

The background of the cover features a close-up, high-angle shot of numerous yellow, oval-shaped capsules scattered across a white surface. A large, dark blue circular graphic, composed of several concentric arcs, overlaps the right side of the image, creating a modern, professional look.

Star Combo Pharma Limited

—— Australia ——

2023

Half Year Report

ASX: S66



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

APPENDIX 4D
HALF YEARLY REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

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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 2022

1. Company details

Name of entity: STAR COMBO PHARMA LTD AND CONTROLLED ENTITY
ABN: 38 615 728 375
Current period: 1 July 2022 to 31 December 2022
Previous corresponding period: 1 July 2021 to 31 December 2021

2. Results for announcement to the market

	Half year ended 31 December 2022 \$	Half year ended 31 December 2021 \$	Change %
Revenue	11,572,850	11,774,235	(1.7%)
Operating profit/(loss) after tax from ordinary activities attributable to owners	(4,362,403)	(997)	(100%)
Total comprehensive income attributable to the shareholders of Star Combo Pharma Limited	(2,610,894)	6,476	(100%)

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 2022 \$	31 December 2021 \$
Net asset backing per ordinary share	\$ 0.25	\$ 0.268
Net tangible asset backing per ordinary share	\$ 0.24	\$ 0.251

STAR COMBO PHARMA LTD AND CONTROLLED ENTITIES
APPENDIX 4D HALF YEAR REPORT
For the half year ended 31 December 2022

5. Audit

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

6. Investments in associates and joint ventures

On 1 November 2022 Star Combo Pharma Limited sold 49% of the issued shares in AustoYou Group Pty Limited. The interests of the new minority shareholder for the period are shown in the attached Financial Report.

Signed By:

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

Richard Allely – Chairman
24 February 2023

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

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 2022.

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 (Resigned on 24th August 2022)
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 core business (Manufacturing & Distribution) performed very well for 1HFY23 with revenues up \$1.72 million to \$9.24 million or 18.6% compared to the previous corresponding period. Underpinning this growth was the expansion of our client base combined with the development of a number of new products. The OEM division continued to perform well, delivering revenue growth of \$1.47 million to \$6.5million in 1HFY23 up 29% compared with the same period last year (1HFY22 \$5.03M). The Group revenue of \$11.71M for 1HFY23 was down 5% on the previous corresponding period due to the downturn in the Retail division.

Notwithstanding the solid operating performance of the Group in 1HFY23, the Group incurred a loss in total comprehensive income of \$2.7million, primarily due to the write down of assets (\$4.41 million) that were destroyed as the result of a factory fire in October 2022. The Australian Accounting Standards require the company to write down the carrying value of these destroyed assets pending the outcome of a (yet to be determined) insurance claim. The proceeds of this claim (when finalised) will be brought to account and will represent an offset to this write down to the extent of the amount received. This asset write down is partly offset by the revaluation amount of \$1.6million of land owned at 165 Woodpark Road, Smithfield.

The following table shows the movement in group revenues from 1HFY22 to 1HFY23:

Segment Name	1HFY23 Half Year ended 31 Dec 2022	1HFY22 Half Year ended 31 Dec 2021	+ / (-) %
Manufacturing Sales Revenue – OEM	6,505,960	5,030,042	29%
Manufacturing Sales Revenue – Own brands and other	2,735,431	2,487,048	10%
Retail Sales - Austoyou and Koala Mall	2,331,459	4,257,145	(45)%
Interest and Other Revenue	142,570	576,163	(75)%
Total Group Sales and Other Revenue	11,715,420	12,350,398	(5)%

On a more positive note, the Group has renewed a 24-month exclusive distribution agreement with a leading Vietnamese distributor (Happy Service Co Ltd) in August 2022. The agreement is for the sale and distribution of the Company's proprietary health supplement product line, Costar, throughout Vietnam. The agreement has a minimum order quantity and provides Star Combo with direct access to the growing Vietnamese market via Happy Co's well established and extensive distribution channels.

DIRECTORS' REPORT

The Group's retail division (Austoyou.com and Koala Mall) has incurred losses during the last few years, partly due to Covid19, but also as a result of a move to online Vs in-store purchases. As a result, the Group decided to close the one remaining retail shop of Koala Mall and sell 49% of the Retail Division, which was completed in November 2022. All retail sales are now online and the retail division is now profitable.

