



**STAR COMBO PHARMA LTD AND CONTROLLED ENTITIES**  
**ABN 39 615 728 375**

**APPENDIX 4D**  
**HALF YEARLY REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

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## STAR COMBO PHARMA LTD AND CONTROLLED ENTITIES

### APPENDIX 4D HALF YEAR REPORT

#### Under ASX Listing Rule 4.2A

For the half year ended 31 December 2020

#### 1. Company details

Name of entity: STAR COMBO PHARMA LTD AND CONTROLLED ENTITY  
ABN: 38 615 728 375  
Current period: 1 July 2020 to 31 December 2020  
Previous corresponding period: 1 July 2019 to 31 December 2019

#### 2. Results for announcement to the market

	Half year ended 31 December 2020 \$	Half year ended 31 December 2019 \$	Change %
Revenue	14,671,568	21,117,718	-31%
Operating profit/(loss) after tax from ordinary activities attributable to owners	530,397	(1,232,589)	143%
Total comprehensive income attributable to the shareholders of Star Combo Pharma Limited	514,931	(1,231,134)	142%

For further commentary on the results for the period please refer to the attached Directors' Report and Financial Statements including the Notes to the Financial Statements lodged with the ASX.

#### 3. Dividends

The directors have recommended that no dividend was paid for the period.

#### 4. Net tangible assets per ordinary share

	31 December 2020 \$	31 December 2019 \$
Net asset backing per ordinary share	\$ 0.331	\$ 0.215
Net tangible asset backing per ordinary share	\$ 0.242	\$ 0.205

**STAR COMBO PHARMA LTD AND CONTROLLED ENTITIES**  
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**For the half year ended 31 December 2020**

**5. Audit**

This report is based on accounts that have been subject to review.

**6. Investments in associates and joint ventures**

Not applicable.

Signed By:

A handwritten signature in black ink, appearing to read 'Allely', with a large, stylized loop at the beginning.

Richard Allely – Chairman  
23 February 2021

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## DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Star Combo Pharma Limited and its controlled entities for the Half Year ended 31 December 2020.

### Directors

The following persons were directors of the Group during the period and until the date of this report:

Non-executive Chairman - Mr Richard Allely  
 Executive Director - Mr Jinxing Zhang  
 Executive Director - Miss Su Zhang  
 Non-executive Director – Dr Ziye Sui  
 Non-executive Director – Ms Wei Han  
 Non Executive Director – Mr Jialong Ding

