123,173 fully paid ordinary shares into a larger number, by splitting each share into ~26.13 shares making a total of 160,000,002 shares.

Directors' Report (Continued)

There were no significant changes in the state of affairs of the Company other than as outlined above and in this report.

Matters Subsequent to Balance Date

Subsequent to balance date the Company issued 40,000,000 shares at \$0.25 per share to raise \$10 million before costs, and listed on the Australian Securities Exchange on 21 July 2021.

In addition the Company issued a further 6,875,631 new shares to a broker for facilitating the capital raise at a deemed price of \$0.00001 per share.

Other than as outlined above, no matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- a) the Company's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the Company and the expected results on operations have not been included in the financial statements because the directors believe it could potentially result in unreasonable prejudice to the Company.

Environmental regulation

The Company's operations are not subject to any significant environmental regulation under either Commonwealth or State legislation. The Board considers that adequate systems are in place to manage the Company's obligations and is not aware of any breach of environmental requirements as they relate to the Company.

Indemnification and Insurance of Officers

During the financial year the Company paid premiums in respect of a contract insuring Directors, the Chief Financial Officer and Company Secretary and Executive Officers of the Company against a liability incurred to the extent permitted by the Corporations Act, 2001. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the insurance contract.

Indemnification and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Directors' Report (Continued)

Options on issue

At the date of this report the company had the following unlisted options on issue:

Date of grant	Number	Exercise price	Expiry date
20 November 2019	2,889,456	\$0.0574	20 November 2029
30 January 2020	2,311,560	\$0.0574	30 November 2030
23 November 2020	6,356,861	\$0.0574	23 November 2023

No shares were issued during the year on the exercise of options.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

	Eligible to attend	Attended
Full meetings of directors		
Ms Jayne Shaw	9	9
Mr Ronald Phillips	9	8
Mr Jonathan Trollip	9	9
Dr Marilyn Sleigh	4	4

In addition, the board signed two circular resolutions.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, unless otherwise stated.

Non Assurance Services

During the year, Pitcher Partners Sydney, the Company's auditor, performed certain other services in addition to their statutory duties. An entity associated with Pitcher Partners Sydney was paid \$36,591 for providing assistance with the Company's IPO. Details of the amounts paid to the auditors are disclosed in note 20 of the financial statements.

Directors' Report (Continued)

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

Remuneration report (Audited)

This report outlines the remuneration arrangements in place for directors and executives of the Company.

Remuneration philosophy

The performance of the Company depends upon the quality of its directors and executives, and the ability of the Company to attract, motivate and retain highly skilled directors and executives.

Remuneration committee

The Remuneration and Nomination Committee of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive and the executive team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Salaries are reviewed periodically by the Committee but to date there has been no specific link to Company performance as the Company has, until recently, been engaged mainly in research and development.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Performance evaluation of Board Members and Senior Executives

A formal evaluation for those executives who have been with the Company for the year under review was undertaken.

The Chair reviews the performance of the Directors on an annual basis and in turn asks for feedback on her performance.

Non-executive director remuneration

Objective

The Board of Directors recognises that the success of the Company will depend on the quality of its Directors and its senior management. For this reason, the Remuneration and Nomination Committee reviews the remuneration arrangements for all senior employees to ensure that it attracts and keeps motivated, highly skilled and appropriately qualified directors and executives.

Structure

BCAL Diagnostics' Constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. An amount not exceeding the amount determined by shareholders in general meeting is then available to be split between the Directors as agreed between them. The latest determination was at the General Meeting held on 26 April 2021 when shareholders approved an aggregate remuneration amount of up to \$500,000 per year.

Directors' Report (Continued)

Remuneration report (Audited) (continued)

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned between Directors is reviewed annually. The Board takes into account the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive Directors for the period ending 30 June 2021 is detailed in Table 3 of this report.

Senior manager and executive director remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee reviews market conditions and the circumstances of the Company to ensure that the remuneration offered is sufficient to attract executives of the highest calibre.

The Company will award options, where appropriate, under a long term incentive plan, to secure the services of key personnel.

Earnings and shareholders' funds for the last three audited years are as follows.

	2021	2020	2019
	\$	\$	\$
Loss after tax	(1,524,970)	(696,360)	(429,957)
Shareholder's funds	3,606,855	438,917	488,196

Being a company in the development phase, these historical figures have little relevance in determining current remuneration structure. Board Directors are remunerated in accordance with comparative small ASX listed companies.

