

Star Combo Pharma Ltd

ABN: 38 615 728 375

**Interim financial statements for the half-year ended
31 December 2017**

STAR COMBO PHARMA LTD

ABN: 38 615 728 375

DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2017.

Directors

The names of the directors who held office during or since the end of the half-year are:

Jinxing Zhang (appointed 4 November 2016)
Su Zhang (appointed 4 November 2016)
YanZhen Song (appointed 4 November 2016 and resigned 2 February 2018)
Richard Allely, Chairman (appointed 16 February 2018)
Craig Bottomley (appointed 17 April 2018)

Principal Activities

The principal activity of the company during the period was preparing for listing with the Australian Securities Exchange (ASX).

No significant change in the nature of these activities occurred during the period.

Review of Operations and financial results

The loss of the company for the half-year ended 31 December 2017 after providing for income tax amounted to \$505,926 (2016: \$159,603).

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs for the consolidated entity during the reporting financial period.

Events Subsequent to the End of the Reporting Period

The following events took place subsequent to 31 December 2017:

- On 2 February 2018, YanZhen Song resigned as a director of the Company.
- On 5 February 2018 the Company acquired 100% of the share capital of Star Combo Australia Pty Ltd and Costar Pharma Laboratory Pty Ltd. As consideration, the Company issued an aggregate of 61,000,000 ordinary shares to the existing shareholders.
- On 16 February 2018 Richard Allely was appointed as a director of the Company. Richard Allely is Chairman of the board.
- On 16 February 2018, the Company lodged a Prospectus for the Initial Public Offering of Ordinary Shares with the Australian Securities and Investments Commission (ASIC) and on 20 February 2018, applied to the Australian Securities Exchange (ASX) for admission to the official and quotation of the Shares on the ASX.
- The initial public offering was fully subscribed, which is expected to result in proceeds of \$7,000,000.
- On 17 April 2018 Craig Bottomley was appointed as a director of the Company.
- On 27 April 2018 the board approved for share options to be granted under four different arrangements. The details can be found on page 2 of the Director's Report. In addition, 400,000 ordinary shares at \$0.50 per share are to be issued to advisor DFK Richard Hill in lieu of services provided.

Other than the items detailed above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

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DIRECTORS' REPORT

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

Dividends paid during or declared since the start of the period were nil (2016: nil)

Options

Subsequent to period end on 27 April 2018 the board approved for the following share options to be issued:

- 3,960,171 options to cornerstone investor, Richlink, exercisable at \$1,800,000 within 3 months from listing at a discount of 7.5% on the Offer Price.
- 1,000,000 options to the chairman of the board, Richard Allely, exercisable at \$0.625 per share within 3 years from listing date.
- 400,000 options to contractor, Ovina, in four separate tranches and exercisable as follows:
 1. 100,000 options exercisable pre IPO at 50% of the share price at listing.
 2. 100,000 options exercisable within one year of listing at \$0.55 per share.
 3. 100,000 options vesting one-year post listing and exercisable within one year thereafter at an exercise price of \$0.60 per share.
 4. 100,000 options vesting two years post listing and exercisable within one year thereafter at \$0.65 per share.
- 800,000 options to Craig Bottomley, exercisable at \$0.625 per share within 3 years from listing date.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, 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 period.

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



Jinxing Zhang

Director

Sydney, 3 May 2018

STAR COMBO PHARMA LTD**ABN: 38 615 728 375****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	Half-year ended 31 Dec 2017 \$	From 4 Nov 2016 to 31 Dec 2016 \$
Revenue		-	-
Other expenses	2	(505,926)	(159,603)
Loss before income tax		(505,926)	(159,603)
Income tax expense		-	-
Loss for the period		(505,926)	(159,603)
Other comprehensive income		-	-
Total comprehensive income for the period		(505,926)	(159,603)

The accompanying notes form part of these financial statements.

STAR COMBO PHARMA LTD

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	As at 31 December 2017 \$	As at 30 June 2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1	1
Trade and other receivables	4	218,222	-
TOTAL CURRENT ASSETS		218,223	1
TOTAL ASSETS		218,223	1
LIABILITIES			
CURRENT LIABILITY			
Trade and other payables	5	1,028,810	304,662
Income tax		-	-
TOTAL CURRENT LIABILITIES		1,028,810	304,662
TOTAL LIABILITIES		1,028,810	304,662
NET LIABILITIES		(810,587)	(304,661)
EQUITY			
Issued capital	6	1	1
Accumulated losses		(810,588)	(304,662)
TOTAL EQUITY		(810,587)	(304,661)