### Principal Activities

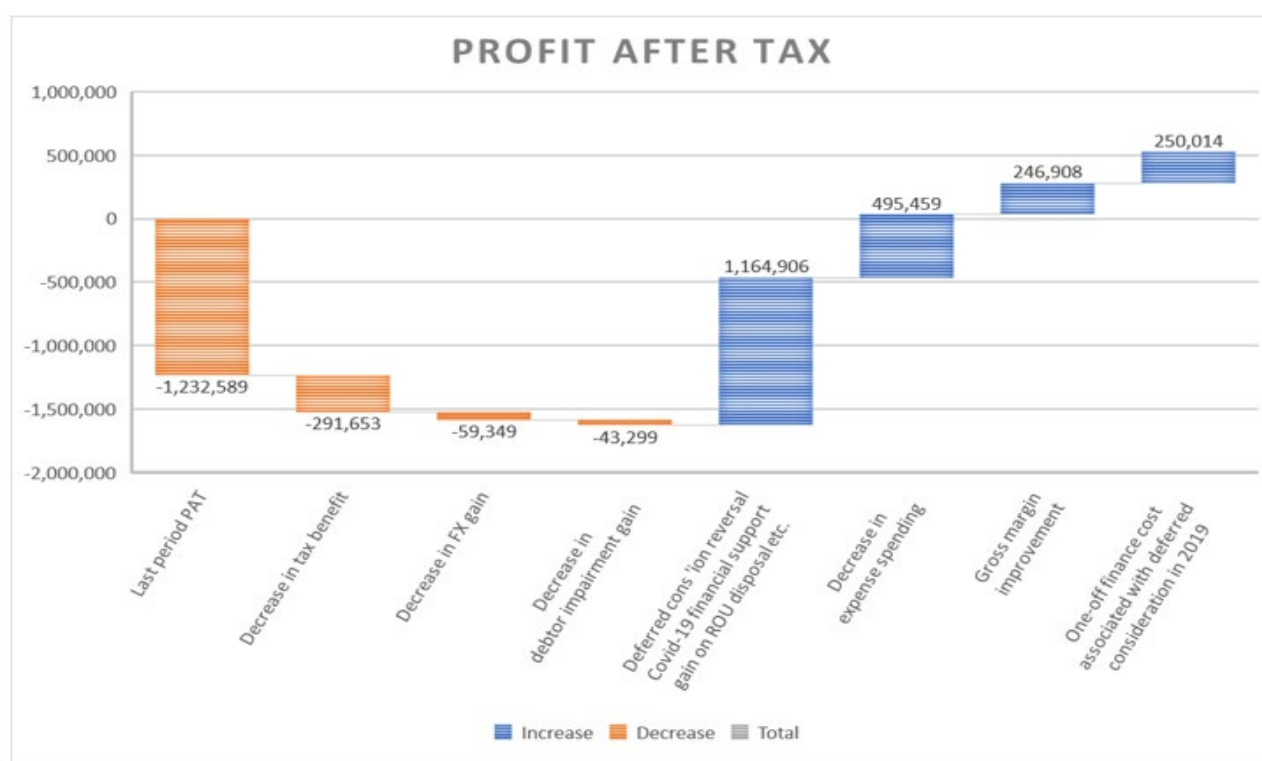
The principal activities of the Group during the half year period were the manufacture and distribution of health food products and nutritional supplements. No significant change in the nature of the Group activities occurred during the period.

### Review of operations

The group achieved a profit after income tax of \$530.4k compared to a loss after income tax of \$1,232.6k in the prior comparable period ("pcp").

The most significant reasons for the improvement were the increase in gross margin on sales to \$1,799.1k (2019: \$1,552.2k), the reduction in expenses to \$2,423.9k (2019: \$2,919.4k), reversal of provision for deferred consideration, government financial support, gain on ROU assets disposal and the one-off finance costs relating to deferred consideration not repeated in the current period.

The below waterfall chart shows the movements in relevant items from the loss after tax of \$1,232.6k in 1H FY20 to the profit after tax of \$530.4k in 1H FY21.



## STAR COMBO PHARMA LTD (ABN: 39 615 728 375) AND CONTROLLED ENTITIES

### DIRECTORS' REPORT

The December 2019 report noted significant one off costs in the half year ended 31 December 2019 which have not been repeated in 1H FY21.

The increase in the gross margin on sales has been achieved despite the reduced revenue from sales as indicated in the following table.

Segment Name	Half Year ended 31 Dec 2020	Half Year ended 31 Dec 2019	Growth %
Star Combo	\$7,132k	\$6,185k	15.3%
Austoyou and Koala Mall	\$8,729k	\$14,958k	-41.6%
<b>Total Group Revenue and Other Income</b>	<b>\$15,861k</b>	<b>\$21,143k</b>	<b>-25.0%</b>

The Company's retail division (Austoyou.com and Koala Mall) has been affected by the COVID-19 environment, and its impact on customer behavior and supply chains. Retail revenues are likely to rebuild as "COVID-normal" practices support greater consumer confidence and the restoration of traditional sales channels, particularly into China.

During the period, Star Combo continued to progress its contract manufacturing (OEM) expansion strategy, delivering a solid revenue performance. For the half year, the contract manufacturing segment delivered 22% of Star Combo's total revenue (up from 17% in pcp), as we continued to win new OEM customers and has remained resilient in the face of COVID-19 challenges.