Service Agreements

The Executive Chairman, Jayne Shaw, has an executive services agreement which provides for an annual remuneration of \$180,000 (inclusive of director's fees and statutory superannuation), with a termination period of 3 months.

The Chief Scientific Officer, Dr Amani Batarseh, has an executive services agreement which provides for an annual salary of \$235,464 plus statutory superannuation.

Directors' Report (Continued)

Remuneration report (Audited) (continued)

Share Based Payments

Share based payments for key management personnel are set out below. The numbers and exercise prices for the options reflect the share structure of the Company at the time of issue, with post-split data shown at the bottom of each table.

Details	No of options	Issue date	Date of expiry	Conversion price (\$)
Employee options – Amani Batarseh	110,579	20/11/2019	20/11/2029	\$1.50
Total 30 June 2020	110,579			
Director's options				
- Jayne Shaw	77,406	23/11/2020	23/11/2023	\$1.50
- Ronald Phillips	77,406	23/11/2020	23/11/2023	\$1.50
- Jonathan Trollip	44,232	23/11/2020	23/11/2023	\$1.50
Employee options – Amani Batarseh	22,116	23/11/2020	23/11/2023	\$1.50
	221,160			
Total pre share split	331,739			
Options on issue post share split¹ 30 June 2021	8,668,422			\$0.0574

The share based payment expense relating to key management personnel as outlined in table 3 below was \$160,017 in the year ended 30 June 2021 (2020: \$79,076).

The total number of options on issue, including non-key management personnel are as follows:

	2021 No.	2020 No.
Options		
Balance at beginning of year	199,042	-
Granted during the year	243,276	199,042
	442,318	199,042
Adjusted for share split ¹	11,557,877	-
Balance at end of year	11,557,877	199,042

Table 1 - Option holdings of key management personnel

30 June 2021¹

	Opening balance	Lapsed	Remuneration	Balance 30/06/2021	Vested
Ms Jayne Shaw	-	-	2,022,638	2,022,638	2,022,638
Mr Ron Phillips	-	-	2,022,638	2,022,638	2,022,638
Mr Jonathan Trollip	-	-	1,155,793	1,155,793	1,155,793
Dr Marilyn Sleigh	-	-	-	-	-
Dr Amani Bartaseh	2,889,456	-	1,155,793	4,045,249	3,467,353
Total	2,889,456	-	6,356,862	9,246,318	8,668,422

Directors' Report (Continued)

Remuneration report (Audited) (continued)

30 June 2020¹

	Opening balance	Lapsed	Remuneration	Balance 30/06/2020	Vested
Ms Jayne Shaw	-	-	-	-	-
Mr Ron Phillips	-	-	-	-	-
Mr Jonathan Trollip	-	-	-	-	-
Dr Amani Bartaseh	-	-	2,889,456	2,889,456	2,311,560
Total	-	-	2,889,456	2,889,456	2,311,560

¹Option numbers are shown after the effect of the share split approved by shareholders in April 2021. All options have an exercise price of \$0.0574 per share.

Table 2 - Shareholdings of key management personnel

30 June 2021¹

	Opening balance	Purchased	Net other change	Balance 30/06/2021
Directors				
Ms Jayne Shaw	25,827,577	1,742,025	-	27,569,602
Mr Ronald Phillips	24,772,542	1,742,025	-	26,514,567
Mr Jonathan Trollip ²	-	-	3,147,649	3,147,649
Dr Marilyn Sleigh	-	-	-	-
Dr Amani Bartaseh	87,745	885,763	-	973,508
Total	50,687,864	4,369,813	3,147,649	58,205,326

Shareholdings of key management personnel

30 June 2020¹

	Opening balance	Purchased	Net other change	Balance 30/06/2021
Ms Jayne Shaw	25,827,577	-	-	25,827,577
Mr Ronald Phillips	24,772,542	-	-	24,772,542
Dr Amani Bartaseh	-	87,745	-	87,745
Total	50,600,119	87,745	-	50,687,864

¹Share numbers are shown after the effect of the share split approved by shareholders in April 2021.

²Shares shown are on becoming a director, but were purchased before 30 June 2019.

