

ANNUAL REPORT 2023

FOR THE YEAR ENDED 30 JUNE 2023



BCAL DIAGNOSTICS LIMITED
ABN 51 142 051 223

 **BCAL** diagnostics

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Dear Shareholders

On behalf of the board of directors of BCAL Diagnostics Limited (“BCAL” or “the Company)”, it is my pleasure to report to you on the financial year to 30 June 2023 during which the Company made excellent progress as we continue on our path to commercialisation of BREASTEST™ in 2024.

HIGHLIGHTS

Over the past year, we have focussed on expanding the Company's presence in scientific, clinical, and broader communities. This included:

- Opening our development and clinical services laboratory in North Ryde, Sydney
- Building understanding of the potential role for BREASTEST™ in breast cancer management through presentations by our clinical advisors and Chief Scientific Officer in Australia and internationally
- Completing the sponsored studies we commissioned at the US located Precion Inc
- Strengthening our patent portfolio by advancing the prosecution of patents
- Expanding the BCAL team to support our next steps in the commercialisation process
- Working closely with the Australian breast cancer clinical network to align product purpose and clinical utility
- Working with breast cancer advocacy groups including So Brave, to build community awareness initiatives, education, and support sample acquisition
- Welcoming Mr. David Darling as an advisor, with his wealth of experience including decades in the global commercialisation of life sciences and biotechnology products.

BCAL's current priority is laboratory accreditation, as well as ongoing refinement to simplify BREASTEST™ and reduce its costs. We are accelerating data collection for additional patent applications protecting our proprietary technology, and our laboratory work continues building BREASTEST™ credibility in the scientific and clinical communities.

The BCAL team is focussed on delivering the BREASTEST™ to market in 2024, with many of our team members having recent experience in developing diagnostic tests in the fields of lipidomics and breast cancer. We also continue to work closely with external scientific and clinical experts to move BREASTEST™ closer to the clinic.

Our recent data generated in Australia and the US is delivering outstanding results, and our Australian sample collection continues under defined protocol as well as guidance from our clinical advisors. Our Laboratory-Developed-Test (LDT) under development will be offered first to Australian patients, before the US and other markets. Our development process is also consistent with Australian TGA and US FDA requirements to apply for registration as an *in-vitro* diagnostic device (IVD) for future offer of BREASTEST™ as a standalone product to other clinical laboratories.

We have recently completed a capital raising of just over \$3 million through a share placement of \$2.4 million, and our share purchase plan oversubscribed at \$0.6 million. We thank our existing shareholders for their ongoing support, and welcome our new shareholders.

I want to express the Board's sincere appreciation for the dedicated BCAL team, its unwavering commitment, and tireless efforts. We extend our heartfelt thanks to the healthcare professionals and advisors collaborating with us, as well as to the patients who generously contribute samples to drive scientific progress.

Finally, we are, as ever, deeply grateful to our valued shareholders for your continued support. The remarkable scientific advancements this year have positioned us exceptionally well to achieve the milestones for commercial launch of BREASTEST™ in late 2024.



Warm Regards,
Jayne Shaw
Executive Chair, BCAL Diagnostics
29 September 2023

Operations Report

BCAL has continued to make excellent progress in the research and development of a blood test for detection of breast cancer in its early stages.

The test is based on disease-associated changes in the profile of lipids (fats) found in blood. These changes seen in the blood of breast cancer patients make up the breast cancer signature which is the basis of BCAL's breast cancer test (BREASTEST™). BREASTEST™ has consistently shown high sensitivity and specificity in identifying patients and will supplement mammography, the current primary method for breast cancer screening. Currently only about 50% of women eligible for mammography under the guidelines get a mammogram and the limitations of mammography mean that many women have indeterminate results requiring more intensive follow up. The BCAL BREASTEST™ will provide the doctor and patient with additional supportive clinical information to decide the next steps in treatment.

To accelerate BCAL bringing its test to market it is simultaneously working on completing validation studies and finalising performance parameters for BREASTEST™ in the laboratory ready for transferring the test to a commercial laboratory. This work is being done by a Product Development team at BCAL directed by Dr Ameline Lim who has previously worked on the commercial product development of tests using the same type of equipment and similar processes in a clinical laboratory at NSW Health Pathology. This team is also optimizing the steps required to analyse a patient sample to improve efficiency and cost effectiveness in preparation for the test being commercially available.

BCAL is widening the source of patient samples to increase the diversity of the population it is testing. The present primary focus is the collection and testing of Australian patient samples as the commercialisation strategy is to first offer the test to Australian clinicians and their patients. BCAL is fortunate to have a number of well-known breast surgery, oncology and radiology experts who are working with us to provide clinical guidance and facilitation of sample collection.

In May 2023 BCAL opened a development and clinical services laboratory in North Ryde, Sydney attended by the Federal Minister for Health, The Hon. Mark Butler, and the local Federal member for Bennelong Jerome Laxale. This laboratory is equipped with two liquid chromatography-Mass Spectrometers, one for research/development purposes and one for commissioning as a clinical services instrument. The clinical service laboratory is in the process of being accredited by the Australian National Pathology Accreditation Advisory Council (NPAAC) and the National Association of Testing Laboratories (NATA). Accreditation by these authorities will allow the Company to provide the BREASTEST™ to the clinical community from its own commercial laboratory. To oversee the development and accreditation of the BCAL laboratory, we have hired a Director of Laboratory Services, Kathy Koskiris, who has over 20 years' experience in managing clinical laboratories and gained accreditation for a number of laboratories under both Australian and US guidelines.

Operations Report (continued)

While the primary collection is focused on Australia, the Company plans to take the test into the US clinical market following successful launch in Australia. To that end the Company is sourcing patient samples in the US in order to have the ethnic diversity required by the US regulatory authorities for certification and approval to offer the test in the US.

In early FY 2024 BCAL received breakthrough results from a clinical study it sponsored with Precion Inc. in North Carolina, US ("Precion"). The analysis undertaken achieved an impressive sensitivity of 90% and a specificity of 85.5% in internal validation studies. This validation shows strong potential performance with a balance of sensitivity (ability to detect true positive samples) and specificity (ability to detect true negative samples). Precion was charged with developing a commercial fully quantitative method for the detection of the lipids in the BCAL breast cancer signature and adapting the test to be run on laboratory equipment routinely found in large clinical laboratories around the world. Precion used this method to examine 656 samples (390 cancer patient samples and 266 samples from healthy control subjects) provided by BCAL. The results were remarkably consistent with the findings of earlier studies conducted in Australia on 550 samples using a different mass spectrometry platform.

