



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

APPENDIX 4D
HALF YEARLY REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

TABLE OF CONTENTS

Appendix 4D half year report	2
Directors' report	4
Auditor's independence declaration	7
Financial statements	8
Directors' declaration	20
Independent auditor's review report	21

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 2021

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 2021
Previous corresponding period: 1 July 2019 to 31 December 2020

2. Results for announcement to the market

	Half year ended 31 December 2021	Half year ended 31 December 2020	Change %
	\$	\$	
Revenue	11,774,235	14,671,568	-20%
Operating profit/(loss) after tax from ordinary activities attributable to owners	(997)	530,397	-100%
Total comprehensive income attributable to the shareholders of Star Combo Pharma Limited	6,476	514,931	-99%

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 2021	31 December 2020
	\$	\$
Net asset backing per ordinary share	\$ 0.268	\$ 0.331
Net tangible asset backing per ordinary share	\$ 0.251	\$ 0.264

STAR COMBO PHARMA LTD AND CONTROLLED ENTITIES
APPENDIX 4D HALF YEAR REPORT
For the half year ended 31 December 2021

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 initial 'A' that loops back.

Richard Allely – Chairman
23 February 2022

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 2021.

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 Ziyi 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

During the half, Star Combo continued to grow the manufacturing business securing new clients and expanding existing relationships, with increased order books and new products being developed to fulfil orders. The OEM division performed strongly and aligned to expectations, OEM revenue totalled \$5.03M in 1H22 up 32.4% compared with the same period last year (1H21 \$3.8M). Group revenue was \$12.4M for the half (1H21 \$15.9M).

The group incurred a loss after income tax of \$1.0k compared to a profit after income tax of \$530.4k in the prior comparable period (“pcp”).

The most significant reason for the deterioration in the group financial performance is the continuing impact of COVID-19 on the retail and online business.

Offsetting this is a strong growth in Star Combo revenue particularly in the OEM sector and savings in marketing and administration and other costs.

The following table shows the movement in group revenues from 1HFY21 to 1HFY22:

Sector Name	1HFY22 Half Year ended 31 Dec 2021	1HFY21 Half Year ended 31 Dec 2020	+ / (-) %
Manufacturing Sales Revenue – OEM	5,030,042	3,799,922	32.4%
Manufacturing Sales Revenue – Own brands and other	2,487,048	2,320,384	7.2%
Retail Sales - Austoyou and Koala Mall	4,257,145	8,551,262	(50.2)%
Interest and Other Revenue	576,163	1,189,832	(51.6)%
Total Group Sales and Other Revenue	12,350,398	15,861,400	(22.1)%

As the Company's manufacturing division continued to grow, Star Combo received its largest OEM order to date for \$5.0M from a leading Australian health supplement brand. The order was for the manufacture of approximately 290 million bulk capsules to be completed by the end of the third quarter of FY22.

DIRECTORS' REPORT

Additionally, Star Combo's relationship with Terry White Chemmart (TWC) continued to strengthen. Star Combo has developed a number of new supplement formulations with two new products to be launched within TWC channels. Star Combo has also commenced working with TWC's Personal Care business and the Company will supply five Living Healthy supplement products in bulk capsule, for the division to use in its individual client supplement program.

In October Star Combo received a new order for \$0.5M with Chemist Warehouse as the relationship continues to strengthen. The total order book value with Chemist Warehouse is now \$1.5M for financial year 2022.

New opportunities opened-up overseas in the half with Star Combo signing a 12-month exclusive distribution agreement with leading Vietnamese distributor Happy Co Ltd. 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 of \$1.0M and provides Star Combo with direct access to the growing Vietnamese market via Happy Co's well established and extensive distribution channels. Vietnam's health supplement market is estimated to be worth circa \$800M and is growing rapidly due to an increasing middle class and an aging population.

Supply chain limitations which have arisen due to COVID related events, restricted the pace at which the Company could execute some orders.

The Company's retail division (Austoyou.com and Koala Mall) continues to be affected by the COVID-19 environment, and its impact on customer behavior and supply chains. The Daigou market has all but disappeared and international visitation has stopped. New South Wales, being the main place of the operation for the business has been in lockdowns for over three months during the period. Previous expectations of the renewal of Retail revenues at the end of the "COVID pandemic" have not come to fruition in the first half of 2022.