Directors' Report (Continued)

Remuneration report (Audited) (continued)

Table 3 – Directors and key management personnel remuneration

	Cash salary and fees	Post- employment benefits	Share based payments	Total
30 June 2021 Name	\$	\$	\$	\$
Ms Jayne Shaw ¹	90,000	-	56,840	146,840
Mr Ronald Phillips	22,831	2,169	56,840	81,840
Mr Jonathan Trollip	22,831	2,169	32,480	57,480
Dr Marilyn Sleigh	15,221	1,446	-	16,667
Dr Amani Bartaseh	237,306	21,694	13,857	272,857
Total	388,189	27,478	160,017	575,684

¹Remuneration is paid to Healthcare Unlimited Pty Ltd, a Company controlled by Ms Jayne Shaw.

	Cash salary and fees	Post- employment benefits	Share based payments	Total
30 June 2020 Name	\$	\$	\$	\$
Ms Jayne Shaw	-	-	-	-
Mr Ronald Phillips	-	-	-	-
Dr Amani Bartaseh	229,325	21,002	79,076	329,403
Total	229,325	21,002	79,076	329,403

For share based payments relating to key management personnel see Note 12.

END OF REMUNERATION REPORT.

This report is approved in accordance with a resolution of directors.



Jayne Shaw
Executive Chair
27 September 2021

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of BCAL Diagnostics Limited is responsible for the corporate governance of the Company.

BCAL Diagnostics Limited (“**BCAL**”), through its board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with BCAL. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX Corporate Governance Principles and Recommendations

The fourth edition of ASX Corporate Governance Council Principles and Recommendations (the “Principles”) sets out recommended corporate governance practices for entities listed on the ASX.

The Company has issued a Corporate Governance Statement which discloses the Company’s corporate governance practices and the extent to which the Group has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 27 September 2021 and is available on the Company’s website <https://www.bcaldiagnostics.com/about-1>

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Auditor's Independence Declaration To the Directors of BCAL Diagnostics Limited

In relation to the independent audit of BCAL Diagnostics Limited for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



Scott Whiddett
Partner

Pitcher Partners
Sydney

27 September 2021

BCAL Diagnostics Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from continuing operations			
Income	3	275,252	442,096
Expenses			
Research and development		(664,113)	(466,773)
Personnel costs		(75,944)	(285,489)
Superannuation		(5,784)	(25,454)
Marketing		-	(34,116)
Consulting fees		(126,691)	(69,246)
Legal fees		-	(16,497)
Audit fees		(34,000)	-
General and administration		(127,384)	(91,110)
Depreciation		-	(7,727)
ASX listing costs, including legal fees		(590,050)	-
Share based payments	12	(176,256)	(142,044)
Loss before income tax		(1,524,970)	(696,360)
Income tax	4	-	-
Loss after income tax		(1,524,970)	(696,360)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(1,524,970)	(696,360)
Loss is attributable to:			
Members of BCAL Diagnostics Limited		(1,524,970)	(696,360)
Earnings per share			
<i>From continuing operations</i>		Cents	Cents
- Basic loss per share ¹	18	1.13	0.61
- Diluted loss per share ¹	18	1.06	0.59

¹The loss per share has been calculated post share split on the basis of ~26.13 new shares for each existing share.

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

BCAL Diagnostics Limited
Statement of Financial Position
As at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,407,605	416,226
Tax receivables	6	352,603	403,329
Other receivables and prepayments	7	368,401	-
Total Current Assets		4,128,609	819,555
Non-Current Assets			
Plant and equipment	8	3,850	-
Total Non-Current Assets		3,850	-
Total Assets		4,132,459	819,555
LIABILITIES			
Current Liabilities			
Trade and other payables	9	504,159	74,250
Provisions	10	21,445	6,385
Total Current Liabilities		525,604	80,635
Non-Current Liabilities			
Convertible notes	11	-	300,003
Total Non-Current Liabilities		-	300,003
Total Liabilities		525,604	380,638
Net Assets		3,606,855	438,917
EQUITY			
Contributed equity	12	9,456,232	4,939,580
Reserves	13	318,300	142,044
Accumulated losses	13	(6,167,677)	(4,642,707)
Capital and reserves attributable to owners of BCAL Diagnostics Limited		3,606,855	438,917
Equity		3,606,855	438,917

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

BCAL Diagnostics Limited
Statement of Changes in Equity
For the year ended 30 June 2021

	Note	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2021					
At 30 June 2020		4,939,580	(4,642,707)	142,044	438,917
Total comprehensive Loss for the year		-	(1,524,970)	-	(1,524,970)
Other comprehensive income		-	-	-	-
		-	(1,524,970)	-	(1,524,970)
Share issue	12	4,516,652	-	-	4,516,652
Share based payments		-	-	176,256	176,256
At 30 June 2021		9,456,232	(6,167,677)	318,300	3,606,855

		Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2020					
At 30 June 2019		4,434,543	(3,946,347)	-	488,196
Total comprehensive Loss for the year		-	(696,360)	-	(696,360)
Other comprehensive income		-	-	-	-
		-	(696,360)	-	(696,360)
Share issue		505,037	-	-	505,037
Share based payments		-	-	142,044	142,044
At 30 June 2020		4,939,580	(4,642,707)	142,044	438,917

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BCAL Diagnostics Limited
Statement of Cash Flows
For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,606,596)	(944,756)
Government grants received		57,943	26,067
Research and development tax offset		341,981	256,534
Interest received		252	504
Net cash outflow from operating activities	15	(1,206,420)	(661,651)
Cash flow from investing activities			
Purchase of plant and equipment		(3,850)	(3,807)
Net cash outflow from investing activities		(3,850)	(3,807)
Cash flows from financing activities			
Loans received		-	300,003
Proceeds from share issue		4,409,999	505,037
Costs of share issue		(208,350)	-
Net cash inflow from financing activities		4,201,649	805,040
Net increase in cash and cash equivalents		2,991,379	139,582
Cash and cash equivalents at the beginning of the financial year		416,226	276,644
Cash and cash equivalents at end of the year	5	3,407,605	416,226

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1 Summary of significant accounting policies

These financial statements and notes represent those of BCAL Diagnostics Limited (the “Company”). The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2021. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

Reporting Entity

BCAL Diagnostics Limited (formerly BCAL Diagnostics Pty Limited) is a company limited by shares, incorporated and domiciled in Australia. The Company became an unlisted public company on 5 February 2021 and listed on the Australia Securities Exchange on 21 July 2021.

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standard Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

In accordance with ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, the amounts in the directors’ report and in the financial report have been rounded to the nearest dollar, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, except for selected financial assets for which the fair value basis of accounting has been applied.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) Going concern

The financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred losses of \$1,524,970, had net cash outflows from operating activities of \$1,206,420, net cash outflows from investing activities of \$3,850, and net cash inflows from financing activities of \$4,201,649 for the year ended 30 June 2021.



BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1 Summary of significant accounting policies (continued)

(b) Going concern (continued)

The Company had approximately \$3.4 million in cash on hand at 30 June 2021 and subsequent to year end the Company raised \$10 million, before costs, in an Initial Public Offering as part of its listing on the Australian Securities Exchange.

The Directors have reviewed the cash flow forecast as at 30 June 2021 and are of the view that the Company has funding for its activities beyond the next twelve months. As a result, the Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. The financial report does not include any adjustments relating to the amounts or classifications of recorded assets and liabilities that might be necessary if the Company do not continue as a going concern.

(c) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(d) Foreign currency translation

(i) Functional and presentation currency

The functional and presentation currency of the Company is Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except when they are deferred in other comprehensive income as qualifying cash flow hedges or where they relate to differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Items included in the financial statements of the Company's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

(e) Revenue recognition

Revenue from contracts with customers

The Company currently has no revenue from the sale of goods or services.

Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rates which is the rate that exactly discounts the estimated future cash receipts over the expected future life of the financial asset.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Research and Development Tax Offset

Research and Development Tax Offset claims are recognised as other income in the period to which the incentive claims relate.

(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(h) Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(i) Impairment of non-financial assets

At the end of each reporting period the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

(j) Cash and cash equivalent

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(k) Other receivables

Other receivables are recognised at amortised cost, less any allowance for credit losses.

(l) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(n) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled.

(ii) Retirement benefit obligations

The Company does not maintain a company superannuation plan. The Company makes fixed percentage contributions for all Australian resident employees to complying third party superannuation funds. The Company's legal or constructive obligation is limited to these contributions.

Contributions to complying third party superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

(iii) Share - based payments

The fair value of options granted under the Employee Share Option Plan (“ESOP”) is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable.

The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

(o) Contributed equity

Costs directly attributable to the issue of new shares are shown as a deduction from the equity as a deduction proceeds net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

(p) Goods and services tax (GST)

Revenues, expenses and assets are recognised net GST, except where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(q) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

Depreciation is calculated on a diminishing-value basis over the estimated useful life of the assets as follows:

- Plant and equipment – ranging from 1 to 5 years
- Office furniture – 1 to 5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of BCAL Diagnostics Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

1. Summary of significant accounting policies (continued)

(s) Adoption of New and Revised Accounting Standards

Changes in accounting policies on initial application of Accounting Standards.