In the second quarter, Star Combo successfully won a new manufacturing contract with Chemist Warehouse. While this contract is not of a significant size in the initial stages, it is expected to make a growing financial contribution to the group's revenue from H2 FY21 and beyond. It is also indicative of the momentum Star Combo is having in selling its enhanced contract manufacturing offering to an expanded customer base.

To further support growth of its contract manufacturing segment, Star Combo also successfully extended its TGA manufacturing licence to cover the production of liquids, a growing form of health supplements for many brand owners. This now allows the group to offer a full-service manufacturing offering to its clients and is expected to open up new market opportunities. Additionally during H1 FY21, the group received an A-grade rating for the Milk Powder Facility from the NSW Department of Primary Industries Food Authority. This will be an important operational and marketing feature for new customers.

During the half year the group commenced two significant capital projects being the acquisition of land at 165 Woodpark Road and the expansion and upgrade of facilities at 171 Woodpark Road.

The company purchased land located at 165 Woodpark Road, Smithfield, New South Wales for \$3.7 million and \$0.2 million associated costs. The site which is located adjacent to the Company's existing Therapeutic Goods Administration (TGA) licensed manufacturing facility totals 3700m<sup>2</sup> and when developed will accommodate a modern, purpose built R&D and Test Laboratory Centre which supports the company's strategy to become a leading OEM supplier of premium vitamins & dietary supplements, primarily in the Australian market.

The expansion and upgrade of the group's manufacturing capabilities at its wholly-owned TGA-licensed nutraceutical manufacturing site at 171 Woodpark Road, Smithfield, New South Wales commenced during the period. The expansion plans involve upgrading the existing facility and the installation of 13 new production lines.

The capital investment of circa \$11 million will enable Star Combo to cost effectively address the growing demand in both local and overseas markets for Australian made premium vitamins and dietary supplements. Approximately \$5 million will be invested to upgrade the existing manufacturing plant and a further \$6 million for the acquisition and installation of additional plant to establish 13 new production lines. The project commenced in September 2020 and will be completed within two years. This investment is the result of extensive due diligence and evaluation of growth options, and is expected to deliver a substantial ROI with a full return on investment within three years of the lines being in production.

DIRECTORS' REPORT

**Significant changes in the state of affairs**

As indicated above, during the half year, the company commenced two significant development projects. These projects will significantly upgrade the groups manufacturing capabilities and capacity in pursuit of its strategy to become a major OEM supplier.

There have not been any other significant changes in the state of affairs of the group.

**Outlook**

Star Combo's business strategy in FY21 remains focused on growing its contract manufacturing operations and achieving ongoing operational efficiencies in its retail division.

**Dividends**

No dividends have been paid or declared during the period.

**Matters subsequent to the end of the financial period**

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs.

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2020 has been received and can be found on page 7 of the financial report.

**Directors' Declaration**

This report is signed in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Act.

On behalf of the Directors



Richard Allely

**Chairman**

23 February 2021

## **DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF STAR COMBO PHARMA LIMITED**

As lead auditor for the review of Star Combo Pharma Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Star Combo Pharma Limited and the entities it controlled during the period.



**Ryan Pollett**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 23 February 2021

**STAR COMBO PHARMA LTD (ABN: 39 615 728 375) AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

		<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		\$	\$
	<b>Note</b>		
Revenue	3	14,671,568	21,117,718
Other income	3	1,121,033	24,017
Interest income	3	68,799	909
Cost of sales		(12,872,459)	(19,565,517)
Impairment gain on trade receivables		40,553	83,852
Distribution expense		(20,721)	(24,470)
Marketing and selling costs		(364,772)	(553,288)
Administrative expenses		(2,038,407)	(2,341,601)
Finance costs		(74,955)	(324,969)
Foreign exchange loss		(83,085)	(23,736)
<b>Profit/(loss) before income tax</b>		<b>447,554</b>	<b>(1,607,085)</b>
Income tax benefit		82,843	374,496
<b>Profit/(loss) for the period</b>		<b>530,397</b>	<b>(1,232,589)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation of foreign operations		(15,466)	1,455
<b>Total comprehensive income attributable to Members of Star Combo Pharma Ltd</b>		<b>514,931</b>	<b>(1,231,134)</b>
<b>Earnings per share</b>		Cents	Cents
Basic earnings/(loss) per share (cents)		0.004	(0.01)
Diluted earnings/(loss) per share (cents)		0.004	(0.01)