The replication of these results is a major breakthrough in the path to commercialisation of the BCAL test. These results enhance the confidence of the Company that the BCAL blood-based test for detecting breast cancer will be available for commercial sales, as an adjunct to mammograms, in the second half of calendar 2024.

The results mean that the BCAL test will readily be capable of replication not only in BCAL's dedicated laboratory in Australia but, more importantly, will enable blood samples to be analysed (using the BCAL BREASTEST™) in commercial laboratories throughout the world. This will fast-track BCAL's access and penetration into existing and new markets globally.

During this past year the Company profile in scientific, clinical and general communities has been raised. Our clinical advisors, Dr Gillian Lamouray and Dr Sanjay Warriar presented the BCAL test and performance at clinical oncology conferences. Dr Lamouray presented papers at the 2022 and 2023 conference of the American Society for Clinical Oncology in Chicago with significant interest being shown by both clinicians and companies in the oncology testing field. Dr Warriar presented a paper to the annual meeting of the Breast Cancer Trials Group in Auckland, NZ. Again, there was wide interest and discussion about the test and the future role it will play in the management of breast cancer. The BCAL CSO, Dr Amani Batarseh, presented a paper at the annual meeting of the American Association of Clinical Chemistry in Anaheim California.

BCAL has continued to build its patent portfolio with progress being made on the prosecution of patents related to the initial intellectual property that was licensed from the University of Louisville. The provisional patent application BCAL filed in early 2022 was updated and moved to the international PCT stage. This patent is wholly owned by BCAL. Additional patent applications are being prepared to be filed as provisional applications.

Operations Report (continued)

BCAL has received significant national media coverage during the year. Our Executive Chair, Jayne Shaw, was interviewed on a number of high-profile television shows including 7, 9 and 10 news and A Current Affair. Additionally, she gave multiple interviews to the print press which resulted in coverage appearing in The Australian, The Sydney Morning Herald and Forbes Australia. The interest generated by these interviews and the announcement of the excellent results lead to BCAL being listed as the best performing stock on the ASX in July 2023 by The Australian.

OUTLOOK

The Company is continuing to work apace to further validate its blood test for breast cancer with expanded clinical studies. At the same time a programme is underway to commercialise BREASTEST™ and finalise the go-to-market strategy. Potential avenues for revenue generation may include:

- Development and launch of a proprietary diagnostic test for breast cancer
- Partnership with existing cancer diagnostic and cancer therapeutic companies
- Partnership with healthcare provider networks

We are working towards the release of BREASTEST™ to the Australian market later in 2024.



Dr John Hurrell
Chief Executive Officer
29 September 2023

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 2023.

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
Merilyn Sleigh	Non-executive Director
Mark Burrows	Non-executive Director

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 Citadel Group and Mabel Technologies. Ms Shaw has had no other listed entity directorships in the last three years.

Shares held as at date of this report: 28,836,780.

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. Mr Phillips has had no other listed entity directorships in the last three years.

Shares held as at date of this report: 26,814,567.

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

DIRECTORS' REPORT (CONTINUED)

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

Jonathan Trollip (Non-executive Director)

Mr Trollip was appointed a Director on 23 December 2020.

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

Mr Trollip is currently non-executive Chairman of ASX listed Global Value Fund Limited, Plato Income Maximiser Limited, Spheria Emerging Companies Limited and a non-executive director of ASX and LSE listed Kore Potash PLC. Mr Trollip was previously a director of Propel Funeral Partners Limited (19/9/2017 to 6/5/2022) and Yellow Holdings Limited (5/12/2019 to 1/4/2023).

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: 3,447,649.

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.

Shares held as at date of this report : 325,000

Unlisted options held as at date of report: Nil.

DIRECTORS' REPORT (CONTINUED)

Mark Burrows (AO) (Non-executive Director)

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

Mr. Burrows 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 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. Mr Burrows has had no other listed entity directorships in the last three years.

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.

Mr Burrows is a member of the Audit and Risk Management Committee.

Shares held as at date of this report : 1,050,000.

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 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.

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.

DIRECTORS' REPORT (CONTINUED)

Dividends

No dividends were paid to members during the financial year (2022 \$Nil).

Review of Operations

Ongoing Activities

The Company is developing an *in vitro* diagnostic test (IVD) that utilises a fingerprint of lipid biomarkers extracted from a patient's blood plasma 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 (now trademarked as BREASTEST™) 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) in addition to releasing BREASTEST™ for clinical use as a Laboratory Developed Test (LDT). Following release, testing will be carried out in the Company's own clinical laboratory once quality requirements have been approved by regulatory authorities.

The business is subject to a number of risks including:

- Sufficiency of funding: BCAL has finite financial resources and in due course is expected to raise additional funds to finance the completion and commercialisation of its products. The Company has successfully raised capital subsequent to listing. Subsequent to the end of FY23?)
- Reliance on key personnel: BCAL employs a number of key management and scientific personnel, and the Company's future depends on retaining and attracting suitably qualified personnel. The Company has the ability to contract additional resources if required.
- Regulatory: Commercialisation of the Company's products is, in the longer term, subject to regulatory approval, including the TGA or United States Food and Drug Administration (FDA). Changes in relevant laws could affect the Company's clinical trials and product commercialisation. The Company is developing an inhouse developed test (LDT) and continues to monitor changes in legislation.
- Intellectual Property: While the Company has acquired rights to various patent applications and is actively protecting intellectual property developed in-house, there is a risk that current or future patent applications may not protect all aspects of the BCAL product.
- General risks: The Company is subject to the risk of general economic conditions which are beyond the control of the Company.

DIRECTORS' REPORT (CONTINUED)

Operating Results

The net loss after tax for the year was \$5,061,755 (2022: loss 3,385,493).

Shareholder equity decreased to \$5,213,765 (2022: \$9,639,840) reflecting the result for the year.

