



BCAL DIAGNOSTICS LIMITED

ABN 51 142 051 223

**Annual Report
for the Year Ended 30 June 2020**

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**BCAL Diagnostics Limited
2020 Financial Report**

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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 2020.

Directors

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

Jayne Shaw	Executive Chair
Ronald Phillips	Non-executive Director
Jonathan Trollip	Non-executive Director (Appointed 23 December 2020)

Information on Directors as at Report Date

Jayne Shaw (Executive Chair)

Ms Jayne Shaw was appointed 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 The Woolcock Research Institute, The Citadel Group, Corum Group (ASX: COO) and Mabel Technologies.

Shares held as at date of this report 1,055,084.

Unlisted options held as at date of report, 77,406 exercisable at \$1.50 per shares with expiry 23 November 2023.

Ronald Phillips AO (Non-executive Director)

Mr Phillips was appointed on 15 February 2010.

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

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

Shares held as at date of this report 988,417.

Unlisted options held as at date of report, 77,406 exercisable at \$1.50 per shares with expiry 23 November 2023.

Jonathan Trollip (Non-executive Director)

Mr Trollip was appointed on 23 December 2020.

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

Directors' Report (Continued)

He is currently non-executive Chairman of ASX listed Global Value Fund Limited, Future Generation Investment Company Limited, Antipodes Global Investment Company Limited, Plato Income Maximiser Limited, Spicers

Limited and Spheria Emerging Companies Limited and a non-executive director of ASX listed Propel Funeral Partner Limited and LSE listed Kore Potash.

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 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.

Shares held as at date of this report 120,460.

Unlisted options held as at date of report, 44,232 exercisable at \$1.50 per shares with expiry 23 November 2023.

Company Secretary

Guy Robertson, B. Com (Hons), CA

Mr Robertson was appointed as Company Secretary and Chief Financial Officer on 17 March 2021.

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

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

Principal Activities and Strategy

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

Dividends

No dividends were paid to members during the financial year (2019: \$Nil).

Review of Operations

Ongoing Activities

The Company is continuing the research and 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.

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

Directors' Report (Continued)

The Company's lead product has completed two major clinical studies to validate a series of lipid biomarkers showing results that exceed both sensitivity and selectivity of current incumbent diagnostic tools for breast cancer on market and in development.

The Company is seeking Priority Evaluation Status for an expedited review of its pivotal trial under the regulation of the Australian Therapeutic Goods Administration (TGA).

Operating Results

The net loss after tax for the year was \$696,360 (2019: loss \$429,957).

Shareholder equity decreased to \$438,917 (2019: \$488,196) reflecting the result for the year, partially offset by the capital raise.

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

Subsequent to year end the Company issued 200,002 shares at \$1.50 per share on conversion of convertible notes raising \$300,003, and a further 1,494,914 shares at \$2.95 per share in a placement raising \$4,409,996.

In addition, on 23 November 2020 the Company issued 221,160 options with an exercise price of \$1.50 and an expiry date of 23 November 2023.

The Company converted from a private company to an unlisted public company on 5 February 2021.

Other than as outlined above, no matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

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

Likely Developments and Expected Results of Operations

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

Environmental regulation

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

Directors' Report (Continued)

Options on issue

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

Date of grant	Number	Exercise price	Expiry date
20 November 2019	132,695	\$1.50	20 November 2029
30 January 2020	88,463	\$1.50	20 November 2029
23 November 2020	221,160	\$1.50	23 November 2023

Indemnification and Insurance of Officers

During the financial year the Company paid premiums in respect of a contract insuring Directors, Chief Financial Officers and Company Secretary of BCAL Diagnostics and Executive Officers 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.

Shares Issued on the Exercise of Options

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

Proceedings on behalf of the Company

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

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

Meetings of directors

The numbers of meetings of the Company's board of directors held during the year ended 30 June 2020, and the numbers of meetings attended by each director were:

	Eligible to attend	Attended
Full Meetings of Directors		
Ms Jayne Shaw	12	12
Mr Ronald Phillips	12	12
Mr Jonathan Trollip	-	-

Directors' Report (Continued)

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 7.

Auditor

Pitcher Partners continues in office in accordance with section 327 of the Corporations Act 2001.

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



Jayne Shaw
Executive Chair
25 March 2021

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF BCAL DIAGNOSTICS LIMITED
ABN 51 142 051 223**

In relation to the independent audit for the year ended 30 June 2020, 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)*.