During the period the Group continued its capital investment at 165 Woodpark Road, Smithfield NSW 2164 and has now received approval from the Cumberland City council for its Development Application. The site will host a multi-level complex and purpose-built R&D and Test Laboratory Facility, and when completed, will enable the Group to extend its service offering and support to existing OEM customers. It will significantly enhance the Group's capability to develop new and innovative products to address the growing demand in both local and overseas markets for vitamins and dietary supplements.

Significant changes in the state of affairs

As noted above, during 1HFY23, the Group continued its investment in the development of 165 Woodpark Road, Smithfield NSW 2164. This investment (when completed) will significantly upgrade the groups manufacturing capabilities and capacity in pursuit of its strategy to become a major OEM supplier.

As noted above, the Group suffered the impact of a factory fire which caused substantial damage to property and equipment. This fire occurred on 16th October 2022 and while it is the subject of an insurance claim we are fortunate that there were no injuries on the site. The Group was able to continue its manufacturing operations as "Business as Usual"

As noted above the Group has sold 49% of the Retail division (Austoyou & Koala Mall) in November 2022 and closed the last remaining retail shop in order to restore the divisions profitability.

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

Outlook

The Group's business strategy in FY23 remains focused on growing its contract manufacturing operations, successfully commissioning additional manufacturing capacity at Smithfield and restoring revenues and 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 2022 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 2022 has been received and can be found on page 8 of the financial report.

DIRECTORS' 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

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

Richard Allely

Chairman

24 February 2023

G. C. C. Business & Assurance Pty Ltd

ABN 61 105 044 862

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AUDITOR'S INDEPENDENCE DECLARATION

STAR COMBO PHARMA LIMITED AND ITS CONTROLLED ENTITIES

ABN 39 615 728 375

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001.

In accordance with s 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Star Combo Pharma Limited. As the lead auditor for the review of Star Combo Pharma Limited and its controlled entities for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

GCC Business + Assurance Pty Ltd
Graeme Green

.....
GCC Business and Assurance Pty Limited
Graeme Green FCA
Director
(Authorised Audit Company No. 307963)

Dated: 1 February, 2023

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 2022

		31 Dec 2022	31 Dec 2021
		\$	\$
	Note		
Revenue	3	11,572,850	11,774,235
Other income	3	120,058	545,283
Interest income	3	22,512	30,880
Cost of sales		(9,585,324)	(10,224,392)
Impairment gain on trade receivables		-	46,316
Distribution expense		(31,942)	(13,088)
Marketing and selling costs		(262,865)	(311,770)
Administrative expenses		(1,605,366)	(1,864,150)
Impairment loss		(4,412,660)	-
Finance costs		(15,802)	(20,264)
Foreign exchange gain/(loss)		(32,885)	(10,065)
Profit/(loss) before income tax		(4,231,425)	(26,885)
Income tax expense		(130,978)	25,888
Loss for the period		(4,362,403)	(997)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation of foreign operations		8,137	7,473
Property valuation, net of tax (\$535,591)		1,606,774	-
Total comprehensive income for the year		(2,747,491)	6,476
Total comprehensive income attributable to Non-Controlling Interest		(136,597)	-
Total comprehensive income attributable to Members of Star Combo Pharma Ltd		(2,610,894)	6,476
Earnings per share			
		Cents	Cents
Basic earnings/(loss) per share (cents)		(0.032)	(0.001)
Diluted earnings/(loss) per share (cents)		(0.032)	(0.001)

The accompanying notes on pages 13 to 20 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 2022

