



**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**CORPORATE DIRECTORY**

**Registered Office**

Suite 1, 295 Rokeby Road  
Perth WA 6008  
Australia

**Share Registry**

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth WA 6000

**Securities Exchange Listing**

ASX Limited  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

ASX Code: FGO

**Auditor**

William Buck (NSW) Pty Limited  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**  
**ABN 99 000 031 292**  
**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

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**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**DIRECTORS' REPORT**

The Directors of Fargo Enterprises Limited (formerly Flamingo AI Limited) ("the Company") and controlled entities ("the Group" or "the Consolidated Entity") submit the following report for the half year ended 31 December 2020 ("Financial Period").

**DIRECTORS**

The names and the particulars of the Directors of the Company during the half year and to the date of this report are:

<b>Name</b>	<b>Status</b>	<b>Appointed</b>
Mr Zane Lewis	Non-Executive Director	Appointed 21 November 2019
Dr Catriona Wallace	Non-Executive Director	Appointed 3 November 2016
Mr Philip Coulson	Non-Executive Director	Appointed 29 January 2021
Mr Bryn Hardcastle	Non-Executive Director	Appointed 5 March 2020, resigned 29 January 2021

**COMPANY SECRETARY**

Mr Zane Lewis (Appointed 6 February 2017)

**REVIEW AND RESULTS OF OPERATIONS**

The net loss of the Group after income tax for the half year ended 31 December 2020 amounted to \$458,738 (31 December 2019: \$2,242,780).

**REVIEW OF ACTIVITIES**

**Sale of Flamingo business unit**

As announced 26 August, 2020, the Company entered into a binding share purchase agreement ("SPA") with BDNM Investments Pty Ltd ("Purchaser") for the sale of the Company's subsidiaries Flamingo Customer Experience Inc and Flamingo Ventures Pty Ltd (the "Transaction").

The remaining condition to the completion of the Transaction is receipt of approval by FIRB (Foreign Review Investment Board). The Purchaser has advised it continues to engage with FIRB in relation to the approval.

There is a risk the Transaction may not proceed if FIRB approval is not received. In the event the Transaction does not proceed, the Company will continue to explore all options in respect of the Flamingo AI business operations. Fargo continues to operate the business with the assistance of the Purchaser, providing services to existing customers such as HSBC Australia.

In addition, the Purchaser intends to continue development of the Flamingo AI Smart Hub in line with existing customer requirements and it will promote the Smart Hub product to prospective clients in both Australia and the US.

**Future Plans**

The Company has commenced a process to look for additional assets to acquire. Shareholders should note that in accordance with ASX Guidance Note 12, ASX will generally continue quotation of the Company's securities for a six-month period to allow the Company to complete the Transaction and identify and announce a suitable new business. Depending on the timing and size of transaction, the Company may need to re-comply with Chapters 1 and 2 of the Listing Rules.

**Corporate**

On 2 November 2020, following the receipt of shareholder approval, the Company changed its name from Flamingo AI Limited to Fargo Enterprises Limited.

On 29 January 2021, Mr Phillip Coulson was appointed as a Non-Executive Director. Also on that day, Mr Bryn Hardcastle resigned as a Director.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**DIRECTORS' REPORT (CONTINUED)**

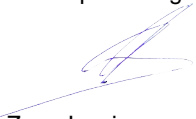
**SUBSEQUENT EVENTS**

Other than as already disclosed, there have been no matters or circumstances that have arisen since 31 December 2020 that has significantly affected, or may significantly affect the operations, the results of those operations, or the state of affairs in future financial years of the Company and Group.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration to the Directors of the Consolidated Entity on page 19 forms part of the Directors' Report for the half year ended 31 December 2020.

This report is signed in accordance with a resolution of the Board of Directors.