Significant Changes in the State of Affairs

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

Matters Subsequent to Balance Date

On 2 August 2023 the Company announced that it had received breakthrough results from a clinical study it sponsored with Precion Inc. in North Carolina, US ("Precion"). The analysis undertaken achieved an impressive sensitivity of 90% and a specificity of 85.5%. These results were consistent with the findings of earlier studies conducted in Australia using a different mass spectrometry platform.

On 1 September 2023 the Company issued 23,500,000 new shares in a share placement at \$0.10 per share to raise \$2.35 million, before costs, and \$50,000 through the exercise of options. On 18 September 2023 the Company completed a Share Purchase Plan raising an additional \$615,500 through the issue of 6,155,000 shares at \$0.10 and issued a further 200,000 shares to the CEO, Mr John Hurrell, raising a further \$20,000.

On the 5 September 2023 the Company announced the appointment of Share Ryan as Chief Operating Officer.

On 11 September 2023 BCAL announced that it has now identified and confirmed the key 20 lipids that define a breast cancer signature. These 20 lipids provide the basis for the proprietary BREASTEST™ that will be launched in 2024. To identify the signature, BCAL has compared lipid profiles in samples of blood from more than 2000 biopsy-confirmed breast cancer patients and healthy control subjects.

No other matter or circumstance has arisen since 30 June 2023 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

The Company is continuing work on the research and development of a blood-based test for detection of breast cancer in its early stages.

To accelerate BCAL bringing its test to market it is simultaneously working on completing studies and finalising performance parameters for BREASTEST™ in the laboratory and transferring the test to a commercial laboratory. This includes developing this capacity in the US, providing access to an ethnically diverse sample base not accessible in Australia.

The Company continues to advance along the pathway to release of BREASTEST™ to the market in the second half of 2024.

DIRECTORS' REPORT (CONTINUED)

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.

Options and performance rights on issue

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

<u>Date of grant</u>	<u>Number</u>	<u>Exercise price</u>	<u>Expiry date</u>
20 November 2019	3,467,353	\$0.0574	20 November 2029
23 November 2020	5,778,965	\$0.0574	23 November 2023

The Company issued 871,080 shares during the year on the exercise of options at an amount paid of \$0.0574 per share.

There were no options granted to directors or key management personnel during the year as part of their remuneration.

No option holder has any right under the options to participate in any other share issue of the Company.

On 30 June 2023 the Company issued 8,294,022 performance rights for the performance periods ended 30 June 2023 and 30 June 2024. Of these performance rights 4,872,556 were issued to Key Management Personnel and further information is disclosed on these in the remuneration report.

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.

DIRECTORS' REPORT (CONTINUED)

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2023, and the numbers of meetings attended by each director were:

Board meetings of directors	Eligible to attend	Attended
Ms Jayne Shaw	7	6
Mr Ronald Phillips	7	5
Mr Jonathan Trollip	7	7
Dr Marilyn Sleigh	7	6
Mr Mark Burrows	7	6

In addition, the board signed six circular resolutions.

	Audit and Risk Committee		Nomination and Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended
Mr Ronald Phillips	2	2	2	2
Mr Jonathan Trollip	2	2	2	2
Mr Mark Burrows	2	1	-	-
Dr Marilyn Sleigh	-	-	2	2

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 20.

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

No fees for non-assurance services were paid to the auditors, Pitcher Partners Sydney, during the year.

DIRECTORS' REPORT (CONTINUED)

Remuneration report (Audited)

This report outlines the remuneration arrangements in place for directors and executives (Chief Executive Officer Mr John Hurrell and Chief Scientific Officer Ms Amani Batareseh) 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 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 taking into account individual performance and general market trends. Incentive awards, when offered, are based on a combination of individual and Company performance.

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.

An internal review of the role and performance of the Board and its Chair was undertaken during the year.

Non-executive director remuneration

Objective

The Board of Directors recognises that the success of the Company will depend on the quality of its Directors as well as its senior management. For this reason, the Remuneration and Nomination Committee reviews the remuneration arrangements for Directors and senior employees annually, to ensure that these are competitive in the market.

Structure

BCAL's 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)

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. External advice to assess the appropriate level of remuneration for Directors is taken from time to time, the most recent occasion being just prior to the Company's ASX listing in July 2021.

The remuneration of non-executive Directors for the period ending 30 June 2023 is detailed in Table 4 of this report.

Senior management 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 and Nomination Committee reviews market conditions and the circumstances of the Company to seek to ensure that the remuneration offered is appropriate having regard to the calibre of the executives.

The Company will award performance rights, where appropriate, under a long-term incentive plan, to secure the services of key personnel. In addition, a short-term incentive, based on personal performance, may be awarded to eligible staff.

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

	2023	2022	2021	2020
	\$	\$	\$	\$
Loss after tax	(5,061,755)	(3,385,493)	(1,524,970)	(696,360)
Shareholder's funds	5,213,765	9,639,840	3,606,855	438,917
Earnings (loss) per share	(0.024)	(0.0166)	(0.0133)	(0.158)
Closing share price	\$0.07	\$0.08	N/A	N/A

The Company listed on the ASX on 21 July 2021. The accounts for the year to 30 June 2019 are not audited and as a result are not included in the table above.

Service Agreements

The 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 notice period of 3 months.

The Chief Executive Officer, John Hurrell, was appointed on 14 February 2022, and has an executive services agreement which provides for an annual remuneration of \$315,000 (inclusive of superannuation), with a notice period of 3 months. The base salary is grossed up for US payroll tax, currently 15.4%, while the executive is based in the US and subject to US tax.

There are no termination benefits payable.

DIRECTORS' REPORT (CONTINUED)
Remuneration report (Audited)

Directors and Key Management Personnel Interest in Shares, Options and Performance Rights

Table 1 - Option holdings of key management personnel

30 June 2023

	Opening balance	Lapsed	Remuneration	Balance 30/06/2023	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	-	-	-	-	-
Mr Mark Burrows	-	-	-	-	-
Dr John Hurrell	-	-	-	-	-
Dr Amani Batarseh	3,467,353	-	-	3,467,353	3,467,353
Total	8,668,422	-	-	8,668,422	8,668,422

30 June 2022

	Opening balance	Lapsed	Remuneration	Balance 30/06/2022	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	-	-	-	-	-
Mr Mark Burrows	-	-	-	-	-
Dr John Hurrell	-	-	-	-	-
Dr Amani Batarseh	3,467,353	-	-	3,467,353	3,467,353
Total	8,668,422	-	-	8,668,422	8,668,422

Table 2 – Performance Rights holdings of key management personnel

	Opening balance	Lapsed	Remuneration	Balance 30/06/2023	Vested
Dr John Hurrell	-	-	3,500,000	3,500,000	1,750,000
Dr Amani Batarseh	-	-	1,372,556	1,372,556	686,728
Total	-	-	4,872,556	4,872,556	2,436,728

For further information on the performance rights granted to key personnel see note 21.

