

ASX Announcement

31 August 2021

BCAL DIAGNOSTICS – APPENDIX 4E AND PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

Attached is the Appendix 4E and Preliminary Financial Report for the year ended 30 June 2021.

The Appendix 4E and Preliminary Financial Report have been approved for release by the Board.



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About BCAL Diagnostics

BCAL Diagnostics Limited is an Australian screening and diagnostic company committed to the early, accurate diagnosis of breast cancer, and therefore early intervention and improved outcomes for women. Over the past decade BCAL has developed a non-invasive blood test for the detection of breast cancer, with results to date demonstrating 91% specificity and 87% accuracy. The test is initially designed to complement current imaging technologies, such as the mammogram, with the aim of becoming a monitoring and screening tool suitable for women of all ages and backgrounds in any location. With more than two million new cases of breast cancer diagnosed globally each year, a substantial opportunity exists for BCAL to improve patient outcomes. BCAL has partnered with global integrated cancer care and cardiac provider GenesisCare to conduct clinical research required for regulatory approvals across several jurisdictions, commercialisation and market entry points.

Founded in 2010, BCAL is headquartered in Sydney and listed on the Australian Securities Exchange (ASX:BDX). For more information: <https://www.bcaldiagnostics.com/>

The Companies Announcements Office
The Australian Securities Exchange Limited
SYDNEY

Date: 31 August 2021

APPENDIX 4E
PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

This preliminary financial report by BCAL Diagnostics Limited (“BCAL” or “the Company”) is provided to the Australian Securities Exchange (ASX) under ASX listing Rule 4.3A are as follows:-

1. The reporting period is twelve months to 30 June 2021. The previous reporting period was twelve months to 30 June 2020.
2. The results for announcement to the market for the above reporting periods are as follows:-

	30 June 2021	30 June 2020	% change
	\$	\$	
Revenue from ordinary activities	275,252	442,096	(38%)
Loss from ordinary activities after tax attributable to members	(1,524,970)	(696,360)	(119%)
Net loss attributable to members	(1,524,970)	(696,360)	(119%)
Proposed dividend	-	-	-
Net tangible assets per issued security	0.022	0.004	325%

- 3 to 6. See attached financials.
7. No dividends have been paid or are proposed.
8. There is no dividend reinvestment plan.
9. Net tangible assets per security \$0.022 (2020; \$0.004).
10. There has been no acquisition or disposal of any entities occurring during the financial year.
11. The Company has no associates or joint venture entities.
12. *Any other significant information needed by an investor to make an informed assessment of the Group’s financial performance and financial position.*

Included in this document.
13. The Company is not a foreign entity.
14. *Commentary on the results*

See Commentary below and the attached financials.
15. The report is based on financial statements which are in the process of being audited.

The Appendix 4E should be read in conjunction with the accompanying Preliminary Final Report.

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COMMENTARY ON RESULTS FOR THE YEAR

REVENUE

BCAL is developing a non-invasive laboratory blood test for the detection of breast cancer. As such, it is not yet revenue producing.

BCAL is developing a new diagnostic approach using an in vitro diagnostic (IVD) test for blood samples. It seeks to improve the accuracy of breast cancer detection and reduce the rate of false positives and false negatives in a way that is accessible. BCAL's approach confirms a "fingerprint" of lipid biomarkers extracted from extracellular vesicles from a patient's blood sample, to diagnose the presence of breast cancer cells.

Income for 2021 is comprised largely of an accrual for the research and development tax offset of \$275,000 (2020: \$341,982), which reflects the research and development activity during the year. The current year saw a commitment of time to listing on the ASX and a capital raising of \$10 million, before costs, achieved on 21 July 2021. With these resources activity has now accelerated into the 2022 FY.

The prior year includes a COVID-19 cash boost government subsidy of \$99,610.

EXPENDITURE

Expenditure for the year, excluding ASX listing costs, and comprising largely of all costs relating to research and development amounted to \$1,210,172 (2020: \$1,138,456).

The costs associated with listing on the ASX, excluding capital raising costs, amounted to \$590,050, all of which have been expensed during the year.