The accompanying notes on pages 12 to 19 form part of these financial statements.



**STAR COMBO PHARMA LTD (ABN: 39 615 728 375) AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

		31 Dec 2020	30 June 2020
		\$	\$
<b>ASSETS</b>	<b>Note</b>		
<b>Current assets</b>			
Cash and cash equivalents	5	5,004,899	26,600,929
Term deposit investment		15,015,252	-
Trade and other receivables		3,267,182	2,525,281
Inventories		4,831,405	5,379,458
Current tax assets		284,596	172,217
Receivables due to share reductions		-	420,306
Other assets		112,662	241,419
<b>Total current assets</b>		<b>28,515,996</b>	<b>35,339,610</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	9,423,339	5,418,713
Intangible assets and goodwill		9,040,461	9,229,706
Right-of-use assets	4	2,876,881	3,267,522
Deferred tax assets		1,378,864	1,460,629
<b>Total non-current assets</b>		<b>22,719,545</b>	<b>19,376,570</b>
<b>Total assets</b>		<b>51,235,541</b>	<b>54,716,180</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		2,707,193	2,818,767
Lease liabilities		141,465	180,892
Deferred consideration	1 (D)	-	1,037,710
Borrowings		18,890	484,558
Current tax liabilities		37,725	-
Provisions		164,893	142,528
<b>Total current liabilities</b>		<b>3,070,166</b>	<b>4,664,455</b>
<b>Non-current liabilities</b>			
Lease liabilities		2,966,343	3,362,219
Borrowings		85,469	1,586,293
Provisions		32,832	27,154
Deferred tax liabilities		487,521	577,475
<b>Total non-current liabilities</b>		<b>3,572,165</b>	<b>5,553,141</b>
<b>Total liabilities</b>		<b>6,642,331</b>	<b>10,217,596</b>
<b>Net assets</b>		<b>44,593,210</b>	<b>44,498,584</b>
<b>EQUITY</b>			
Issued capital	6	67,322,394	67,742,699
Group reorganisation reserve		(25,498,900)	(25,498,900)
Share based payment reserve	7	1,020,412	1,020,412
FX reserve		(15,908)	(442)
Retained earnings		1,765,212	1,234,815
<b>Total equity</b>		<b>44,593,210</b>	<b>44,498,584</b>

The accompanying notes on pages 12 to 19 form part of these financial statements.