There are no new accounting standards or interpretations applicable that would have a material impact on the accounts of the Company.

The Company has not incorporated the impact of accounting standards issued but which are not yet mandatory.

2 Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Research and development expenditure

The entity has expensed research and development expenditure incurred during the year, where applicable, as the costs relate to the initial expenditure for research and development of biopharmaceutical products where generation of future economic benefits are not considered certain. It was considered appropriate to expense these research and development costs as they did not meet the criteria to be capitalised under AASB 138 Intangible assets.

(ii) Share based payment transactions

The entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments are granted. The accounting estimates and assumptions relating to equity-settled shares-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Judgment is required in relation to the non-market vesting conditions.

	2021	2020
	\$	\$
3 Other Income		
Research and development tax offset	275,000	341,982
Interest received	252	504
Government subsidy – cash boost	-	99,610
	275,252	442,096

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

4 Income tax

	2021	2020
	\$	\$
(a) Income tax		
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,524,970)	(696,360)
Tax benefit at the Australian tax rate of 26% (2020: 27.5%)	(396,492)	(191,499)
Tax effect of amounts which are deductible/not taxable in calculating taxable income	54,501	(85,014)
Tax effect of accounting R&D tax incentive not deductible	164,368	216,195
Carried forward tax benefit not recognised	177,623	60,318
Total income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	2,369,475	1,882,308
Potential tax benefit @ 26% (2020:27.5%)	616,063	517,625

The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and
- The conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

	2021	2020
	\$	\$
5 Cash at bank and in hand	3,407,605	416,226
	3,407,605	416,226

6 Current assets – tax receivables

	2021	2020
	\$	\$
Research and development tax offset receivable	275,000	341,982
Government subsidy – cash boost	-	57,943
GST receivable	77,603	3,404
	352,603	403,329

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

7 Other receivables and prepayments

Non-current

	2021	2020
	\$	\$
Prepayments	242,202	-
Equipment deposit	126,199	-
	368,401	-

8 Plant and equipment

	Plant and equipment	Office Furniture	Total
	\$	\$	\$
Cost			
Opening balance, 1 July 2020	29,776	21,947	51,723
Additions	3,850	-	3,850
Closing balance, 30 June 2021	33,626	21,947	55,573
Opening balance, 1 July 2019	29,776	14,475	44,251
Additions	-	7,472	7,472
Closing balance, 30 June 2020	29,776	21,947	51,723
Depreciation			
Opening balance, 1 July 2020	29,776	21,947	51,723
Additions	-	-	-
Closing balance, 30 June 2021	29,776	21,947	51,723
Opening balance, 1 July 2019	29,776	14,475	44,251
Additions	-	7,472	7,472
Closing balance, 30 June 2020	29,776	21,947	51,723
Written down value 30 June 2020	-	-	-
Written down value 30 June 2021	3,850	-	3,850

9 Current liabilities - Trade and other payables

	2021	2020
	\$	\$
Trade creditors	250,699	60,023
PAYG withholding tax	12,182	8,138
Accrued expenses	229,000	-
Superannuation payable	12,278	6,089
	504,159	74,250

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

10 Current liabilities - Provisions

	2021	2020
	\$	\$
Provision for annual leave, opening balance	6,385	18,703
Provided/(used) during the year	15,060	(12,318)
Provision for annual leave, closing balance	21,445	6,385

11 Convertible notes

	2021	2020
	\$	\$
Opening balance	300,003	-
Converted to equity	(300,003)	-
Convertible notes raised during the year	-	300,003
Closing balance	-	300,003

Each convertible note is convertible into one fully paid ordinary share at the option of the noteholder, at a price being the lower of \$1.50 and the price of the next equity capital raise. Convertible notes have an interest rate of 5% and are secured by a general charge over the assets of the Company.

The notes were converted into 200,002 fully paid ordinary shares (5,226,101 post share split) during the year.