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	Issued Capital (Ordinary Shares) \$	Accumulated Losses \$	Total \$
Balance at 1 July 2017		1	(304,662)	(304,661)
Loss after income tax for the period		-	(505,926)	(505,926)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the period		-	(505,926)	(505,926)
Balance at 31 December 2017		1	(810,588)	(810,587)
Balance at 4 November 2016		-	-	-
Contribution of equity		1	-	1
Loss after income tax for the period		-	(159,603)	(159,603)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the period		-	(159,603)	(159,603)
Balance at 31 December 2016		1	(159,603)	(159,602)

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Half-year ended 31 Dec 2017 \$	From 4 Nov 2016 to 31 Dec 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (Inclusive of GST)		-	-
Payments to suppliers and employees		-	-
Income tax paid		-	-
Net cash provided by operating activities	7	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash used in investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	1
Net cash provided by financing activities		-	1
Net increase in cash held		-	1
Cash at the beginning of the financial period		1	-
Cash at end of the financial period	3	1	1

The accompanying notes form part of these financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The directors have prepared these interim financial statements on the basis that the company 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 needs of members.

The interim financial statements have been prepared in accordance with 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.

Basis of preparation

The interim 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.

Critical accounting estimates

The preparation of the interim 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 interim financial statements are disclosed in the related accounting policies.

b. Income Tax

The income tax expense for the period comprises current income tax expense and deferred tax expense.

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 are therefore measured at the amounts expected to be paid to the relevant taxation authority.

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

Current and deferred income tax expense 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.

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

c. **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.

d. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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.

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.

e. **Impairment**

At the end of each reporting period, the company 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).

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Impairment (continued)

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.

f. 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.

g. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

NOTE 2: EXPENSES

	Half-year Ended 31 December 2017	4 November 2016 to 31 December 2016
	\$	\$
Loss before income tax includes the following specific expenses:		
Professional fees	505,926	159,603

Professional fees have been incurred in relation to the planned Initial Public Offering of the Company.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2017**

NOTE 3: CASH AND CASH EQUIVALENTS

	As at 31 December 2017	As at 30 June 2017
	\$	\$
Cash on hand	1	1
Total cash and cash equivalents	1	1

NOTE 4: TRADE AND OTHER RECEIVABLES

	As at 31 December 2017	As at 30 June 2017
	\$	\$
CURRENT		
Related party receivables	218,222	-
Total trade and other receivables	218,222	-

NOTE 5: TRADE AND OTHER PAYABLES

	As at 31 December 2017	As at 30 June 2017
	\$	\$
CURRENT		
Other liabilities	218,222	-
Related party payables	810,588	304,662
Total trade and other payables	1,028,810	304,662

NOTE 6: ISSUED CAPITAL

	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	No. Shares	No. Shares	\$	\$
Fully paid ordinary shares	1	1	1	1

STAR COMBO PHARMA LTD**ABN: 38 615 728 375****NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2017****NOTE 7: CASH FLOW INFORMATION**

	Half-year Ended 31 December 2017	4 November 2016 to 31 December 2016
	\$	\$
Reconciliation of Cash Flows from Operating Activities with loss after Income Tax		
Loss after income tax	(505,926)	(159,603)
Changes in assets and liabilities:		
- Increase in payables	724,148	159,603
- Increase in receivables	(218,222)	-
Net cash from operating activities	-	-

NOTE 7: COMPANY DETAILS

The registered office and principal place of business of the company is:

Star Combo Australia Pty Ltd

171-177 Woodpark Road, Smithfield NSW 2164

NOTE 8: EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The following events took place subsequent to 31 December 2017:

- On 2 February 2018, YanZhen Song resigned as a director of the Company.
- On 5 February 2018 the Company acquired 100% of the share capital of Star Combo Australia Pty Ltd and Costar Pharma Laboratory Pty Ltd. As consideration, the Company issued an aggregate of 61,000,000 to the existing shareholders.
- On 16 February 2018 Richard Allely was appointed as a director of the Company. Richard Allely is Chairman of the board.
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- On 17 April 2018 Craig Bottomley was appointed as a director of the Company.
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Other than the items detailed above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that these special purpose interim financial statements should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. the interim financial statements and notes, as set out on pages 3 to 11, present fairly the company's financial position as at 31 December 2017 and its performance for the half-year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
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.

Director



Jinxing Zhang

Dated this

3

day of

May

2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Star Combo Pharma Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Star Combo Pharma Ltd (the Company), which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year period then ended, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company does not present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the period ended on that date, in accordance with the accounting policies described in Note 1.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the accounting policies described in Note 1 and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not presented fairly, in all material respects, in accordance with the accounting policies described in Note 1. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Grant Saxon', with a stylized flourish at the end.

Grant Saxon
Partner

Sydney, 3 May 2018