		31 Dec 2022	30 June 2022
		\$	\$
ASSETS	Note		
Current assets			
Cash and cash equivalents	5	2,586,233	4,392,498
Term deposit investment		6,000,000	6,000,000
Trade and other receivables	5	3,245,071	3,179,315
Inventories		4,394,307	5,372,069
Current tax assets		86,115	-
Other assets		153,921	136,503
Total current assets		16,465,647	19,080,386
Non-current assets			
Property, plant and equipment	4	18,327,641	19,097,845
Intangible assets and goodwill		693,428	699,838
Right-of-use assets		3,524,007	3,642,794
Deferred tax assets		778,572	922,508
Total non-current assets		23,323,648	24,362,985
Total assets		39,789,295	43,443,371
LIABILITIES			
Current liabilities			
Trade and other payables		2,284,197	3,587,884
Lease liabilities		113,076	134,695
Borrowings		58,536	35,199
Provisions		238,433	250,104
Total current liabilities		2,694,243	4,007,882
Non-current liabilities			
Lease liabilities		3,812,013	3,871,892
Borrowings		-	79,530
Provisions		63,784	58,466
Deferred tax liabilities		542,802	20,569
Total non-current liabilities		4,418,599	4,030,457
Total liabilities		7,112,841	8,038,339
Net assets		32,676,454	35,405,032
EQUITY			
Issued capital	6	67,292,416	67,215,513
Group reorganisation reserve		(25,498,900)	(25,498,900)
Share based payment reserve	7	738,760	752,260
Other reserve		1,606,774	(8,137)
Retained earnings		(11,633,360)	(7,055,704)
Total Equity attributable to members of Star Combo Pharma Ltd		32,505,690	35,405,032
Non-Controlling Interest		170,764	-
Total equity		32,676,454	35,405,032

The accompanying notes on pages 13 to 20 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 2022**

	Ordinary share capital	Group Reorganisation reserve	Share Based Payment reserve	Other Reserve	Retained earnings	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	67,322,394	(25,498,900)	891,321	(10,166)	(6,511,916)	36,192,733
Foreign Currency Translation Reserve	-	-	-	7,473	-	7,473
Profit after income tax for the period	-	-	-	-	(997)	(997)
Total comprehensive income for the period	-	-	-	7,473	(997)	(6,476)
Share options issued	-	-	13,500	-	-	13,500
Shares cancelled	(106,880)	-	-	-	-	(106,880)
Balance at 31 December 2021	67,215,514	(25,498,900)	904,821	(2,693)	(6,512,913)	36,105,829
Balance at 1 July 2022	67,215,514	(25,498,900)	752,260	(8,137)	(7,055,704)	35,405,033
Foreign Currency Translation Reserve	-	-	-	8,137	-	8,137
Asset revaluation reserve	-	-	-	1,606,774	-	1,606,774
Loss after income tax for the period	-	-	-	-	(4,362,403)	(4,362,403)
Total comprehensive income for the period	-	-	-	1,614,911	(4,362,403)	(2,747,491)
Transactions with equity holders in their capacity as owners:						
Share options issued	-	-	13,500	-	13,500	-
Share issued	77,000	-	-	-	-	77,000
Shares cancelled	-	-	-	-	-	-
Retained earning adjustment	-	-	-	-	(57,990)	(57,990)
Non-Controlling interest	(98)	-	-	-	-	(98)
Balance at 31 December 2022	67,292,416	(25,498,900)	738,760	1,606,774	(11,462,597)	32,676,454

The accompanying notes on pages 13 to 20 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 2022

	Note	31 Dec 2022	31 Dec 2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (Inclusive of GST)		13,399,650	15,166,704
Payments to suppliers and employees (Inclusive of GST)		(13,443,389)	(14,020,764)
Interest and other income received		22,512	104,517
Interest and other financial cost paid		(4,669)	(17,144)
Government grant and financial support		-	337,347
Income tax paid		449,077	-
Net cash used in operating activities		423,181	1,570,660
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	4	(2,069,430)	(5,086,521)
Payments for intangible assets		-	-
Term deposit investment		-	(10,050,411)
Payments for net NFP of the acquisition		-	-
Refund for option fee		-	22,000
Net cash used in investing activities		(2,069,430)	(15,114,932)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayments of borrowings		(56,193)	(16,132)
Repayment of lease liabilities		(81,497)	(71,499)
Interest paid on lease liabilities		(99,228)	(78,702)
Proceeds from issue of shares		76,903	-
Net cash (used in)/from financing activities		(160,015)	(166,333)
Net decrease in cash and cash equivalents		(1,806,265)	(13,710,605)
Cash at the beginning of the financial period		4,392,498	17,322,493
Cash and cash equivalents at end of the financial period		2,586,233	3,611,888

The accompanying notes on pages 13 to 20 form part of these financial statements

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

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 2022 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 22 February 2023.

(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 2022 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 2022. Any new, revised or amending Accounting Standards or Interpretations that are not mandatory yet have not been early adopted.