12 Contributed equity

(a) Share capital

	2021	2021	2020	2020
	Shares	\$	Shares	\$
Ordinary Shares Fully Paid	160,000,002	9,456,232	4,423,173	4,939,580

(b) Movements in ordinary share capital

	Number of	Issue price	\$
	Shares		
Opening balance 1 July 2019	4,086,481		4,434,543
Share issue	336,692	\$1.50	505,037
Closing balance 30 June 2020	4,423,173		4,939,580
Share issue on conversion of convertible notes	200,002	\$1.50	300,003
Share issue	1,494,914	\$2.95	4,409,999
Shares issued for services rendered	5,084	\$2.95	15,000
Cost of share issue	-		(208,350)
	6,123,173		9,456,232
Share split ¹	160,000,002		-
Closing balance 30 June 2021	160,000,002		9,456,232

¹Share split approved by shareholders on 26 April 2021 on the basis of ~26.13 new shares for every one share held.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

12 Contributed equity (continued)

(c) Ordinary shares

Each ordinary shareholder maintains, when present in person or by proxy or by attorney at any general meeting of the Company, the right to cast one vote for each ordinary share held.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

(d) Options

As at the date of the financial statements, the following options over unissued ordinary shares were on issue:

Details	No of options	Issue date	Date of expiry	Conversion price (\$)
Employee options	110,579	20/11/2019	20/11/2029	\$1.50
Employee options	88,463	30/01/2020	30/11/2030	\$1.50
Total 30 June 2020	199,042			
Director, employee, consultant options	243,276	23/11/2020	23/11/2023	\$1.50
Total pre share split	442,318			
Options on issue post share split¹ 30 June 2021	11,557,877			\$0.0574

Options	2021 No.	2020 No.
Balance at beginning of year	199,042	-
Granted during the year	243,276	199,042
	442,318	199,042
Adjusted for share split ¹	11,557,877	-
Balance at end of year	11,557,877	199,042

¹Adjusted for share split approved by shareholders on 26 April 2021 on basis of ~26.13 new options for every one option held.

The weighted average exercise price of options on issue is \$0.0574 after adjusting for the share split (\$1.50 pre share split). The unlisted options issued during the year were valued using the Black-Scholes model.

The weighted average remaining contractual life of the options is 4.15 years.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

12 Contributed equity (continued)

The options outstanding as at 30 June 2021 were determined on the date of grant using the following assumptions:

	Series 1	Series 2	Series 3
Grant date	20/11/2019	30/01/2020	23/11/2020
Expiry date	20/11/2029	30/11/2030	23/11/2023
Exercise price (\$) on issue	1.50	1.50	1.50
Exercise price adjusted for share split (\$)	\$0.0574	\$0.0574	\$0.0574
Expected volatility (%)	56.2	55.5	75.80
Risk-free interest rate (%)	0.8	0.71	0.14
Expected life (years)	5	5	3
Share price at this date (\$)	1.50	1.50	\$1.50
Fair value per option (\$)	0.7211	0.7118	0.7343
Number of options	110,579	88,463	243,276
Adjusted for share split	2,889,456	2,311,560	6,356,861

The vesting of options is subject to service periods. Of the options outlined above, all options have vested with the exception of 577,896 Series 3 options vesting on 1 November 2021.

The Company recognised expenses of \$176,256 in relation to share based payments for the year (2020: \$142,044).

(e) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The capital management policy remains unchanged from the 30 June 2020 Annual Report.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

13 Reserves and accumulated losses

	2021	2020
	\$	\$
(a) Reserves		
Total reserves	318,300	142,044

Share based payments reserve

Movements in share based payments reserve were as follows:

Balance 1 July	142,044	-
Transfer to share based payments reserve	176,256	142,044
Balance 30 June	318,300	142,044

(b) Accumulated losses

Movements in accumulated losses were as follows:

Opening accumulated losses	(4,642,707)	(3,946,347)
Loss for the year	(1,524,970)	(696,360)
Balance 30 June	(6,167,677)	(4,642,707)

(c) Nature and purpose of reserves

The share based payment reserve comprises the cumulative value of employee services received through the issue of shares options. When the option is exercised, the related balance previously recognised in the share based payments reserve is transferred to share capital. When the share options expire, the related balance previously recognised in the share option reserve is transferred to accumulated losses.

14 Commitments and contingent liabilities

Capital commitments

As at 30 June 2021, the Company has no capital commitments (2020: \$nil). The Company has no contingent liabilities as at 30 June 2021 (2020:\$nil).