During the period the Company continued its two significant capital projects being development of the site at 165 Woodpark Road and the expansion and upgrade of facilities at 171 Woodpark Road.

Star Combo received approval from the Cumberland City council for its Development Application at 165 Woodpark Road, Smithfield, New South Wales in September. The site will host a multi-level complex and purpose-built R&D and Test Laboratory Facility, and once complete will enable Star Combo to extend its service offering and support their existing OEM customers. It will significantly enhance the Company's capability to develop new and innovative products to address the growing demand in both local and overseas markets for vitamins and dietary supplements.

The Company also applied for TGA approval to extend the scope of its existing manufacturing license to cover building 3 at 171-177 Woodpark Road Smithfield. TGA approval was granted in late November after a rigorous inspection process. The approval means that the building can be used for storage of TGA manufactured products at the site, increasing the Company's production capacity.

Star Combo is making good progress on its site update and expansion to its manufacturing facilities at 171 Woodpark Road. The Company expects the expansion of the facilities to be completed this year.

The material reduction in Interest and Other Revenue year on year reflects reduced Government Covid support and reduced interest rates.

Significant changes in the state of affairs

As indicated above, during the half year, the Company continued 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.

DIRECTORS' REPORT

Outlook

Star Combo's business strategy in FY22 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 2021 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 2021 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 2022

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF STAR COMBO PHARMA LIMITED AND ITS CONTROLLED ENTITIES

As lead auditor for the review of Star Combo Pharma Limited and its controlled entities for the half-year ended 31 December 2021, 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 2022

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 2021**

		31 Dec 2021	31 Dec 2020
		\$	\$
	Note		
Revenue	3	11,774,235	14,671,568
Other income	3	545,283	1,121,033
Interest income	3	30,880	68,799
Cost of sales		(10,224,392)	(12,872,459)
Impairment gain on trade receivables		46,316	40,553
Distribution expenses		(13,088)	(20,721)
Marketing and selling costs		(311,770)	(364,772)
Administrative expenses		(1,864,150)	(2,038,407)
Finance costs		(20,264)	(74,955)
Foreign exchange gain/(loss)		10,065	(83,085)
(Loss)/Profit before income tax		(26,885)	447,554
Income tax benefit		25,888	82,843
(Loss)/Profit for the period		(997)	530,397
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation of foreign operations		7,473	(15,466)
Total comprehensive income attributable to Members of Star Combo Pharma Ltd		6,476	514,931
Earnings per share			
		Cents	Cents
Basic (loss)/earnings per share (cents)		(0.001)	0.004
Diluted (loss)/earnings per share (cents)		(0.001)	0.004

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 2021

		31 Dec 2021	30 June 2021
		\$	\$
ASSETS	Note		
Current assets			
Cash and cash equivalents	5	3,611,888	17,322,493
Financial assets - term deposit		10,050,411	-
Trade and other receivables	4	6,618,666	4,403,962
Inventories		4,870,710	4,502,506
Current tax assets		41,179	41,179
Other assets		153,001	156,662
Total current assets		25,345,855	26,426,803
Non-current assets			
Property, plant and equipment	4	11,703,650	10,586,788
Intangible assets and goodwill		2,324,199	2,513,444
Right-of-use assets		2,796,952	2,898,122
Deferred tax assets		878,036	896,937
Total non-current assets		17,702,837	16,895,291
Total assets		43,048,692	43,322,094
LIABILITIES			
Current liabilities			
Trade and other payables		3,069,560	3,138,534
Lease liabilities		146,647	142,997
Borrowings		33,201	31,566
Provisions		235,062	233,542
Total current liabilities		3,484,470	3,546,639
Non-current liabilities			
Lease liabilities		2,929,927	3,005,075
Borrowings		98,123	115,890
Provisions		53,679	40,298
Deferred tax liabilities		376,664	421,460
Total non-current liabilities		3,458,393	3,582,723
Total liabilities		6,942,863	7,129,362
Net assets		36,105,829	36,192,732
EQUITY			
Issued capital	6	67,215,514	67,322,394
Group reorganisation reserve		(25,498,900)	(25,498,900)
Share based payment reserve	7	904,821	891,321
FX reserve		(2,693)	(10,166)
Accumulated losses		(6,512,913)	(6,511,916)
Total equity		36,105,829	36,192,732