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

NOTE 2 – OPERATING SEGMENTS

During the half year ended 31 December 2022, 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. 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 2022.

Segment information

(i) Segment performance

	Star Combo business	Austoyou retail	Total
	\$	\$	\$
31 December 2022			
Revenue and other income			
External sales	9,229,135	2,331,459	11,560,594
Intersegment sales	12,256	-	12,256
Interest revenue	22,512	-	22,512
Rental and other income	100,676	19,382	120,058
Total segment revenue and other income	9,364,579	2,350,841	11,715,420
Total group revenue and other income	9,364,579	2,350,841	11,715,420
Segment net profit/(loss) from continuing operations	492,951	(262,458)	230,493
- depreciation and amortisation	(45,201)	(4,057)	(49,258)
-Impairment	(4,412,660)	-	(4,412,660)
Segment net profit/(loss) from continuing operations before tax	(3,964,910)	(266,514)	(4,231,425)
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			-
Net profit before tax from continuing operations			(4,231,425)

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

NOTE 2 – OPERATING SEGMENTS (CONTINUED)

(i) *Segment performance (Continued)*

	Star Combo business	Austoyou retail	Total
	\$	\$	\$
31 December 2021			
Revenue and other income			
External sales	7,517,090	4,257,145	11,774,235
Interest revenue	30,880	-	30,880
Government financial supports	262,182	75,165	337,347
Loss on disposal of assets	(2,144)	-	(2,144)
Rental and other income	202,498	7,582	210,080
Total segment revenue and other income	8,010,506	4,339,892	12,350,398
 Total group revenue and other income	 8,010,506	 4,339,892	 12,350,398
 Segment net profit/(loss) from continuing operations	 608,066	 (387,732)	 220,334
- depreciation and amortisation	(224,926)	(22,293)	(247,219)
Segment net profit/(loss) from continuing operations before tax	383,140	(410,025)	(26,885)
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			-
Net profit before tax from continuing operations			(26,885)

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

NOTE 2 – OPERATING SEGMENTS (CONTINUED)

(ii) *Segment assets*

	31 Dec 2022			30 June 2022		
	Star Combo business	Austoyou retail	Total	Star Combo business	Austoyou retail	Total
	\$	\$	\$	\$	\$	\$
Segment assets						
Segment assets include	38,524,521	486,202	39,010,723	41,296,074	1,224,789	42,520,863
Reconciliation of segment assets to group assets						
Intersegment eliminations						
Unallocated assets:						
- deferred tax assets			778,572			922,508
Total group assets			<u>39,789,295</u>			<u>43,443,371</u>

(iii) *Segment liabilities*

	31 Dec 2022			30 June 2022		
	Star Combo business	Austoyou retail	Total	Star Combo business	Austoyou retail	Total
	\$	\$	\$	\$	\$	\$
Segment liabilities						
Segment liabilities include	6,432,536	137,504	6,570,040	7,487,586	530,184	8,017,770
Reconciliation of segment assets to group liabilities						
Intersegment eliminations						
Unallocated liabilities:						
- deferred tax liabilities			542,802			20,569
Total group liabilities			<u>7,112,841</u>			<u>8,038,339</u>

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 2022	Half year ended 31 Dec 2021
	\$	\$
Sales of goods	11,572,850	11,774,235
Other income	120,058	545,283
Interest income	22,512	30,880
Total revenue and other income	11,715,420	12,350,398

Other income

Other income represents \$120,000 rental 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. 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.
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 2022		Half year ended 31 Dec 2021	
	Star Combo	Austoyou retail	Star Combo	Austoyou retail
AUD \$				
Revenue				
Australia	8,748,424	148,514	7,291,925	547,868
China	492,967	2,182,946	225,165	3,709,277
Total revenue	9,241,391	2,331,459	7,517,090	4,257,145

Note 4: SIGNIFICANT ASSETS ADDITION AND WRITE OFF

The Group has made progress on its site update and expansion to its manufacturing facilities at Factory #2 171-177 Woodpark Road, Smithfield New South Wales. The Group invested in the facilities improvements amounting to \$2.06million for Work In Progress during the period from July to December 2022. Unfortunately, major fire occurred on 16th October 2022 in factory #2 and causing the factory #2 improvement and equipment damage of \$4.41million. Fortunately no injuries were sustained. Star Combo has written off the \$4.41million damaged improvement and equipment in the half year report. The insurance claim is in progress.