Zane Lewis  
Non-Executive Director

25 February 2021

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

**AND OTHER COMPREHENSIVE INCOME**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>Half year ended 31 December 2020 \$</b>	<b>Half year ended 31 December 2019 \$</b>
Other income		34,252	32,057
Amortisation and depreciation		(4,861)	-
Corporate expenses		(120,352)	(163,606)
Employee expenses		(56,946)	(36,993)
Interest expense		-	(2,826)
Office expenses		(2,474)	(14,694)
Public company expenses		(141,181)	(178,975)
Travel and entertainment		-	(46)
Loss before income tax expense		(291,562)	(365,083)
Income tax expense		-	-
<b>Loss after tax for the period from continuing operations</b>		<b>(291,562)</b>	<b>(365,083)</b>
<b>Loss for the period from discontinuing operations</b>	<b>3</b>	<b>(167,176)</b>	<b>(1,877,697)</b>
<b>Loss for the period</b>		<b>(458,738)</b>	<b>(2,242,780)</b>
<b>Other comprehensive loss for the period</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Foreign currency translation differences		(9,589)	(4,947)
<b>Total comprehensive loss for the period net of tax</b>		<b>(468,327)</b>	<b>(2,247,727)</b>
<b>Total comprehensive loss for the period attributable to:</b>			
Continuing operations		(291,562)	(365,083)
Discontinued operations		(176,765)	(1,882,644)
		<b>(468,327)</b>	<b>2,247,727</b>
<b>Other comprehensive loss for the period attributable to:</b>			
Continuing operations		-	-
Discontinued operations		(9,589)	(4,947)
		<b>(9,589)</b>	<b>(4,947)</b>
Basic and diluted loss from continuing operation per share (cents)	7	(0.02)	(0.03)
Basic and diluted loss from discontinuing operation per share (cents)	7	(0.01)	(0.16)
Combined basic and diluted loss per share (cents)		(0.03)	(0.19)

The accompanying notes form part of these financial statements.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2020**

	<b>Note</b>	<b>31 December 2020</b>	<b>30 June 2020</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		923,594	1,522,261
Trade and other receivables		29,040	23,970
Other current assets		16,887	44,242
Assets classified as held for sale	3	130,115	187,492
<b>TOTAL CURRENT ASSETS</b>		<b>1,099,637</b>	<b>1,777,965</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		10,963	16,654
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,963</b>	<b>16,654</b>
<b>TOTAL ASSETS</b>		<b>1,110,600</b>	<b>1,794,619</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		51,646	51,563
Liabilities classified as held for sale	3	51,694	423,405
<b>TOTAL CURRENT LIABILITIES</b>		<b>103,340</b>	<b>474,968</b>
<b>TOTAL LIABILITIES</b>		<b>103,340</b>	<b>474,968</b>
<b>NET ASSETS</b>		<b>1,007,260</b>	<b>1,319,651</b>
<b>EQUITY</b>			
Issued capital	4	34,997,148	34,893,595
Reserves	5	282,007	325,897
Accumulated losses		(34,271,895)	(33,899,841)
<b>TOTAL EQUITY</b>		<b>1,007,260</b>	<b>1,319,651</b>

The accompanying notes form part of these financial statements.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

	<b>Share Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Share Based Payment Reserve \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Total \$</b>
Balance as at 1 July 2020	34,893,595	(33,899,841)	575,271	(249,374)	1,319,651
Loss after tax expense for the period	-	(458,738)	-	-	(458,738)
Foreign currency translation differences	-	-	-	(9,589)	(9,589)
<b>Total comprehensive loss for the period</b>	-	(458,738)	-	(9,589)	(468,327)
Transactions with owners in their capacity as owners:					
Issue of shares	103,553	-	-	-	103,553
Transactions involving options and performance rights	-	-	52,383	-	52,383
Expiry of share based payments	-	86,684	(86,684)	-	-
<b>Balance as at 31 December 2020</b>	<b>34,997,148</b>	<b>(34,271,895)</b>	<b>540,970</b>	<b>(258,963)</b>	<b>1,007,260</b>

	<b>Share Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Share Based Payment Reserve \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Total \$</b>
Balance as at 1 July 2019	34,893,595	(31,065,412)	1,181,422	(267,492)	4,742,113
Loss after tax expense for the period	-	(2,242,780)	-	-	(2,242,780)
Foreign currency translation differences	-	-	-	(4,947)	(4,947)
<b>Total comprehensive loss for the period</b>	-	(2,242,780)	-	(4,947)	(2,247,727)
Transactions with owners in their capacity as owners:					
Transactions involving options and performance rights	-	414,350	(361,275)	-	53,075
<b>Balance as at 31 December 2019</b>	<b>34,893,595</b>	<b>(32,893,842)</b>	<b>820,147</b>	<b>(272,439)</b>	<b>2,547,461</b>