BALANCE SHEET

Net assets as at 30 June 2021 are \$3,606,856 (2020 : \$438,917), reflecting the capital raise of \$4,725,001, before costs, completed in December 2020/January 2021, and the financial result for the year. The Company issued 1,499,998 shares at \$2.95 per share and converted 200,002 convertible notes at \$1.50 per share in this capital raising.

In April 2021 following shareholder approval, the Company undertook a share split in the ratio of approximately 26.13 new shares for every one share resulting in issued capital of 160,000,002 new shares.

The Company has 11,557,877 share options on issue, these options having been issued to directors, employees and a consultant. The cost of these options has been recognised as charge to profit and loss of \$176,256 (2020 : \$142,044) and result in a share-based payments reserve of \$318,300. In the event these options were exercised the Company would issue 11,557,877 shares and receive \$663,422 in cash.

CASHFLOW

Operating cash outflow for the year amounted to \$1,206,420 (2020 :\$661,651) with the increase reflecting the ASX listing costs referred to above.

Cash at the end of the year amounted to \$3,407,605 (2020 :416,226).

Subsequent to year end, on the ASX listing the Company raised \$10 million, before costs, issuing 40 million shares at 25 cents each. The Company is now well funded to accelerate its product development as outlined below.

OUTLOOK

With its capital raising and recent ASX listing completed, BCAL is focussed on accelerating its product development programme in bringing the product to market.

To this end the Company has recently completed the following initiatives:

Expanding clinical study centres to all Australian states

To mitigate the risk of the programme slowing due to COVID-19 the Company is, in collaboration with GenesisCare Clinical CRO, expanding clinical study centres to all states of Australia. A number of agreements are under review to enable BCAL to maintain the pace of development, notwithstanding the closure of a number of breast cancer screening centres due to COVID-19.

Product Development Agreement – IZON Science Limited (IZON)

BCAL has recently executed a Product Development Agreement with IZON. IZON will work with BCAL in the further development of the test. The agreement involves developing a bespoke kit, using IZON equipment and components, to accelerate the time for processing clinical samples and providing a format that can be processed rapidly and effectively by pathology laboratories.

Recruitment of skilled scientists to accelerate development

BCAL has recently recruited two highly skilled scientists in support of its product development, with experience in lipidomics, mass spectrometry and data analytics. Dr Cheka Kehelpannala has over 7 years' experience in lipidomics and analytical chemistry in Australia and Internationally.

Dr Mark David will relocate from the Imperial College London, which is a world leader in research, diagnosis and treatment of diseases. Dr David has over 17 years' experience in analytical chemistry, metabolomics/lipidomics and mass spectrometry.

USA market entry discussions progressing

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

BCAL DIAGNOSTICS LIMITED
ABN 51142051223

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

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

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

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

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

	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,407,605	416,226
Tax receivables	6	352,603	403,329
Other receivables and prepayments	7	368,401	-
Total Current Assets		4,128,609	819,555
Non-Current Assets			
Plant and equipment	8	3,850	-
Total Non-Current Assets		3,850	-
Total Assets		4,132,459	819,555
LIABILITIES			
Current Liabilities			
Trade and other payables	9	504,159	74,250
Provisions	10	21,445	6,385
Total Current Liabilities		505,604	80,635
Non-Current Liabilities			
Convertible notes	11	-	300,003
Total Non-Current Liabilities		-	300,003
Total Liabilities		505,604	380,638
Net Assets		3,606,855	438,917
EQUITY			
Contributed equity	12	9,456,232	4,939,580
Reserves	13	318,300	142,044
Accumulated losses	13	(6,167,677)	(4,642,707)
Capital and reserves attributable to owners of BCAL Diagnostics Limited		3,606,855	438,917
Equity		3,606,855	438,917

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

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

	Note	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2021					
At 30 June 2020		4,939,580	(4,642,707)	142,044	438,917
Total comprehensive Loss for the year		-	(1,524,970)	-	(1,524,970)
Other comprehensive income		-	-	-	-
		-	(1,524,970)	-	(1,524,970)
Share issue	12	4,516,652	-	-	4,516,652
Share based payments		-	-	176,256	176,256
At 30 June 2021		9,456,232	(6,167,677)	318,300	3,606,855
		Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2020					
At 30 June 2019		4,434,543	(3,946,347)	-	488,196
Total comprehensive Loss for the year		-	(696,360)	-	(696,360)
Other comprehensive income		-	-	-	-
		-	(696,360)	-	(696,360)
Share issue		505,037	-	-	505,037
Share based payments		-	-	142,044	142,044
At 30 June 2020		4,939,580	(4,642,707)	142,044	438,917