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 2021

	Ordinary share capital	Group Reorganisation reserve	Share Based Payment reserve	Foreign Currency Translation reserve	Accumu- lated Losses	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	67,742,699	(25,498,900)	1,020,412	(442)	1,234,815	44,498,584
Foreign Currency Translation Reserve	-	-	-	(15,466)	-	(15,466)
Profit after income tax for the period	-	-	-	-	530,397	530,397
Total comprehensive income for the period	-	-	-	(15,466)	530,397	514,931
Transactions with equity holders in their capacity as owners:						
Shares cancelled	(420,305)	-	-	-	-	(420,305)
Balance at 31 December 2020	67,322,394	(25,498,900)	1,020,412	(15,908)	1,765,212	44,593,210
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
Loss after income tax for the period	-	-	-	-	(997)	(997)
Total comprehensive income for the period	-	-	-	7,473	(997)	6,476
Transactions with equity holders in their capacity as owners:						
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

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 2021

	Note	31 Dec 2021	31 Dec 2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (Inclusive of GST)		15,166,704	15,456,064
Payments to suppliers and employees (Inclusive of GST)		(14,020,764)	(15,849,917)
Interest and other income received		104,517	102,138
Interest and other financial cost paid		(17,144)	(7,583)
Government grant and financial support		337,347	231,462
Income tax paid		-	-
Net cash froms/(used in) operating activities		1,570,660	(67,837)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	4	(5,086,521)	(4,112,985)
Term deposit investment		(10,050,411)	(15,015,252)
Payments for net NFP of the acquisition		-	(268,134)
Refund for option fee		22,000	-
Net cash used in investing activities		(15,114,932)	(19,396,372)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(16,132)	(1,966,492)
Repayment of lease liabilities		(71,499)	(97,057)
Interest paid on lease liabilities		(78,702)	(67,373)
Net cash used in financing activities		(166,333)	(2,131,822)
Net decrease in cash and cash equivalents		(13,710,605)	(21,596,030)
Cash at the beginning of the financial period		17,322,493	26,600,929
Cash and cash equivalents at end of the financial period		3,611,888	5,004,899

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 2021 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 2022.

(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 2021 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 2021. Any new, revised or amending Accounting Standards or Interpretations that are not mandatory yet have not been early adopted.

NOTE 2 – OPERATING SEGMENTS

During the half year ended 31 December 2021, 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 retail store 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 2020.

Segment information

(i) *Segment performance*

	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 assests	(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)

(i) *Segment performance (Continued)*

	Star Combo business	Austoyou retail	Total
	\$	\$	\$
31 December 2020			
Revenue and other income			
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 supports	137,816	93,645	231,461
Gain on disposal of ROU assests	-	68 766	68,766
Rental and other income	35,660	15,570	51,230
Total segment revenue and other income	7,132,157	8,729,243	15,861,400
Total group revenue and other income	7,132,157	8,729,243	15,861,400
Segment net profit/(loss) from continuing operations	908,881	(201,464)	707,417
- depreciation and amortisation	(223,720)	(36,143)	(259,863)
Segment net profit/(loss) from continuing operations before tax	685,161	(237,607)	447,554
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			447,554

NOTE 2 – OPERATING SEGMENTS (CONTINUED)

(ii) *Segment assets*

	31 Dec 2021			30 June 2021		
	Star Combo business	Austoyou retail	Total	Star Combo business	Austoyou retail	Total
	\$	\$	\$	\$	\$	\$
Segment assets						
Segment assets include	40,665,638	1,505,018	42,170,656	40,460,050	1,969,946	42,429,996
Reconciliation of segment assets to group assets						
Intersegment eliminations						
Unallocated assets:						
- deferred tax assets			878,036			896,937
Total group assets			<u>43,048,692</u>			<u>43,626,933</u>