**STAR COMBO PHARMA LTD (ABN: 39 615 728 375) AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	<b>Ordinary share capital</b>	<b>Group Reorganisation reserve</b>	<b>Share Based Payment reserve</b>	<b>Foreign Currency Translation reserve</b>	<b>Retained earnings</b>	<b>Total Equity</b>
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>42,760,064</b>	<b>(25,498,900)</b>	<b>1,436,855</b>	<b>1,035</b>	<b>1,372,121</b>	<b>20,071,765</b>
Impact of adoption of AASB 16 Leases	-	-	-	-	(205,061)	(205,061)
Foreign Currency Translation Reserve	-	-	-	1,455	-	1,455
Loss after income tax for the period	-	-	-	-	(1,232,589)	(1,232,589)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,455</b>	<b>(1,232,589)</b>	<b>(1,231,134)</b>
Transactions with equity holders in their capacity as owners:						
Shares cancelled	-	-	(416,443)	-	416,443	-
<b>Balance at 31 December 2019</b>	<b>42,760,654</b>	<b>(25,498,900)</b>	<b>1,020,412</b>	<b>2,490</b>	<b>350,914</b>	<b>18,635,570</b>
<b>Balance at 1 July 2020</b>	<b>67,742,699</b>	<b>(25,498,900)</b>	<b>1,020,412</b>	<b>(442)</b>	<b>1,234,815</b>	<b>44,498,584</b>
Foreign Currency Translation Reserve	-	-	-	(15,466)	-	(15,466)
Profit after income tax for the period	-	-	-	-	530,397	530,397
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,466)</b>	<b>530,397</b>	<b>514,931</b>
Transactions with equity holders in their capacity as owners:						
Shares cancelled	(420,305)	-	-	-	-	(420,305)
<b>Balance at 31 December 2020</b>	<b>67,322,394</b>	<b>(25,498,900)</b>	<b>1,020,412</b>	<b>(15,908)</b>	<b>1,765,212</b>	<b>44,593,210</b>

The accompanying notes on pages 12 to 19 form part of these financial statements.

**STAR COMBO PHARMA LTD (ABN: 39 615 728 375) AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (Inclusive of GST)		15,456,064	23,540,839
Payments to suppliers and employees (Inclusive of GST)		(15,849,918)	(23,950,143)
Interest and other income received		102,138	24,926
Interest and other financial cost paid		(7,583)	(31,971)
Government grant and financial support		231,462	-
Income tax paid		-	(62,924)
<b>Net cash used in operating activities</b>		<b>(67,837)</b>	<b>(479,273)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	4	(4,112,985)	(1,787,447)
Payments for intangible assets		-	(64,092)
Term deposit investment		(15,015,252)	-
Payments for net NFP of the acquisition		(268,134)	(324,481)
Payments for financial assets		-	(132,990)
<b>Net cash used in investing activities</b>		<b>(19,396,371)</b>	<b>(2,309,010)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	708,799
Repayments of borrowings		(1,966,492)	(3,296)
Repayments of lease liabilities		(97,957)	(184,731)
Interest paid on lease liabilities		(67,373)	-
<b>Net cash (used in)/from financing activities</b>		<b>(2,131,822)</b>	<b>520,772</b>
Net decrease in cash and cash equivalents		(21,596,030)	(2,267,511)
Cash at the beginning of the financial period		26,600,929	4,621,024
<b>Cash and cash equivalents at end of the financial period</b>		<b>5,004,899</b>	<b>2,353,513</b>

The accompanying notes on pages 12 to 19 form part of these financial statements.

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

**(A) REPORTING ENTITY**

Star Combo Pharma Limited (the Company) is a listed public company limited by shares, incorporated and domiciled in Australia.

The consolidated half year financial report as at and for the six months ended 31 December 2020 comprise the Company and its subsidiaries (the Group). The financial statements are presented in Australian dollars, which is Group's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors on 23 February 2021.

**(B) BASIS OF PREPARATION**

**Statement of compliance**

This consolidated interim financial report is a general purpose financial statement that have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these half year financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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.

**(C) SIGNIFICANT ACCOUNTING POLICIES**

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

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2020. Any new, revised or amending Accounting Standards or Interpretations that are not mandatory yet have not been early adopted.

**(D) CHANGES IN ESTIMATES**

The deferred consideration represents the part of purchase consideration for the acquisition of Austoyou business. The deferred consideration is a level 3 recurring fair value measurement. It is based on future period's NPAT as estimated by the management.

Group's retail division, Austoyou Business, was affected by international border closures and decreased tourism in Australia. It is likely the year 2 deferred consideration not to be payable based on year 2's NPAT estimated by the management. Of the \$857k Year 2 deferred consideration recognized at 30 June 2020, \$88k has been paid and the remaining \$769k has been released to income as management has decreased year 2 deferred consideration to \$nil at 31 December 2020.