DIRECTORS' REPORT (CONTINUED)
Remuneration report (Audited)

Table 3 - Shareholdings of key management personnel

30 June 2023

Directors	Opening Balance	Purchased	Remuneration	Balance 30/06/2023
Ms Jayne Shaw	28,441,658	95,122	-	28,536,780
Mr Ronald Phillips	26,514,567	-	-	26,514,567
Mr Jonathan Trollip	3,147,649	-	-	3,147,649
Dr Marilyn Sleigh	80,000	45,000	-	125,000
Mr Mark Burrows	800,050	-	-	800,050
Dr John Hurrell ¹	-	-	4,000,000	4,000,000
Dr Amani Batarseh	973,508	-	-	973,508
Total	59,957,432	140,122	4,000,000	64,097,554

¹ Dr John Hurrell, Chief Executive Officer, was issued with 4,000,000 shares at \$0.09 per share on 25 August 2022. The shares are restricted from sale until 31 August 2025. The remuneration was accounted for in the prior year as the shares were issuable as at 30 June 2022.

Shareholdings of key management personnel

30 June 2022

Directors	Opening balance	Purchased	Net other change	Balance 30/06/2022
Ms Jayne Shaw	27,569,602	872,056	-	28,441,658
Mr Ronald Phillips	26,514,567	-	-	26,514,567
Mr Jonathan Trollip	3,147,649	-	-	3,147,649
Dr Marilyn Sleigh	-	80,000	-	80,000
Mr Mark Burrows	-	357,142	442,908 ¹	800,050
Dr John Hurrell	-	-	-	-
Dr Amani Batarseh	973,508	-	-	973,508
Total	58,205,326	1,309,198	442,908	59,957,432

¹Shareholding on appointment as a director on 21 July 2021.

DIRECTORS' REPORT (CONTINUED)
Remuneration report (Audited)

Table 4 – Directors and key management personnel remuneration

	Cash salary and fees	Post-employment benefits	Share based payments	Total	Performance related
30 June 2023					
Name	\$	\$	\$	\$	%
Ms Jayne Shaw ¹	180,000	-	-	180,000	-
Mr Ronald Phillips	47,340	4,971	-	52,311	-
Mr Jonathan Trollip	47,340	4,971	-	52,311	-
Dr Marilyn Sleigh	47,340	4,971	-	52,311	-
Mr Mark Burrows	47,340	4,971	-	52,311	-
Dr John Hurrell ²	432,950	-	98,000	530,950	18%
Dr Amani Batarseh ³	312,969	25,941	38,400	377,310	10%
Total	1,115,279	45,825	136,400	1,284,128	11%

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

²Salary Includes a cash bonus of \$76,000 accrued at year end but not paid. In addition, Dr Hurrell was awarded 1,312,000 performance shares subsequent to year end in respect of the 2023 financial year with a value of \$0.08 per share.

³Salary Includes a cash bonus of \$27,360 accrued at year end but not paid. In addition, Dr Batarseh was awarded 480,000 performance shares subsequent to year end in respect of the 2023 financial year with a value of \$0.08 per share.

	Cash salary and fees	Post-employment benefits	Share based payments	Total	Performance related
30 June 2022					
Name	\$	\$	\$	\$	%
Ms Jayne Shaw ¹	180,000	-	-	180,000	-
Mr Ronald Phillips	45,663	4,566	-	50,229	-
Mr Jonathan Trollip	45,663	4,566	-	50,229	-
Dr Marilyn Sleigh	45,663	4,566	-	50,229	-
Mr Mark Burrows	-	-	-	-	-
Dr John Hurrell	165,578	-	360,000 ²	525,578	69%
Dr Amani Batarseh	289,214	25,546	2,759	317,519	1%
Total	771,781	39,244	362,759	1,173,784	33%

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

²This amount represents 4,000,000 shares issued to Dr John Hurrell at the fair value price of \$0.09 per share. The shares were issued after 30 June 2022, however the amount has been expensed in the year ended 30 June 2022.

END OF REMUNERATION REPORT.

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



Jayne Shaw
Executive Chair
 29 September 2023

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 Company has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 29 September 2023 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 2023, 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)*.



Rod Shanley
Partner

Pitcher Partners
Sydney

29 September 2023

BCAL Diagnostics Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023



	Notes	2023 \$	2022 \$
Revenue from continuing operations			
Other income	3	2,852,694	718,669
Expenses			
Research and development		(4,474,806)	(1,913,832)
Personnel costs	4	(373,223)	(299,593)
Facilities costs		(233,133)	(78,064)
Marketing		(194,821)	(130,362)
Consulting fees		(987,413)	(367,198)
Audit fees		(81,000)	(60,000)
Patent and regulatory costs		(280,482)	(147,738)
Directors fees		(209,241)	(150,688)
Insurance		(104,935)	(93,641)
Travel and accommodation		(278,301)	(100,945)
General and administration		(301,680)	(182,258)
Depreciation	4	(113,615)	(20,607)
ASX costs		(40,080)	(189,652)
Financing costs	4	(16,039)	-
Share based payments	15	(225,680)	(369,584)
Loss before income tax		(5,061,755)	(3,385,493)
Income tax	5	-	-
Loss after income tax		(5,061,755)	(3,385,493)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(5,061,755)	(3,385,493)
Loss is attributable to:			
Members of BCAL Diagnostics Limited		(5,061,755)	(3,385,493)
Earnings per share			
<i>From continuing operations</i>		Cents	Cents
- Basic loss per share	20	(2.40)	(1.66)
- Diluted loss per share	20	(2.40)	(1.66)