15 Reconciliation of loss after income tax to net cash outflow from operating activities

	2021	2020
	\$	\$
Loss for the year	(1,524,970)	(696,360)
Non-cash employee benefits expense - share based payments	176,256	142,044
Depreciation	-	7,727
Employee benefits provision	15,060	(12,318)
Other non cash items	(59)	12,783
<i>Change in operating assets and liabilities</i>		
Increase in trade and other receivables	(317,674)	(144,018)
Increase in trade and other payables	444,967	28,491
Net cash outflow from operating activities	(1,206,420)	(661,651)

Non-cash financing activities are outlined in note 11.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

16 Segment information

BCAL Diagnostics Limited is an Australian company developing a novel blood screening test to improve the early diagnosis and monitoring of breast cancer that is safe, cost effective, accurate and available to all women regardless of age, race and geographic location. The Company has only one reporting segment in this and the prior year.

17 Financial risk management

(a) Financial risk management

The Company's financial instruments consist mainly of deposits with banks, other receivables and payables.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The Company does not speculate in financial assets.

Credit risk

The Company is currently not selling product or services and has no customer risk at present.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at balance date is as follows:

	2021	2020
	\$	\$
Cash and cash equivalents (Note 5)	3,407,605	416,226
Other receivables (Note 6)	77,603	61,348
Research and development tax incentive receivable (Note 6)	275,000	341,982
	3,760,208	819,556

To deal with credit risk the Company deposits funds with banks with a credit rating of A+. Receivables risk is low as all receivables are due from government.

Liquidity risk

The Company's policy is to maintain a comfortable level of liquidity through the continual monitoring of cash reserves and the raising of additional capital as required.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

17 Financial risk management (continued)

(b) Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity as well as management's expectations of the settlement period of all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
<i>Financial liabilities - due for payment:</i>								
Trade and other payables	(504,159)	(74,250)	-	-	-	-	(504,159)	(74,250)
Total contractual outflows	(504,159)	(74,250)	-	-	-	-	(504,159)	(74,250)
Cash and cash equivalents	3,407,605	416,226	-	-	-	-	3,407,609	416,226
Other receivables	352,603	403,329	-	-	-	-	352,603	403,329
Total anticipated inflows	3,760,208	819,555	-	-	-	-	3,760,208	819,555
Net inflow on financial instruments	3,256,049	745,305	-	-	-	-	3,256,049	745,305

(c) Net fair values

The net fair value of assets and liabilities approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and notes to the financial statements.

(d) Market risk

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. Foreign exchange risk is currently minimal.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

18 Earnings per share

	2021	2020
	Cents	Cents
Basic loss per share (cents per share)*	1.13	0.61
Diluted loss per share (cents per share)**	1.06	0.59
Weighted average number of shares		
Basic loss per share calculation*	134,707,382	114,855,432
Diluted loss per share calculation**	143,722,515	117,583,393
Loss for the period used in earnings per share		
From continuing operations	(1,524,970)	(696,360)

* calculation is after share split of ~26.13 new shares for every one share
 **diluted calculation including share options relates to 2021

19 Related party transactions

(a) Key management personnel

The total remuneration paid to key management personnel of the Company during the year is as follows:

	2021	2020
	\$	\$
Short-term employee benefits	388,189	229,327
Post- employment benefits	27,478	21,002
Share based payments	160,017	79,076
	575,684	329,405

(b) Transactions with other related parties

During the year parties associated with the directors Ms Jayne Shaw and Mr Ronald Phillips (the “Investors”) converted 200,001 convertible notes of \$1 each into 133,334 fully paid ordinary shares (pre share split) of \$1.50 each, equally. Post share split this amounted to 3,484,050 new shares.

20 Audit fees

	2021	2020
	\$	\$
Audit Fees – current year	34,000	-
- prior year	35,000	-
Other services ¹	36,591	-
	105,591	-

¹Other services relate to assurance services for the initial public offering.



BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021

21 Events subsequent to balance date

Subsequent to balance date the Company issued 40,000,000 shares at \$0.25 per share to raise \$10 million before costs, and listed on the Australian Securities Exchange on 21 July 2021.

In addition, the Company issued a further 6,875,631 new shares to a broker for facilitating the capital raise at a deemed price of \$0.00001 per share.

Other than as outlined above no matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

- a) the Company's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Company's state of affairs in future financial years.

22 Company details

Corporate Head Office and Principal Place of Business

Suite 506, Level 5, 50 Clarence Street, Sydney NSW 2000.



DIRECTORS' DECLARATION

The directors of the Company declare that:

1. In the opinion of the directors of BCAL Diagnostics Limited ('the Company'):
 - a. The financial statements and notes thereto, as set out on pages 16 to 37, are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the Company's financial position as at 30 June 2021 and of the performance of the Company for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
4. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.295(5)(a) of the Corporations Act 2001.