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 2022	30 June 2022
	\$	\$
Financial assets		
Amortised costs		
Cash and cash equivalents	2,586,233	4,392,498
Term deposit investment	6,000,000	6,000,000
Trade and receivables	3,245,071	3,179,315
Total financial assets at amortised cost	11,831,304	13,571,813
Financial liabilities		
Other financial liabilities at amortised cost		
Trade and payables	2,284,197	3,587,884
Borrowings	58,536	114,729
Finance lease liabilities	3,925,089	4,006,586

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

Total other financial liabilities at amortised cost	6,267,822	7,709,199
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Note 6: ISSUED CAPITAL

	Consolidated Group	
	31 Dec 2022	30 June 2022
	\$	\$
135,082,901 fully paid ordinary shares (30 June 2022: 134,582,901)	67,292,416	67,215,513

	Value of Shares	Number of Shares
	\$	
Movement in fully paid ordinary shares		
Opening balance at 1 July 2022	67,215,514	134,582,901
Closing balance at 31 December 2022	67,292,416	135,082,901
Opening balance at 1 July 2022	67,215,514	134,582,901
New share issued	77,000	500,000
Non-Controlling Interest	(98)	-
Closing balance at 31 December 2022	67,292,416	135,082,901

Star Combo entered a 12-month distribution agreement with a leading Vietnamese distributor in August 2021. The distributor performed ahead of expectations, reaching the 12-month sales target of \$1.0million. Based on the agreement, Star Combo issued 500,000 shares to the distributor with the issue price \$0.154 per share on 4th July 2022.

In order to boost the group subsidiary ATY & KOM's performance, Star Combo has sold ATY & KOM's 49% of shares to its manager for a consideration of \$100,000 in Sep 2022.

Note 7: SHARE OPTIONS RESERVES

	Share options numbers	Share options reserve \$
Balance at 1 July 2021	1,110,000	891,321
Granted to non-employee	500,000	13,500
Exercised	-	-
Foreited	(190,000)	(152,561)
Balance at 30 June 2022	1,420,000	752,260
Balance at 1 July 2022	1,420,000	752,260
Granted	-	-
Exercised by non-employee	(500,000)	(13,500)
Expired	-	-
Balance at 31 December 2022	920,000	738,760

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

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	
	31/12/2022	30/06/2022
	\$	\$
Expansion of Smithfield manufacturing facility	-	-
Property, plant, and equipment	-	464,650
Total capital commitments	-	464,650

Contingencies

a) Contingent Liabilities

From time to time, and in the ordinary course of business, claims arise against the group including claims relating to product and general liability. The Directors consider these claims to be minor which will not materially affect the results of the Group.

b) Contingent Asset

The financial statements include a write-down of assets (\$4.41million) that were destroyed as the result of the Factory #2 fire in October 2022. The Australian Accounting Standards require the group to write down the carrying value of these destroyed assets pending the outcome of a (yet to be determined) insurance claim. The proceeds of this claim (when finalised) will be brought to account and will represent an offset to this write down to the extent of the amount received.

Note 9: EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances have arisen since the half year ended on 31 December 2022 which have significantly affected or may significantly affect the operations of the Group, the results of those of those operations, or the state of affairs of the Group in future financial periods.

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

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 2022 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
24 February 2023

STAR COMBO PHARMA LIMITED AND CONTROLLED ENTITIES
ABN 39 615 728 375

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 accompanying half-year financial report of Star Combo Pharma Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as of 31 December, 2022, the consolidated statement of profit and 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, and notes to the financial statements, including a summary 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 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 2022 and of its financial performance for the half-year then ended: and
- ii. complying with Accounting Standards AASB134 *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 Company in accordance with 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 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 *Corporations Act 2001*, which has been given to the directors of the Company, would be on the same terms if given to the directors as at the time of this auditor's review report.

G. C. C. Business & Assurance Pty Ltd

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 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 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 2022 and its 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.

G C C Business + Assurance Pty Ltd

GCC Business and Assurance Pty Ltd
Authorised Audit Group No. 307963



Graeme Green
Director

Dated: 24 February, 2023