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

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

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

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

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

1 Summary of significant accounting policies

(a) Basis of preparation

Reporting Entity

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

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

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

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

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

Critical accounting estimates

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

(b) Going concern

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

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

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

1 Summary of significant accounting policies (continued)

(b) Going concern (continued)

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

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

(c) Operating segments

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

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

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

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

(ii) Transactions and balances

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

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

1. Summary of significant accounting policies (continued)

(e) Revenue recognition

Revenue from contracts with customers

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

Interest income

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

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

Research and Development Tax Offset

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

(f) Government grants

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

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

(g) Income tax

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

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

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

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

1. Summary of significant accounting policies (continued)

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

(h) 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.

(i) 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.

(j) Other receivables

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

(k) 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.

(l) Provisions

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

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

1. Summary of significant accounting policies (continued)

(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.

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.

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

1. Summary of significant accounting policies (continued)

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.

(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.

(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.

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

1. Summary of significant accounting policies (continued)

(q) 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.

(r) Adoption of New and Revised Accounting Standards

Changes in accounting policies on initial application of Accounting Standards.

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

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

2 Critical accounting estimates and judgements

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

(i) Research and development expenditure

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

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

1. Summary of significant accounting policies (continued)

(ii) *Share based payment transactions*

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

	2021 \$	2020 \$
3 Other Income		
Research and development tax offset	275,000	341,982
Interest received	252	504
Government subsidy – cash boost	-	99,610
	275,252	442,096
4 Income tax		
	2021 \$	2020 \$
(a) Income tax		
Deferred tax	-	-
	-	-
(b) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	(1,524,970)	(696,360)
Tax benefit at the Australian tax rate of 26% (2020: 27.5%)	(396,492)	(191,499)
Tax effect of amounts which are deductible/not taxable in calculating taxable income	54,501	(85,014)
Tax effect of accounting R&D tax incentive not deductible	164,368	216,195
Carried forward tax benefit not recognised	177,623	60,318
Total income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	2,369,475	1,882,308
Potential tax benefit @ 26% (2020:27.5%)	616,063	517,625

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

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

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

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

6 Current assets – tax receivables

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

7 Other receivables and prepayments

Non-current

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

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BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2021
8 Plant and equipment

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

9 Current liabilities - Trade and other payables

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

10 Current liabilities - Provisions

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

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

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

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

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

12 Contributed equity
(a) Share capital

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

(b) Movements in ordinary share capital

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

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

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

12 Contributed equity (continued)

(c) Ordinary shares

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

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

(d) Options

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

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

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

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

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

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

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

12 Contributed equity (continued)

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

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

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

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

(e) Capital risk management

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

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

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

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

13 Reserves and accumulated losses

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

Share based payments reserve

Movements in share based payments reserve were as follows:

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

(b) Accumulated losses

Movements in accumulated losses were as follows:

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

(c) Nature and purpose of reserves

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

14 Commitments and contingent liabilities

Capital commitments

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

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

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

Non-cash financing activities are outlined in note 11.

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

16 Segment information

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

17 Financial risk management

(a) Financial risk management

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

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

The Company does not speculate in financial assets.

Credit risk

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

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

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

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

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

Liquidity risk

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

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

17 Financial risk management (continued)

(b) Financial instrument composition and maturity analysis

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

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

(c) Net fair values

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

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

(d) Market risk

Foreign currency risk

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

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

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

18 Earnings per share

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

* calculation is after share split of ~26.13 new shares for every one share

19 Related party transactions

(a) Key management personnel

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

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

(b) Transactions with other related parties

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

20 Audit fees

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

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

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

21 Events subsequent to balance date

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

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

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

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

22 Company details

Corporate Head Office and Principal Place of Business

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

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