

# **STAR COMBO AUSTRALIA PTY LTD**

**ABN: 67 109 274 731**

**Financial Report - 30 June 2016**

**STAR COMBO AUSTRALIA PTY LTD**

**DIRECTORS' REPORT**

**For the year ended 30 June 2015**

**Options**

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

**Indemnification of Officers**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

**Proceedings on Behalf of the Company**

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings.

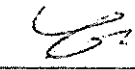
The company was not a party to any such proceedings during the year.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director



Jinxing Zhang

Dated this

12

day of

July

2017

STAR COMBO AUSTRALIA PTY LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue	2	9,396,240	6,702,248
Changes in inventories		235,050	479,296
Raw materials and consumables used		(5,147,818)	(5,761,487)
Employee benefits expense		(542,827)	(464,015)
Depreciation expense		(29,363)	(16,253)
Other expenses		(1,423,024)	(607,845)
Profit before income tax	3	2,488,258	331,944
Income tax expense	4	(746,478)	(95,508)
Profit for the year		<u>1,741,780</u>	<u>236,436</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:		-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>1,741,780</u>	<u>236,436</u>

*The accompanying notes form part of these financial statements.*

STAR COMBO AUSTRALIA PTY LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the year ended 30 June 2016

	Issued capital	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 July 2014	1,100	1,872,549	1,873,649
Profit after income tax expense for the year	-	236,436	236,436
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the year	-	236,436	236,436
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid	-	(45,500)	(45,500)
Balance at 30 June 2015	1,100	2,063,485	2,064,585
	Issued capital	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 July 2015	1,100	2,063,485	2,064,585
Profit after income tax expense for the year	-	1,741,780	1,741,780
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the year	-	1,741,780	1,741,780
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid	-	-	-
Balance at 30 June 2016	1,100	3,805,265	3,806,365

*The accompanying notes form part of these financial statements.*

**STAR COMBO AUSTRALIA PTY LTD**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Star Combo Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue on 12 July 2017 by the directors of the company.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of Preparation**

The directors have prepared the financial statements on the basis that the consolidated entity is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

***Historic cost convention***

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

***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 consolidated entity's and 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 the related accounting policies.

**STAR COMBO AUSTRALIA PTY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d. Income Tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to land and buildings measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**e. Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in, first-out basis.

STAR COMBO AUSTRALIA PTY LTD  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial Instruments (continued)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The consolidated entity does not designate any interests in subsidiaries as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

h. Impairment

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors (or a group of debtors) are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account, or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

**STAR COMBO AUSTRALIA PTY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j. Employee Benefits (continued)**

The consolidated entity's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the consolidated entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**k. Provisions**

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**l. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**m. Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on the determination of impairment losses.

**n. Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**o. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.



STAR COMBO AUSTRALIA PTY LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. New Accounting Standards for Application in Future Periods (continued)

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the consolidated entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: REVENUE

	2016 \$	2015 \$
<i>Sales revenue</i>		
Sale of goods	9,353,746	6,635,528
<i>Other revenue</i>		
Interest	-	31,981
Other	42,494	34,739
	42,494	66,720
	9,396,240	6,702,248

**STAR COMBO AUSTRALIA PTY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2016**

**NOTE 6: TRADE AND OTHER RECEIVABLES - CURRENT**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	1,567,448	680,626
Less: Provision for impairment of receivables	<u>(213,641)</u>	<u>(103,241)</u>
	1,353,807	577,385
Related party loan	429,565	570,808
Other receivables	<u>134,867</u>	<u>422,128</u>
	<u>1,918,239</u>	<u>1,570,321</u>

**NOTE 7: INVENTORIES - CURRENT**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Raw materials	2,190,952	1,897,838
Finished goods	<u>46,514</u>	<u>104,578</u>
	<u>2,237,466</u>	<u>2,002,416</u>

**NOTE 8: PLANT AND EQUIPMENT - NON CURRENT**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Plant and equipment</b>		
Plant and equipment at cost	3,139,362	1,987,120
Less: Accumulated depreciation	<u>(536,034)</u>	<u>(289,064)</u>
Total plant and equipment	<u>2,603,328</u>	<u>1,698,056</u>
Total plant and equipment	<u>2,603,328</u>	<u>1,698,056</u>

**NOTE 9: INCOME TAX - CURRENT**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Provision for income tax	<u>787,480</u>	<u>124,330</u>

**STAR COMBO AUSTRALIA PTY LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 2016**

**NOTE 14: CONTINGENT LIABILITIES**

	2016 \$	2015 \$
Estimates of the potential financial effect of contingent liabilities that may become payable:	-	-
	-	-

**NOTE 15: COMMITMENTS**

The consolidated entity had no commitments as at 30 June 2016 and 30 June 2015.

**NOTE 16: INTERESTS IN SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

	Ownership interest	
	2016	2015
Costar Pharma Laboratory Pty Ltd	100%	100%

The principal place of business and country of incorporation of Costar Pharma Laboratory Pty Ltd is Australia.

**NOTE 17: CASH FLOW INFORMATION**

	2016 \$	2015 \$
<b>Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax</b>		
Profit after income tax	1,741,780	236,436
Non-cash flows in profit:		
- depreciation	241,810	158,427
- loss on disposal of plant and equipment	-	37,198
Changes in assets and liabilities:		
- (Increase) in receivables	(347,918)	(704,384)
- (Increase) in inventories	(235,050)	(479,296)
- (Increase)/decrease in other assets	(1,988)	29,515
- (Increase) in deferred tax	(43,836)	(33,723)
- (Decrease)/increase in payables	(750,105)	830,936
- Increase in provisions	28,861	3,198
- Increase/(decrease) in income taxes payable	663,150	(22,665)
<b>Net cash from operating activities</b>	<b>1,296,704</b>	<b>55,642</b>

STAR COMBO AUSTRALIA PTY LTD

DIRECTORS' DECLARATION


For the year ended 30 June 2016

In accordance with a resolution of the directors of Star Combo Australia Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 21, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards; and
  - b. give a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
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.

Director

  
\_\_\_\_\_

Jinxing Zhang

Dated this

12 day of July

2017



### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Star Combo Australia Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

### Basis for qualified opinion

The entity's inventories are carried in the statement of financial position at \$2,237,466 (2015: \$2,002,416). We were appointed as auditors of the entity on 5 October 2016 and thus did not observe the counting of physical inventories at the beginning and end of the year ended 30 June 2016. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 30 June 2016 or 2015. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

In addition, since opening and closing inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the consolidated statement of profit or loss and comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows.

### Qualified opinion

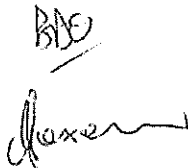
In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion* paragraph, the financial report of Star Combo Australia Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

### Basis of accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

### BDO East Coast Partnership



Grant Saxon  
Partner

Sydney 12 July 2017