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 2023



		2023	2022
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,174,092	5,571,417
Tax receivables	7	2,688,547	780,223
Other receivables and prepayments	8	337,642	103,419
Other financial assets	9	-	4,000,000
Total Current Assets		6,200,281	10,455,059
Non-Current Assets			
Plant and equipment	10	1,127,662	135,204
Right to use assets	11	1,043,222	-
Total Non-Current Assets		2,170,884	135,204
Total Assets		8,371,165	10,590,263
LIABILITIES			
Current Liabilities			
Trade and other payables	12	2,020,256	914,423
Lease liability	11	164,574	-
Provisions	13	75,778	36,000
Total Current Liabilities		2,260,608	950,423
Non-current Liabilities			
Lease liability	11	896,791	-
Total Non-Current Liabilities		896,791	-
Total Liabilities		3,157,399	950,423
Net Assets		5,213,765	9,639,840
EQUITY			
Contributed equity	14	19,281,951	18,871,951
Reserves	15	546,739	321,059
Accumulated losses	15	(14,614,925)	(9,553,170)
Equity		5,213,765	9,639,840

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 2023



	Note	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2023					
At 30 June 2022		18,871,951	(9,553,170)	321,059	9,639,840
Total comprehensive Loss for the year		-	(5,061,755)	-	(5,061,755)
Other comprehensive income		-	-	-	-
		-	(5,061,755)	-	(5,061,755)
Share issue	14	410,000	-	-	410,000
Share based payments	14	-	-	225,680	225,680
At 30 June 2023		19,281,951	(14,614,925)	546,739	5,213,765

	Note	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2022					
At 30 June 2021		9,456,232	(6,167,677)	318,300	3,606,855
Total comprehensive Loss for the year		-	(3,385,493)	-	(3,385,493)
Other comprehensive income		-	-	-	-
		-	(3,385,493)	-	(3,385,493)
Share issue	14	10,037,513	-	-	10,037,513
Share issue costs	14	(621,794)	-	-	(621,794)
Share based payments	14	-	-	2,759	2,759
At 30 June 2022		18,871,951	(9,553,170)	321,059	9,639,840

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 2023



	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(7,068,983)	(3,514,136)
Research and development tax offset		976,162	289,142
Interest received		61,039	5,674
Interest paid		(16,309)	
Net cash outflow from operating activities	17	(6,048,091)	(3,219,320)
Cash flow from investing activities			
Purchase of plant and equipment		(362,471)	(25,762)
Term deposits		4,000,000	(4,000,000)
Net cash inflow/(outflow) from investing activities		3,637,529	(4,025,762)
Cash flows from financing activities			
Proceeds from share issue	14	50,000	10,030,687
Costs of share issue		-	(621,794)
Principal element of lease payments	11	(36,762)	-
Net cash (outflow)/inflow from financing activities		13,238	9,408,893
Net (decrease)/increase in cash and cash equivalents		(2,397,324)	2,163,811
Cash and cash equivalents at the beginning of the financial year		5,571,416	3,407,605
Cash and cash equivalents at end of the year	6	3,174,092	5,571,416

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 2023

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 29 September 2023. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

Reporting Entity

BCAL Diagnostics Limited is an ASX listed company limited by shares, incorporated and domiciled in Australia.

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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 \$5,061,755, had net cash outflows from operating activities of \$6,048,091, net cash outflows from investing activities (other than term deposits) of \$362,471, and net cash inflows from financing activities of \$50,000 for the year ended 30 June 2023.

The Directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Company has cash at bank of \$3,174,092 as at 30 June 2023;
- The Company has a Research and Development Tax Offset estimated at \$2.5 million which it expects to receive in Q4 CY2023;
- The Company has, subsequent to year end, raised \$2.4 million, before costs, in new capital and has the ability to raise further capital if required in the future;
- The Company has subsequent to year end raised a further \$0.61 million through a share purchase plan; and
- The Company has the ability to slow activity and reduce costs should this be required.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

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.

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) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, all the financial assets, are classified as amortised cost.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items.

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) 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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Company also provides incentives to employees including senior executives of the Company in the form of share-based payments, whereby employees receive performance rights over shares which will vest in the event performance hurdles are met (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled due to market conditions, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. If an equity-settled award is cancelled due to non-market conditions, it is treated as if it had vested on the date of cancellation, and no further expense is recognised. Any vested balances recognised in the share-based payment reserve is transferred and offset against retained earnings. However, if a new award is substituted for a cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(n) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

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.

(p) 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.

(q) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(s) Lease accounting

The Company has one premises lease with a five-year tenure. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less lease incentives receivable. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(t) Research and development tax offset

The Company is eligible for the Research and Development tax offset on complying research and development expenditure. The Company's policy is to bring to account an estimate of the tax offset in the year the expenditure is incurred, and is included in other income.

(u) Adoption of New and Revised 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 for the current year. It is not expected that these will have any material impact on the entity.

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.

The entity has raised a receivable for an expected Research and Development tax offset, which reflects managements best estimate at balance date.

(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.

	2023 \$	2022 \$
3 OTHER INCOME		
Research and development tax offset		
- Current year	2,500,270	700,032
- Prior year adjustment	290,272	-
Interest received	62,152	18,637
	2,852,694	718,669

	2023 \$	2022 \$
4 EXPENSES		
<i>Personnel costs</i>		
Salaries	1,215,360	746,725
Superannuation	121,049	73,868
Bonus accrued	200,000	110,000
Other personnel related costs	77,106	158,485
Less re-allocated to research and development	(1,240,292)	(789,485)
	373,223	299,593
<i>Depreciation</i>		
Depreciation on plant & office equipment	58,709	20,607
Depreciation on right to use assets	54,906	-
Total depreciation	113,615	20,607
<i>Other expenses</i>		
Interest cost on premises lease	16,309	-
Foreign exchange loss	27,833	2,840

5 INCOME TAX

	2023 \$	2022 \$
(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	(5,061,755)	(3,385,338)
Tax benefit at the Australian tax rate of 30% (2022: 25%)	(1,518,256)	(846,335)
Tax effect of amounts which are deductible/not taxable in calculating taxable income	119,487	85,391
Tax effect of accounting R&D tax incentive not deductible	750,081	227,309
Carried forward tax benefit not recognised	648,958	533,635
Total income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	6,118,007	4,477,700
Potential tax benefit @ 30% (2022:25%)	1,835,402	1,119,425

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.