S M Whiddett
Partner

Pitcher Partners
Sydney

30 March 2021

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BCAL Diagnostics Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue from continuing operations			
Income	3	442,096	258,244
Expenses			
Research and development		(466,773)	(205,385)
Personnel costs		(285,489)	(303,832)
Superannuation		(25,454)	(33,423)
Marketing		(34,116)	-
Consulting fees		(69,246)	(74,736)
Legal fees		(16,497)	(3,987)
General and administration		(91,110)	(58,190)
Depreciation		(7,727)	(3,552)
Borrowing costs		-	(5,096)
Share based payments	12	(142,044)	-
Loss before income tax		(696,360)	(429,957)
Income tax	4	-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(696,360)	(429,957)
Loss is attributable to:			
Members of BCAL Diagnostics Limited		(696,360)	(429,957)
Earnings per share			
<i>From continuing operations</i>		Cents	Cents
- Basic loss per share	18	(15.8)	(10.9)
- Diluted loss per share	18	(15.8)	(10.9)

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 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	416,226	276,644
Tax receivables	6	403,329	259,312
Total Current Assets		819,555	535,956
Non-Current Assets			
Plant and equipment	7	-	3,920
Other financial assets	8	-	463
Total Non-Current Assets		-	4,383
Total Assets		819,555	540,339
LIABILITIES			
Current Liabilities			
Trade and other payables	9	74,250	33,440
Provisions	10	6,385	18,703
Total Current Liabilities		80,635	52,143
Non-Current Liabilities			
Convertible notes	11	300,003	-
Total Non-Current Liabilities		300,003	-
Total Liabilities		380,638	-
Net Assets		438,917	488,196
EQUITY			
Contributed equity	12	4,939,580	4,434,543
Reserves	13	142,044	-
Accumulated losses	13	(4,642,707)	(3,946,347)
Capital and reserves attributable to owners of BCAL Diagnostics Limited		438,917	488,196
Equity		438,917	488,196

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 2020

	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)
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

	Contributed equity \$	Accumulated losses \$	Share based payment reserve \$	Total \$
2019				
At 30 June 2018	3,434,543	(3,516,390)	-	(81,847)
Total comprehensive Loss for the year	-	(429,957)	-	(429,957)
Share issue	1,000,000	-	-	1,000,000
At 30 June 2019	4,434,543	(3,946,347)	-	488,196

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 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(944,756)	(757,146)
Government grants received		26,067	-
Research and development tax offset		256,534	241,154
Interest received		504	1,709
Interest paid		-	(10,728)
Net cash outflow from operating activities	15	(661,651)	(525,011)
Cash flow from investing activities			
Purchase of plant and equipment		(3,807)	(7,472)
Net cash outflow from investing activities		(3,807)	(7,472)
Cash flows from financing activities			
Loans received		300,003	-
Proceeds from share issue		505,037	500,000
Net cash inflow from financing activities		805,040	500,000
Net increase /(decrease) in cash and cash equivalents		139,582	(32,483)
Cash and cash equivalents at the beginning of the financial year		276,644	309,127
Cash and cash equivalents at end of the year	5	416,226	276,644

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 2020

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 25 March 2021. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

Reporting Entity

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

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.

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 \$696,360, had net cash outflows from operating activities of \$661,651, net cash outflows from investing activities of \$3,807, and net cash inflows from financing activities of \$805,040 for the year ended 30 June 2020.

Based on the Company’s cash flow forecast the Company will require additional funding in the next 12 months to enable the Company to continue its normal business activities and to ensure the realisation of assets in the ordinary course of business and extinguishment of liabilities as and when they fall due.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

(b) Going concern (continued)

The Company had net working capital as at 30 June 2020 of approximately \$0.7 million, and based on the factors outlined below 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:

- The Company has been successful in raising approximately \$0.4 million in equity (before costs) during the year and a further \$4.4 million (before costs) in equity subsequent to year end;
- The Company is planning an Initial Public Offering to further fund its research, development and commercialisation programme, which the Directors believe will be successful;
- The Company has the ability to fund the research and development tax offset if required; and
- The Company can tailor the timing of the research and development spend to match the cash availability.

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.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

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.

(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.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(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.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associated and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

(h) Fair value of assets and liabilities

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

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

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

1. Summary of significant accounting policies (continued)

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

(h) Fair value of assets and liabilities (continued)

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

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

(i) Impairment of non-financial assets

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

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

(j) Cash and cash equivalent

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

(k) Other receivables

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

(l) Trade and other payables

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

(m) Provisions

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

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(n) Employee benefits

(i) Wages and salaries and annual leave

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

(ii) Retirement benefit obligations

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

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

(iii) Share - based payments

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

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

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

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

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

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

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(o) Contributed equity

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

(p) Goods and services tax (GST)

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

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

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

(q) Plant and equipment

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

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

Depreciation

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

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

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

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

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

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) 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.