(iii) *Segment liabilities*

	31 Dec 2021			30 June 2021		
	Star Combo business	Austoyou retail	Total	Star Combo business	Austoyou retail	Total
	\$	\$	\$	\$	\$	\$
Segment liabilities						
Segment liabilities include	6,026,945	539,254	6,566,199	6,099,398	613,343	6,712,741
Reconciliation of segment assets to group liabilities						
Intersegment eliminations						
Unallocated liabilities:						
- deferred tax liabilities			376,664			421,460
Total group liabilities			<u>6,942,863</u>			<u>7,134,201</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 2021	Half year ended 31 Dec 2020
	\$	\$
Sales of goods	11,774,235	14,671,568
Other income	545,283	1,121,033
Interest income	30,880	68,799
Total revenue and other income	12,350,398	15,861,400

Other income

Other income represents \$337k Australian government financial support packages, \$107k shares cancellation for the business combination, \$74k rent and other 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 2021		Half year ended 31 Dec 2020	
	Star Combo	Austoyou retail	Star Combo	Austoyou retail
AUD \$				
Revenue				
Australia	7,291,925	547,868	5,991,956	2,423,523
China	225,165	3,709,277	128,350	6,127,739
Total revenue	7,517,090	4,257,145	6,120,306	8,551,262

Note 4: SIGNIFICANT ASSETS ADDITION AND FACILITIES EXPANSION

The Group has made progress on its site update and expansion to its manufacturing facilities at 171-177 Woodpark Road, Smithfield New South Wales. The Group invested in the facilities improvements amounting to \$1.2m for Work In Progress and \$3.9m for deposits paid during the period from July to December 2021.

Note 5: FINANCIAL INSTRUMENTS

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

	Consolidated Group	
	31 Dec 2021	30 June 2021
	\$	\$
Financial assets		
<i>Amortised costs</i>		
Cash and cash equivalents	3,611,888	17,322,493
Term deposit investment	10,050,411	-
Trade and receivables	6,618,667	4,403,962
Total financial assets at amortised cost	20,280,966	21,726,455
Financial liabilities		
<i>Other financial liabilities at amortised cost</i>		
Trade and payables	3,069,561	3,138,534
Borrowings	131,324	147,456
Finance lease liabilities	3,076,574	3,148,072
Total other financial liabilities at amortised cost	6,277,459	6,434,062

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

Note 6: ISSUED CAPITAL

	Consolidated Group	
	31 Dec 2021	30 June 2021
	\$	\$
134,582,901 fully paid ordinary shares (30 June 2021: 134,792,469)	67,215,513	67,322,393
	Value of Shares	Number of Shares
Movement in fully paid ordinary shares	\$	
Opening balance at 1 July 2020	67,322,394	134,792,469
Closing balance at 30 June 2021	67,322,394	134,792,469
Opening balance at 1 July 2021	67,322,394	134,792,469
Shares cancelled	(106,880)	(209,568)
Closing balance at 31 December 2021	67,215,514	134,582,901

The resolution was passed at the Company AGM held on 23 November 2021 that 127,741 shares in the Company issued to DW & RL Pty Ltd and 83,827 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.

Note 7: SHARE OPTIONS RESERVES:

	Share options numbers	Share options reserve \$
Balance at 1 July 2020	2,110,000	1,020,412
Exercised	-	-
Expired	(1,000,000)	(129,091)
Balance at 30 June 2021	1,110,000	891,321
Balance at 1 July 2021	1,110,000	891,321
Granted	500,000	13,500
Exercised	-	-
Expired	-	-
Balance at 31 December 2021	1,610,000	904,821

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	
	2021	2020
	\$	\$
Expansion of Smithfield manufacturing facility	1,751,100	3,993,264
Milk formula powder production line	-	152,843
Total capital commitments	1,751,100	4,146,107

Contingencies

There are no contingent liabilities or assets that require disclosure in the financial statements at 31 December 2021 (2020: None).

Note 9: Events after the balance sheet date

There are no matters or circumstances have arisen since the half year ended on 31 December 2021 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.

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 2021 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 initial 'A'.

Richard Allely
23 February 2022

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 2021, 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 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 2021 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 2021 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

Ryan Pollett
Director

Sydney, 23 February 2022