	2023	2022
	\$	\$
6 CASH AT BANK AND IN HAND	3,174,092	5,571,417
	3,174,092	5,571,417

As at 30 June 2022 the Company had a further \$4,000,000 in term deposits, see Note 9.

7 CURRENT ASSETS – TAX RECEIVABLES

	2023	2022
	\$	\$
Research and development tax offset receivable	2,500,270	685,890
GST receivable	188,277	94,333
	2,688,547	780,223

8 OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	\$	\$
Prepayments	336,530	90,302
Interest receivable	1,112	13,117
	337,642	103,419

9 OTHER FINANCIAL ASSETS

	2023	2022
	\$	\$
Term deposit	-	4,000,000

The term deposit matured on 7 October 2022 and had an interest rate of 0.45%.

10 PLANT AND EQUIPMENT

	Plant and equipment \$	Office Equipment	Total \$
Cost			
Opening balance, 1 July 2022	185,587	21,947	207,534
Additions	983,077	68,090	1,051,167
Disposals	(29,776)	(29,604)	(59,380)
Closing balance, 30 June 2023	1,138,888	60,433	1,199,321
Opening balance, 1 July 2021	33,626	21,947	55,573
Additions ¹	151,961	-	151,961
Closing balance, 30 June 2022	185,587	21,947	207,534
Depreciation			
Opening balance, 1 July 2022	50,383	21,947	72,330
Depreciation expense	46,184	12,525	58,709
Disposals	(29,776)	(29,604)	(59,380)
Closing balance, 30 June 2023	66,791	4,868	71,659
Opening balance, 1 July 2021	29,776	21,947	51,723
Depreciation expense	20,607	-	20,607
Closing balance, 30 June 2022	50,383	21,947	72,330
Written down value 30 June 2022	135,204	-	135,204
Written down value 30 June 2023	1,072,097	55,565	1,127,662

11 RIGHT-TO-USE ASSETS

	2023 \$	2022 \$
Lease assets		
Carrying amount of lease assets, by class of underlying asset:		
Buildings under lease arrangements		
At cost	1,098,128	-
Accumulated depreciation	(54,906)	-
	<u>1,043,222</u>	<u>-</u>
Total lease assets	<u>1,043,222</u>	<u>-</u>
Lease liabilities		
Current	164,574	-
Non-current	896,712	-
	<u>1,061,286</u>	<u>-</u>
		Buildings \$
Carrying amount as at 1 July 2022		-
Additions		1,098,128
Depreciation		<u>(54,906)</u>
Carrying amount as at 30 June 2023		<u>1,043,222</u>

Income, expense and cash flows from lease assets and lease liabilities

The following amounts of income, expense and cash flows were recognised from lease assets and lease liabilities during the year:

	2023 \$	2022 \$
Interest expense on lease liabilities	16,039	-
Depreciation expense on lease assets	54,906	-
Total cash outflow relating to leases	<u>52,803</u>	<u>-</u>

12 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2023 \$	2022 \$
Trade creditors	1,581,349	277,192
PAYG withholding tax	38,507	46,885
Accrued expenses	364,642	563,663
Superannuation payable	35,758	26,683
	<u>2,020,256</u>	<u>914,423</u>

13 CURRENT LIABILITIES - PROVISIONS

	2023 \$	2022 \$
Provision for annual leave, opening balance	36,000	21,445
Provided during the year	39,778	14,555
Provision for annual leave, closing balance	<u>75,778</u>	<u>36,000</u>

14 CONTRIBUTED EQUITY

(a) Share capital

	2023 Shares	2023 \$	2022 Shares	2022 \$
Ordinary Shares Fully Paid	212,314,861	19,281,951	207,443,781	18,871,951

(b) Movements in ordinary share capital

		Number of Shares	Issue price	\$
Opening balance 1 July 2021		160,000,002		9,456,232
Share issue on ASX listing	21/7/2021	40,000,000	\$0.25	10,000,000
Advisor share issue	21/7/2021	6,875,631	\$0.0001	688
Employee share issue ²	29/12/2021	45,500	\$0.15	6,825
Share issue on exercise of options	2/5/2022	522,648	\$0.0574	30,000
Cost of share issue		-		(621,794)
Closing balance 30 June 2022		207,443,781		18,871,951
Opening balance 1 July 2022		207,443,781		18,871,951
Share issue	31/8/2022	4,000,000	\$0.09	360,000
Share issue on exercise of options	3/5/2023	871,080	\$0.0574	50,000
		212,314,861		19,281,951

(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 30 June 2023, the following options over unissued ordinary shares were on issue:

Details	No of options	Issue date	Date of expiry	Conversion price (\$)
Opening balance 1 July 2021	11,557,877			\$0.0574
Options exercised	(522,648)	3/5/2022	30/11/2030	\$0.0574
Total as at 30 June 2022	11,035,229			
Options exercised	(871,080)	3/5/2023	30/11/2030	\$0.0574
Total as at 30 June 2023	10,164,149			

Options	2023 No.	2022 No.
Balance at beginning of year	11,035,229	11,557,877
Granted during the year	-	-
	11,035,229	11,557,877
Options exercised	(871,080)	(522,648)
Balance at end of year	10,164,149	11,035,229

14 CONTRIBUTED EQUITY (CONTINUED)

No options were granted during the current year (2022: Nil). The details relating to the options outstanding at balance date are;

	Series 1	Series 2	Series 3
Grant date	20/11/2019	30/1/2020	23/11/2020
Expiry date	20/11/2029	30/11/2030	23/11/2023
Exercise price	\$0.0574	\$0.0574	\$0.0574
Number on issue	3,467,353	917,832	5,778,965

The weighted average contractual life of the options on issue is 2.7 years (2022: 4.1 years).

The vesting of options is subject to service periods and all options have vested in both this and the prior year.

The Company recognised expenses of \$225,680 (see (e) below) in relation to share based payments for the year (2022: \$369,584). Of the amount expensed in 2022, \$360,000 is an accrual for shares issued on 25 August 2022 to the Chief Executive Officer.