2 Critical accounting estimates and judgements

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

(i) Research and development expenditure

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

(ii) Share based payment transactions

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

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
3 Other Income		
Research and development tax offset	341,982	256,534
Interest received	504	1,710
Government subsidy – cash boost	99,610	-
	442,096	258,244
4 Income tax		
	2020	2019
	\$	\$
(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	(696,360)	(429,957)
Tax benefit at the Australian tax rate of 27.5% (2019: 27.5%)	(191,499)	(118,238)
Tax effect of amounts which are deductible/not taxable in calculating taxable income	(85,014)	(77,262)
Tax effect of accounting R&D tax incentive not deductible	216,195	162,177
Carried forward tax benefit not recognised	60,318	33,323
Total income tax expense	-	-
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	1,882,308	1,662,970
Potential tax benefit @ 27.5% (2019:27.5%)	517,625	457,317
	2020	2019
	\$	\$
5 Cash at bank and in hand	416,226	276,644
	416,226	276,644
6 Current assets – receivables		
	2020	2019
	\$	\$
Research and development tax offset receivable	341,982	256,534
Government subsidy – cash boost	57,943	-
GST receivable	3,405	2,778
	403,330	259,312

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020
7 Plant and equipment

	Plant and equipment	Office Furniture	Total
Cost			
Opening balance, 1 July 2019	29,776	21,947	51,723
Additions	-	3,807	3,807
Closing balance, 30 June 2020	29,776	25,754	55,530
Opening balance, 1 July 2018	29,776	14,475	44,251
Additions	-	7,472	7,472
Closing balance, 30 June 2019	29,776	21,947	51,723
Depreciation			
Opening balance, 1 July 2019	(29,776)	(18,027)	(47,803)
Depreciation	-	(7,727)	(7,727)
Closing balance, 30 June 2020	(29,776)	(25,754)	(55,530)
Opening balance, 1 July 2018	(29,776)	(14,475)	(44,251)
Depreciation	-	(3,552)	(3,552)
Closing balance, 30 June 2019	(29,776)	(18,027)	(47,803)
Written down value 30 June 2019	-	3,920	3,920
Written down value 30 June 2020	-	-	-

8 Other financial assets
Non-current

	2020	2019
	\$	\$
Security deposit	-	463
	-	463

9 Current liabilities - Trade and other payables

	2020	2019
	\$	\$
Trade creditors	60,023	2,058
PAYG withholding tax	8,138	28,765
Superannuation payable	6,089	2,617
	74,250	33,440

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

10 Current liabilities - Provisions

	2020	2019
	\$	\$
Provision for annual leave, opening balance	18,703	16,011
Provided/(used) during the year	(12,318)	2,692
Provision for annual leave, closing balance	6,385	18,703

11 Convertible notes

	2020	2019
	\$	\$
Opening balance	-	-
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. Refer to note 20, subsequent events, for further information in relation to convertible notes.

12 Contributed equity

(a) Share capital

	2020	2020	2019	2019
	Shares	\$	Shares	\$
Ordinary Shares Fully Paid	4,423,173	4,939,580	4,086,481	4,434,543

(b) Movements in ordinary share capital

	Number of Shares	Issue price	\$
Opening balance 1 July 2018	2,753,149		3,434,543
Share issue	666,666	0.75	500,000
Share issue on conversion of loan	666,666	0.75	500,000
Closing balance 30 June 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

(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.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

12 Contributed equity (continued)

(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	132,695	20/11/2019	20/11/2029	\$1.50
Employee options	88,463	30/01/2020	30/01/2029	\$1.50
Total	221,158			
			2020	2019
Options			No.	No.
Balance at beginning of year			-	-
Granted during the year			221,158	-
Balance at end of year			221,158	-

The weighted average exercise price of options on issue is \$1.50.

The unlisted options issued during the half year were valued using the Black-Scholes model. The options outstanding as at 30 June 2020 were determined on the date of grant using the following assumptions:

	Series 1	Series 2
Grant date	20/11/2019	30/01/2020
Exercise price (\$)	1.50	1.50
Expected volatility (%)	56.2	55.5
Risk-free interest rate (%)	0.8	0.71
Expected life (years)	5	5
Share price at this date (\$)	1.50	1.50
Fair value per option (\$)	0.7211	0.7118
Number of options	132,695	88,463

The vesting of options is subject to employee service periods. Of the options outlined above, 176,926 have vested with a further 22,116 vesting on 1 November 2020 and 22,116 vesting on 1 November 2021.

The Company recognised expenses of \$142,044 in relation to share based payments for the year (2019: Nil).

(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.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

12 Contributed equity (continued)

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 2019 Annual Report.