**NOTE 2 – OPERATING SEGMENTS**

During the half year ended 31 December 2020, the Group operated in two operating segments being Star Combo the business of development, manufacturing, marketing and sales of natural health supplements and skin care products, and Austoyou retail business made up of the Australia-China e-commerce platform that offers over 5,000 high-demand product lines directly to Chinese health product consumers; and Koala Mall's two retail stores in Sydney. The Group considers Austoyou and Koala Mall as one segment due to their operations consisting mainly in retail business and the common business platform shared by the two. The Group has sold to both Australian and China markets during the current half year period and the half year ended 31 December 2019.

**Segment information**

(i) *Segment performance*

	Star Combo business \$	Austoyou retail \$	Total \$
<b>31 December 2020</b>			
<b>Revenue and other income</b>			
External sales	6,120,306	8,551,262	14,671,568
Interest revenue	68,799	-	68,799
Change of estimates of deferred consideration	769,576	-	769,576
Government financial support	137,816	93,645	231,461
Gain on disposal of ROU assets	-	68,766	68,766
Rental and other income	35,660	15,570	51,230
<b>Total segment revenue and other income</b>	<b>7,132,157</b>	<b>8,729,243</b>	<b>15,861,400</b>
<b>Total group revenue and other income</b>	<b>7,132,157</b>	<b>8,729,243</b>	<b>15,861,400</b>
Segment net profit/(loss) from continuing operations	908,881	(201,464)	707,417
- depreciation and amortisation	(223,720)	(36,143)	(259,863)
<b>Segment net profit/(loss) from continuing operations before tax</b>	<b>685,161</b>	<b>(237,607)</b>	<b>447,554</b>
Reconciliation of segment result to group net profit/loss before tax			
i. Amounts not included in segment result but reviewed by the Board:			
- corporate charges			-
ii. Unallocated items:			
- others			-
<b>Net profit before tax from continuing operations</b>			<b>447,554</b>

NOTE 2 – OPERATING SEGMENTS (CONTINUED)

(i) *Segment performance (Continued)*

	Star Combo business \$	Austoyou retail \$	Total \$
<b>31 December 2019</b>			
<b>Revenue</b>			
External sales	6,160,518	14,957,200	21,117,718
Interest revenue	909	-	909
Other revenue	23,335	682	24,017
<b>Total segment revenue</b>	<b>6,184,762</b>	<b>14,957,882</b>	<b>21,142,644</b>
<b>Total group revenue</b>	<b>6,184,762</b>	<b>14,957,882</b>	<b>21,142,644</b>
 Segment net profit/(loss) from continuing operations	 (1,702,861)	 525,601	 1,177,260
- depreciation and amortisation	(387,430)	(42,395)	(429,825)
<b>Segment net profit/(loss) from continuing operations before tax</b>	<b>(2,090,291)</b>	<b>483,206</b>	<b>(1,607,085)</b>
Reconciliation of segment result to group net profit/loss before tax			
i. Amounts not included in segment result but reviewed by the Board:			
- corporate charges			-
ii. Unallocated items:			
- others			-
<b>Net loss before tax from continuing operations</b>			<b>(1,607,085)</b>

NOTE 2 – OPERATING SEGMENTS (CONTINUED)

(ii) *Segment assets*

	31 Dec 2020			30 June 2020		
	Star Combo business	Austoyou retail	Total	Star Combo business	Austoyou retail	Total
	\$	\$	\$	\$	\$	\$
<b>Segment assets</b>						
Segment assets	41,600,278	8,256,399	<b>49,856,677</b>	44,431,197	8,824,354	<b>53,255,551</b>
include						
Reconciliation of segment assets to group assets						
Intersegment eliminations						
Unallocated assets:						
- deferred tax assets			1,378,864			1,460,629
<b>Total group assets</b>			<b>51,235,541</b>			<b>54,716,180</b>