(e) Performance rights

On 30 June 2023 the Company issued 8,294,022 performance rights to employees of the Company as follows:

Performance period to 30 June	2023	2024
Performance rights number	3,418,722	4,875,300
Value	\$225,680	

The performance rights were valued using Black & Scholes methodology using a share price of \$0.09 as at the date of grant, volatility of 100%, and a risk free rate of 2.59%.

The performance rights hurdle is based on progress made towards commercialising a product in line with the timing set out in the business plan, and is set at a probability of 80%.

To be eligible an employee needs to be in service at the end of the performance period. The 2023 performance rights have vested.

(f) 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 over time 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 (if any). Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the Company may over time pay dividends to shareholders, return capital to shareholders, issue new shares, or take out debt facilities.

The capital management policy remains unchanged from the 30 June 2022 Annual Report.

15 RESERVES AND ACCUMULATED LOSSES

	2023	2022
	\$	\$
(a) Reserves		
Total reserves	546,739	321,059
<i>Share based payments reserve</i>		
Movements in share based payments reserve were as follows:		
Balance 1 July	321,059	318,300
Share based payment expense	225,680	2,759
Balance 30 June	546,739	321,059

(b) 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.

16 COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2023, the Company has no capital commitments (2022: \$nil). The Company has no contingent liabilities as at 30 June 2023 (2022: \$nil).

17 CASH FLOW INFORMATION

(a) reconciliation of loss after income tax to net cash outflow from operating activities

	2023	2022
	\$	\$
Loss for the year	(5,061,755)	(3,385,493)
Non-cash share-based payments	225,680	369,584
Depreciation	113,615	20,607
Employee benefits provision	39,778	14,555
<i>Change in operating assets and liabilities</i>		
Increase in trade and other receivables	(2,142,547)	(288,837)
Increase in trade and other payables	777,138	50,264
Net cash outflow from operating activities	(6,048,091)	(3,219,320)

(b) Non-cash investing and financing activities

Acquisition of right-of-use assets (note 11)	1,098,128	-
Shares issued to employee for no cash consideration (note 14)	360,000	-

18 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.

19 FINANCIAL RISK MANAGEMENT

(a) Financial risk management

The Company's financial instruments consist mainly of deposits with banks, other receivables and payables, all carried at amortised cost.

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:

	2023	2022
	\$	\$
Cash and cash equivalents (Note 6)	3,174,092	5,571,417
Other receivables (Note 8)	188,277	94,333
Research and development tax incentive receivable (Note 8)	2,500,270	685,890
Term deposit	-	4,000,000
	5,862,639	10,351,640

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.

(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.

19 FINANCIAL RISK MANAGEMENT (CONTINUED)

	Within 1 year		1 to 2 years		3 to 5 years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities - due for payment:</i>								
Trade and other payables	(2,020,256)	(914,423)	-	-	-	-	(2,020,256)	(914,423)
Lease liabilities	(236,547)	-	(247,404)	-	(738,332)	-	(1,222,283)	-
Total contractual outflows	(2,256,803)	(914,423)	(247,404)	-	(738,332)	-	(3,242,539)	(914,423)
Cash and cash equivalents	3,174,092	5,571,417	-	-	-	-	3,174,092	5,571,417
Other financial assets	-	4,000,000	-	-	-	-	-	4,000,000
Other receivables	2,688,347	780,223	-	-	-	-	2,688,347	780,223
Total anticipated inflows	5,862,439	10,351,640	-	-	-	-	5,862,439	10,351,640
Net inflow/(outflow) on financial instruments	3,605,636	9,437,217	(247,404)	-	(738,332)	-	2,619,900	9,437,217

(c) Net fair values

The net fair value of current assets and liabilities approximates their carrying value, due to their short term nature.

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, with the only the following US dollar accounts payable balances owing at year end:

30 June 2023	US\$47,518
30 June 2022	US\$15,491

(e) Interest rate risk

The Company is exposed to interest rate risk as the Company holds cash balances at variable interest rates. The risk is managed by using term deposits when appropriate to fix interest rates. The variable interest rate for 2023 was between 0.5% and 2.5% (2022: 0% - 1.25%).

20 EARNINGS PER SHARE

	2023	2022
	Cents	Cents
Basic and diluted loss per share (cents per share)	(2.40)	(1.66)
Weighted average number of shares		
Basic and diluted loss per share calculation	210,902,747	204,285,974
Loss for the period used in earnings per share		
From continuing operations	(5,061,755)	(3,385,493)

21 RELATED PARTY TRANSACTIONS

Key management personnel

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

	2023	2022
	\$	\$
Short-term employee benefits	1,115,279	771,781
Post- employment benefits	45,825	39,244
Share based payments	136,400	362,759
	1,297,504	1,173,784

The performance rights were valued using Black & Scholes methodology using a share price of \$0.09 as at the date of grant being 25 July 2022, volatility of 100%, and a risk free rate of 2.59%. The value per right was determined at \$0.08. The rights expire on 30 September 2025 and have a Nil exercise price.

The performance rights hurdle is based on progress made towards commercialising a product in line with the timing set out in the business plan, and is set at a probability of 80%.

22 AUDIT FEES

	2023	2022
	\$	\$
Audit Fees – current year	81,000	60,000
	81,000	60,000

23 EVENTS SUBSEQUENT TO BALANCE DATE

On 2 August 2023 the Company announced that it had received breakthrough results from a clinical study it sponsored with Precion Inc. in North Carolina, US ("Precion"). The analysis undertaken achieved an impressive sensitivity of 90% and a specificity of 85.5%. These results were consistent with the findings of earlier studies conducted in Australia using a different mass spectrometry platform.

On 1 September 2023 the Company issued 23,500,000 new shares in a share placement at \$0.10 per share to raise \$2.35 million, before costs, and \$50,000 through the exercise of options. On 18 September 2023 the Company completed a Share Purchase Plan raising an additional \$615,500 through the issue of 6,155,000 shares at \$0.10 and issued a further 200,000 shares to the CEO, Mr John Hurrell, raising a further \$20,000.

On the 5 September 2023 the Company announced the appointment of Share Ryan as Chief Operating Officer.

Other than as outlined above no matter or circumstance has arisen since 30 June 2023 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.

24 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 21 to 44, 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 2023 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 2023.