Jayne Shaw
Executive Chair

27 September 2021

**Independent Auditor's Report
To the Members of BCAL Diagnostics Limited
ABN 51 142 051 223**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BCAL Diagnostics Limited ("the Company"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (*including Independence Standards*) ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgement, were of more significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

**BCAL Diagnostics Limited
Independent Auditor's Report
To the Members of BCAL Diagnostics Limited
ABN 51 142 051 223**

Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Directors' for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

BCAL Diagnostics Limited
Independent Auditor's Report
To the Members of BCAL Diagnostics Limited
ABN 51 142 051 223

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 13 of the Directors' Report for the year ended 30 June 2021. In our opinion, the Remuneration Report of BCAL Diagnostics Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Scott Whiddett
Partner

27 September 2021



Pitcher Partners
Sydney



BCAL Diagnostics Limited
Shareholder Information
For the year ended 30 June 2021

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 15 September 2021.

(a) Distribution of Equity Securities

Holdings Range Report
BCAL Diagnostics Limited

Security Classes: **BDX - ORDINARY FULLY PAID SHARES**
BDXESC12 - ESCROWED SHARES 12M FROM 20/02/21
BDXESC24 - ESCROWED SHARES 24M FROM QUOTATION

As at Date: **15-Sep-2021**

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	10	1,494	0.00%
above 1,000 up to and including 5,000	108	357,302	0.17%
above 5,000 up to and including 10,000	139	1,169,911	0.57%
above 10,000 up to and including 100,000	253	11,690,289	5.65%
above 100,000	153	193,656,637	93.61%
Totals	663	206,875,633	100.00%

(b) Substantial Shareholders

The company has the following substantial shareholders, as defined by the Corporations Act 2001, as at the date of this report:

Shareholder	Shares Held	% Held
Jayne Andrea Shaw	27,769,602	13.42%
Ronald Anthony Phillips	26,514,567	12.82%
Merchant Funds Management Pty Ltd	17,700,000	8.56%
Mera Vale No 3 Pty Ltd	12,943,471	6.26%
Regal Funds Management Pty Ltd	12,171,945	5.88%

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) Top Twenty Shareholders

Security classes: **BDX - ORDINARY FULLY PAID SHARES**
BDXESC12 - ESCROWED SHARES 12M FROM 20/02/21
BDXESC24 - ESCROWED SHARES 24M FROM QUOTATION

As at date: **15-Sep-2021**

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Position	Holder Name	Holding	% IC
1	NABELLE PTY LTD <THE SHAW SUPER FUND A/C>	19,162,405	9.26%
2	THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	17,700,000	8.56%
3	ANN-MARIE PHILLIPS	16,574,988	8.01%
4	MERA VALE NO 3 PTY LTD <MERA VALE NO 3 A/C>	12,943,471	6.26%
5	RONALD ANTHONY PHILLIPS	8,102,858	3.92%
6	COOLBRUN PTY LTD <THE COOLBRUN FAMILY A/C>	6,633,789	3.21%
7	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	5,972,502	2.89%
8	NABELLE PTY LTD <THE SHAW FAMILY A/C>	5,815,172	2.81%
9	CAPITAL PROPERTY CORPORATION PTY LTD <CARRINGTON A/C>	4,786,491	2.31%
10	CARWOOLA PASTORAL CO PTY LTD	4,424,895	2.14%
11	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	4,371,942	2.11%
12	ANGELO KORSANOS & ANTONIA KORSANOS <KORSANOS FAMILY A/C>	3,484,050	1.68%
12	VINTAGE DAWN PTY LTD <JAMIE + CAROLINE ODELL S/F>	3,484,050	1.68%
13	SEAN KENNEDY	3,300,303	1.60%
14	PIASTER PTY LTD <TROLLIP FAMILY S/F A/C>	3,147,649	1.52%
15	DARVILLE PTY LIMITED	3,101,660	1.50%
16	SCAPA PTY LTD <THE SCAPA A/C>	3,048,563	1.47%
17	NABELLE PTY LTD < NABELLE MDDC A/C>	2,592,025	1.25%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,329,065	1.13%
19	MR PETER ALAN MURRAY	2,220,558	1.07%
20	PAC PARTNERS SECURITIES PTY LTD	2,062,689	1.00%
	Total	135,259,125	65.38%
	Total issued capital - selected security class(es)	206,875,633	100.00%

(e) The Company has 33 unmarketable parcels as at 15 September 2021