(iii) *Segment liabilities*

	31 Dec 2020			30 June 2020		
	Star Combo business	Austoyou retail	Total	Star Combo business	Austoyou retail	Total
	\$	\$	\$	\$	\$	\$
<b>Segment liabilities</b>						
Segment liabilities	5,687,711	467,099	<b>6,154,810</b>	8,883,012	757,110	<b>9,640,122</b>
include						
Reconciliation of segment assets to group liabilities						
Intersegment eliminations						
Unallocated liabilities:						
- deferred tax liabilities			487,521			577,475
<b>Total group liabilities</b>			<b>6,642,331</b>			<b>10,217,597</b>

# STAR COMBO PHARMA LTD (ABN: 39 615 728 375) AND CONTROLLED ENTITIES

## Note 3: REVENUE AND OTHER INCOME

	Consolidated Group	
	Half year ended 31 Dec 2020	Half year ended 31 Dec 2019
	\$	\$
Sales of goods	14,671,568	21,117,718
Other income	1,121,033	24,017
Interest income	68,799	909
<b>Total revenue and other income</b>	<b>15,861,400</b>	<b>21,142,644</b>

### Other income

Other income represents \$769k reversal of provision for deferred consideration, \$231k Australian government financial support packages, \$69k gain on disposal of ROU assets, and \$52k rent and other income.

### Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under AASB 15
Star Combo manufactured products	Customers obtain control of products when the goods are delivered to their premises. Invoices are generated at that point in time. Invoices are paid within the agreed trading terms. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.	Revenue is recognised when the goods are delivered to the customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.
Austoyou retail products	The goods are delivered to the customers by a third-party delivery company after the customer confirms the order and makes payment. Customers obtain control of products when the goods are dispatched from the Group's warehouse. Customers pay the delivery costs and track the delivery through the delivery company's website with a tracking reference number. If the goods lost in transit, the delivery company provide a certain amount of compensation to the customer up to a capped amount.	Revenue is recognised when the goods are dispatched from the Group's warehouse.
Revenue from contracts with customers (Terry White Chemmart)	Star Combo has an agreed arrangement to sell the Living Healthy Brand in Australia exclusively through Terry White Chemmart's nominated distributor.	Revenue is recognised when the goods are dispatched from Star Combo's warehouse.



# STAR COMBO PHARMA LTD (ABN: 39 615 728 375) AND CONTROLLED ENTITIES

## NOTE 3 – REVENUE AND OTHER INCOME (CONTINUED)

### Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market (country or region). Revenue has been disaggregated on the basis of the economic factors that arise from operating in more than one geographical market.

	Half year ended 31 Dec 2020		Half year ended 31 Dec 2019	
	Star Combo	Austoyou retail	Star Combo	Austoyou retail
AUD \$				
<b>Revenue</b>				
Australia	5,991,956	2,586,560	6,060,994	4,420,680
China	128,350	5,694,702	99,524	10,536,520
<b>Total revenue</b>	<b>6,120,306</b>	<b>8,551,262</b>	<b>6,160,518</b>	<b>14,957,200</b>

### Note 4: SIGNIFICANT ASSETS ADDITION AND DISPOSAL

The Group completed the purchase of land located at 165 Woodpark Road, Smithfield New South Wales for \$3.7 million and \$0.2 million other associated costs. The site totals 3700m<sup>2</sup> and is located adjacent to the Group's existing Therapeutic Goods Administration (TGA) licensed manufacturing facility.

One of the Koala Mall's rental lease for retail premises completed during the period and a new contract was entered into. The existing lease was estimated to terminate on 25 October 2030. The completion of this lease resulted in a disposal of \$265,243 right-of-use assets and \$337,344 lease liability. A new six months leased was entered for the period from 26 October 2020 to 25 April 2021. The new lease term is less than 12 month and has been accounted as a short-term lease. The remaining balance of the lease assets and lease liabilities have been derecognised. The lease payments for the short-term lease has been accounted as an expenses on straight-line basis over the lease term.