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

29 September 2023

Pitcher Partners Sydney Partnership

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**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 2023, 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 directors' 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 2023 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Company incurred a net loss of \$5,061,755 and had net cash outflows from operating activities of \$6,048,091 during the year ended 30 June 2023. As stated in Note 1(b), these events or conditions, along with the other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
<p>Recognition of Research and Development Tax Incentives Refer to Note 7: Current Assets – Tax Receivables and Note 2(i) Research and Development Expenditure</p>	
<p>The Group receives a 48.5% refundable tax offset of eligible expenditure under the Research and Development (R&D) Tax Incentive scheme if its turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities.</p> <p>Management have performed a detailed review of the Company's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation.</p> <p>The process in calculating the R&D tax rebate requires judgment and specialised knowledge in identifying eligible expenditure, which gives rise to anticipated R&D tax incentives. Balances in relation to R&D tax incentives are therefore considered a key audit matter.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> • Comparing the estimates made in prior periods to the amount of rebates received after lodgement of the R&D tax claim; • Obtaining R&D rebate calculations for year ended 30 June 2023 completed by management and performing the following audit procedures: <ul style="list-style-type: none"> ○ Developing an understanding of the model, identifying and assessing key assumptions in the calculation; ○ Testing the mathematical accuracy of the accrual; ○ Testing a sample of claimed expenditure to source documentation and reviewing the source documentation to verify the expenses are eligible; and ○ For labour costs included in the calculation, reviewing the percentage included for appropriateness. • Consulting our internal R&D tax specialist to review the expenditure methodology employed by management; and • Reviewing disclosures in the notes to the financial statements to ensure adequacy.

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 2023 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.

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 14 to 18 of the Directors' Report for the year ended 30 June 2023. In our opinion, the Remuneration Report of BCAL Diagnostics Limited, for the year ended 30 June 2023, 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.



Rod Shanley
Partner



Pitcher Partners
Sydney

29 September 2023

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 23 September 2023.

(a) Distribution of Equity Securities

Holdings Range Report BCAL Diagnostics Limited

Security Classes: **BDX - ORDINARY FULLY PAID SHARES**
As at Date: **23-Sep-2023**

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	19	2,408	0.00%
above 1,000 up to and including 5,000	113	404,865	0.17%
above 5,000 up to and including 10,000	130	1,028,861	0.42%
above 10,000 up to and including 100,000	315	13,823,490	5.69%
above 100,000	194	227,828,069	93.72%
Totals	771	243,087,693	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:

Substantial shareholders		
Holders Name	No of shares	% of Issued Capital
The names of the substantial shareholders in the Company, the number of equity securities to which each substantial holder's associates have a relevant interest, as disclosed in substantial holding notices given to the Company are:		
JAYNE SHAW - NABELLE PTY LTD <THE SHAW SUPER FUND A/C> +OPSC P/L	28,536,780	11.86%
RONALD ANTHONY AND ANN-MARIE PHILLIPS	26,814,567	11.03%
CAPITAL PROPERTY CORPORATION PTY LTD <CARRINGTON A/C>	14,037,065	5.77%
MERA VALE NO 1 PTY LTD <MERA VALE NO 1 A/C>	14,793,215	6.08%

(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**
As at date: **23-Sep-2023**
Display top: **20**

Position	Holder Name	Holding	% IC
1	NABELLE PTY LTD <THE SHAW SUPER FUND A/C>	19,162,405	7.97%
2	ANN-MARIE PHILLIPS	16,574,988	6.90%
3	CAPITAL PROPERTY CORPORATION PTY LTD <CARRINGTON A/C>	15,193,425	6.32%
4	MERA VALE NO 1 PTY LTD <MERA VALE NO 1 A/C>	11,593,215	4.82%
5	THE TRUST COMPANY (AUSTRALIA) LIMITED <MBF A/C>	11,400,000	4.74%
6	RONALD ANTHONY PHILLIPS	8,260,604	3.44%
7	THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	7,830,298	3.26%
8	COOLBRUN PTY LTD <THE COOLBRUN FAMILY A/C>	6,633,789	2.76%
9	NABELLE PTY LTD <THE SHAW FAMILY A/C>	6,115,172	2.54%
10	CARWOOLA PASTORAL CO PTY LTD	4,424,895	1.84%
11	JOHN HURRELL	4,200,000	1.75%
12	ANGELO KORSANOS & ANTONIA KORSANOS <KORSANOS FAMILY A/C>	3,484,050	1.45%
12	VINTAGE DAWN PTY LTD <JAMIE + CAROLINE ODELL S/F>	3,484,050	1.45%
13	PIASTER PTY LTD <TROLLIP FAMILY S/F A/C>	3,447,649	1.43%
14	CITICORP NOMINEES PTY LIMITED	3,378,611	1.41%
15	SEAN KENNEDY	3,300,303	1.37%
16	MERA VALE NO 1 PTY LTD <MERA VALE NO 1 A/C>	3,200,000	1.33%
17	DARVILLE PTY LIMITED	3,101,660	1.29%
18	SCAPA PTY LTD <THE SCAPA A/C>	3,048,563	1.27%
19	INNOVATIVE MANAGEMENT PTY LTD <THN FAMILY OFFICE A/C>	3,000,000	1.25%
20	LOGITIX PTY LTD <SMITH FAMILY A/C>	2,742,025	1.14%
	Total	143,575,702	59.06%
	Total issued capital - selected security class(es)	243,087,693	100.00%

(e) The Company had 103 Shareholders with unmarketable parcels as at 23 September 2023.

(f) There is currently no on-market buy-back

1. Company Secretary

The name of the company secretary is Guy Robertson.

2. Address and telephone details of entity's registered and administrative office

Suite 506, Level 5
50 Clarence Street
Sydney NSW 2000
AUSTRALIA
Ph: (02) 9078 7671

GPO Box Q128
Queen Victoria Building
NSW 1230
AUSTRALIA

3. Address and telephone details of the office at which the register of securities is kept

Automic Pty Ltd
Level 5 126 Phillip Street
Sydney NSW 2000

Phone:
1300 288 664 (within Australia)
+61 2 9698 5414 (international)
Email: hello@automic.com.au
Web site: www.automic.com.au

4. Stock exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.
Home Exchange – Sydney; ASX Code: BDX.