13 Reserves and accumulated losses

	2020	2019
	\$	\$
(a) Reserves		
Total reserves	142,044	-

Share based payments reserve

Movements in share based payments reserve were as follows:

Balance 1 July	-	-
Transfer to share based payments reserve	142,044	-
Balance 30 June	142,044	-

(b) Accumulated losses

Movements in accumulated losses were as follows:

Opening accumulated losses	(3,946,347)	(3,516,390)
Loss for the year	(696,360)	(429,957)
Balance 30 June	(4,642,707)	(3,946,347)

(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

Capital commitments

As at 30 June 2020, the Company has no capital commitments (2019: \$nil).

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

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

	2020	2019
	\$	\$
Loss for the year	(696,360)	(429,957)
Non-cash employee benefits expense - share based payments	142,044	-
Depreciation	7,727	3,552
Employee benefits provision	(12,318)	2,692
Other non cash items	12,782	(2,625)
<i>Change in operating assets and liabilities</i>		
Decrease in trade and other receivables	(144,018)	(8,953)
Increase/(decrease) in trade and other payables	28,491	(89,720)
Net cash outflow from operating activities	(661,652)	(525,011)

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.

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.

Since the Company trades only with recognised third parties, there is no requirement for collateral security.

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

17 Financial risk management (continued)

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

	2020	2019
	\$	\$
Cash and cash equivalents (Note 5)	416,226	276,644
Other receivables (Note 6)	61,348	2,778
Research and development tax incentive receivable (Note 6)	341,982	256,534
	819,556	535,956

To deal with credit risk the Company deposits funds with tier 1 banks. 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.

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities - due for payment:</i>								
Trade and other payables	(74,250)	(33,440)	-	-	-	-	(74,250)	(33,440)
Total contractual outflows	(74,250)	(33,440)	-	-	-	-	(74,250)	(33,440)
Cash and cash equivalents	416,226	276,644	-	-	-	-	416,226	276,644
Other receivables	403,330	259,312	-	-	-	-	403,330	259,312
Total anticipated inflows	819,556	535,956	-	-	-	-	819,556	535,956
Net inflow on financial instruments	745,306	502,516	-	-	-	-	745,306	502,516

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

17 Financial risk management (continued)

(c) Net fair values

The net fair value of assets and liabilities approximates their carrying value. No financial assets and liabilities are readily traded on organised markets in standardised form.

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.

18 Earnings per share

	2020	2019
	Cents	Cents
Basic loss per share (cents per share)	15.8	10.9
Diluted loss per share (cents per share)*	15.8	10.9
Weighted average number of shares		
Basic earnings per share calculation	4,395,498	3,916,616
Diluted earnings per share calculation*	4,395,498	3,916,616
Loss for the period used in earnings per share		
From continuing operations	(696,360)	(429,957)

*2020 – weighted average number of options outstanding not included in diluted EPS calculation as the options are anti-dilutive in nature

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:

	2020	2019
	\$	\$
Short-term employee benefits	229,327	214,006
Post-employment benefits	21,002	20,331
Share based payments	79,076	-
	329,405	234,337

BCAL Diagnostics Limited
Notes to the Financial Statements
For the year ended 30 June 2020

19 Related party transactions (continued)

(b) Transactions with other related parties

During the year parties associated with the directors Ms Jayne Shaw and Mr Ronald Phillips (the “Investors”) contributed \$200,001 in convertible notes at \$1 each. The notes are convertible at the option of the investors into ordinary shares at \$1.50 per share and have an interest rate of 12%.

A party associated with a director Ms Jayne Shaw participated in a capital raise during the year and was issued 66,667 shares at \$1.50 each for \$100,000.

20 Events subsequent to balance date

Subsequent to balance date the Company issued 200,002 shares at \$1.50 per share on conversion of convertible notes raising \$300,003, and a further 1,494,914 shares at \$2.95 per share, in a placement raising \$4,409,996, in January 2021.

In addition on 23 November 2020 the Company issued 221,160 options with an exercise price of \$1.50 and an expiry date of 23 November 2023.

The Company converted from a private company to an unlisted public company on 5 February 2021.

Other than as outline above no matter or circumstance has arisen since 30 June 2020 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.

21 Company details

Corporate Head Office and Principal Place of Business

Unit 2404, 187-189 Liverpool Street Sydney NSW 2000

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. In the directors opinion, the financial statements and notes thereto, as set out on pages 8 to 28, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 30 June 2020 and performance for the year ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Jayne Shaw
Executive Chair

25 March 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BCAL DIAGNOSTICS LIMITED
ABN 51 142 051 223**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BCAL Diagnostics Limited, ("the Company"), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2020 and of its financial performance for the year then 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 the 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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.

Responsibilities of the 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 - Reduced Disclosure Requirements 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 Company's ability 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 the 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 the 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.

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Auditor's Responsibilities for the Audit of the Financial Report (Continued)

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

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



S M Whiddett
Partner



Pitcher Partners
Sydney

30 March 2021

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