### Note 5: FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, account receivable and payable, deferred consideration and leases. The totals for each category of financial instruments are as follows:

	Consolidated Group	
	31 Dec 2020	30 June 2020
	\$	\$
<b>Financial assets</b>		
<b>Amortised costs</b>		
Cash and cash equivalents	5,004,899	26,600,929
Term deposit investment	15,015,252	-
Trade and receivables	3,267,182	2,525,281
<b>Total financial assets at amortised cost</b>	<b>23,287,333</b>	<b>29,126,210</b>
<b>Financial liabilities</b>		
<b>Other financial liabilities at amortised cost</b>		
Trade and payables	2,707,193	2,818,767
Deferred consideration (Note1(D))	-	1,037,710
Borrowings	104,359	2,070,851
Finance lease liabilities	3,107,808	3,543,111
<b>Total other financial liabilities at amortised cost</b>	<b>5,919,360</b>	<b>9,470,439</b>

**Note 6: ISSUED CAPITAL**

	<b>Consolidated Group</b>	
	<b>31 Dec 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
134,792,469 fully paid ordinary shares (30 June 2020: 135,616,601)	<b>67,322,394</b>	<b>67,742,699</b>

	<b>Value of Shares</b>	<b>Number of Shares</b>
	<b>\$</b>	
<b>Movement in fully paid ordinary shares</b>		
<b>Opening balance at 1 July 2019</b>	42,760,654	86,616,601
Capital raising costs on private placement to Goldenmax	(8,337,955)	-
Issue of shares on private placement to Goldenmax	33,320,000	49,000,000
<b>Closing balance at 30 June 2020</b>	<b>67,742,699</b>	<b>135,616,601</b>
<b>Opening balance at 1 July 2020</b>	<b>67,742,699</b>	<b>135,616,601</b>
Shares cancelled	(420,305)	(824,132)
<b>Closing balance at 31 December 2020</b>	<b>67,322,394</b>	<b>134,792,469</b>

The resolution was passed at the Company AGM held on 24 November 2020 that 494,479 shares in the Company issued to DW & RL Pty Ltd and 329,653 shares in the Company issued to Liang Zuo pursuant to the Austoyou Group Pty Ltd and Kola Mall Pty Ltd Share Sales and Purchase Agreement dated 5 February 2019 to be cancelled and the capital of the Company to be reduced accordingly.

# STAR COMBO PHARMA LTD (ABN: 39 615 728 375) AND CONTROLLED ENTITIES

## Note 7: SHARE OPTIONS RESERVES:

	Share options numbers	Share options reserve \$
Balance at 1 July 2019	3,300,000	1,436,855
Exercised	-	-
Expired	(1,190,000)	(416,443)
Balance at 30 June 2020	<b>2,110,000</b>	<b>1,020,412</b>
Balance at 1 July 2020	2,110,000	1,020,412
Exercised	-	-
Expired	-	-
Balance at 31 December 2020	<b>2,110,000</b>	<b>1,020,412</b>

## Note 8: COMMITMENTS

### Commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Consolidated Group	
	2020	2019
	\$	\$
Expansion of Smithfield manufacturing facility	3,993,264	-
Milk formula powder production line	152,843	-
<b>Total capital commitments</b>	<b>4,146,107</b>	-

### Contingencies

There are no contingent liabilities or assets that require disclosure in the financial statements at 31 December 2020 (2019: None).

## Note 9: Events after the balance sheet date

There are no matters or circumstances that have arisen since the half year ended on 31 December 2020 which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

**DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australia Accounting Standard AASB 134 "Interim Financial Reporting", the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Allely', with a large, stylized loop at the beginning.

Richard Allely  
23 February 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Star Combo Pharma Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Star Combo Pharma Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

### **BDO Audit Pty Ltd**

BDO  


Ryan Pollett  
Director

Sydney, 23 February 2021