The accompanying notes form part of these financial statements.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**CONSOLIDATED STATEMENT OF CASHFLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Half year ended 31 December 2020 \$	Half year ended 31 December 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	1,425	449,752
Receipts from government grants	74,480	-
Interest received	8,224	42,212
Payments to suppliers (inclusive of GST)	(542,810)	(963,722)
Payments to employees	(128,021)	(1,871,584)
Net cash used in operating activities	<u>(586,702)</u>	<u>(2,343,342)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire plant and equipment	-	(38,480)
Proceeds from sale of plant and equipment	2,200	-
Cash flows relating to the sale of the Flamingo AI business	(10,000)	-
Net cash used in investing activities	<u>(7,800)</u>	<u>(38,480)</u>
<b>Net (decrease)/increase in cash and cash equivalents held</b>	(594,502)	(2,381,821)
Cash and cash equivalents at the beginning of period	1,522,261	5,018,109
Exchange rate changes on the balance of cash held in foreign currencies	(4,165)	15,437
<b>Cash and cash equivalents at the end of period</b>	<u><u>923,594</u></u>	<u><u>2,651,725</u></u>

The accompanying notes form part of these financial statements.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**NOTE 1: REPORTING ENTITY**

The interim financial report ("the Report") of Fargo Enterprises Limited (formerly Flamingo AI Limited) ("the Company") and its controlled entities ("the Group" or "the Consolidated Entity") for the half year ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 25 February 2021.

Fargo Enterprises Limited (formerly Flamingo AI Limited) is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The Group's registered office and principal place of business is:  
Suite 1, 295 Rokeby Road  
Perth WA 6008  
Australia

**NOTE 2: BASIS OF PREPARATION**

This Report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is 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.

The Report has been prepared on an accruals basis and is based on historical costs.

The same accounting policies and methods have been consistently applied by the Consolidated Entity in these interim financial statements as compared with the most recent annual financial statements, except as follows:

*a) Adoption of new and revised accounting standards*

In the financial period, the Consolidated Entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

No new accounting policies have been adopted since 30 June 2020 as a result of the review conducted.

*b) Going concern*

For the half year ended 31 December 2020, the Consolidated Entity recorded a loss after tax expense of \$458,738 (half year ended 31 December 2019: loss \$2,242,780), incurred net cash outflows from operating activities of \$586,702 (half year ended 31 December 2019: outflows \$2,343,342), and maintained net assets of \$1,007,260 as at that date (30 June 2019: \$1,319,651).

The financial statements have been prepared on the basis that the Consolidated Entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlements of liabilities in the normal course of business over the next 12 months period for the following reasons:

- As described in Note 3, the Group is in the process of disposing of the Company's subsidiaries Flamingo Customer Experience Inc and Flamingo Ventures Pty Ltd. The consideration for the Transaction is comprised of a \$500,000 cash payment, of which \$100,000 is to be retained under a warranty security deed for 12 months post-completion. The transaction is subject to final approval from the Foreign Review Investment Board as at the date of this report.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

- Management have considered the future capital requirements of the consolidated entity and will consider all funding and strategic options as required; and
- Management has conducted an extensive cost review and has been able to significantly reduce monthly cash utilisation needs and continues to review its cost base monthly.

Furthermore and as a result of the above, the Company continues to look for additional assets to acquire. Depending on the timing and size of transaction, the Company may need to re-comply with Chapters 1 and 2 of the Listing Rules.

The ability of the consolidated entity to continue as a going concern is dependent on:

- The successful disposal of the Company's subsidiaries and associated receipt of consideration described above;
- The successful ongoing management of the Group's working capital; and
- If necessary, securing additional funding to continue its current level of operational activities, including raising additional capital.

Should the Consolidated Entity be unsuccessful in these endeavours, it may not be able to continue as a going concern, and it could be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in these financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)****ABN 99 000 031 292****INTERIM FINANCIAL REPORT 31 DECEMBER 2020****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020****NOTE 3: DISCONTINUED OPERATIONS**

As announced on 26 August, 2020, the Company entered into a binding share purchase agreement ("SPA") with BDNM Investments Pty Ltd ("Purchaser") for the sale of the Company's subsidiaries Flamingo Customer Experience Inc and Flamingo Ventures Pty Ltd (the "Transaction").

The remaining condition to the completion of the Transaction is receipt of approval by FIRB (Foreign Review Investment Board). The Purchaser has advised it continues to engage with FIRB in relation to the approval.

There is a risk the Transaction may not proceed if FIRB approval is not received. In the event the Transaction does not proceed, the Company will continue to explore all options in respect of the Flamingo AI business operations.

As a result, the Group continues to classify the Flamingo AI business as a discontinued operation in the 31 December 2020 Interim Financial Report.

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Results of discontinued operations</b>		
Revenue	71,724	385,954
Employee Expenses	(78,558)	(1,768,287)
Other expenses	(158,341)	(495,364)
Loss before income tax	(165,176)	(1,877,697)
Income tax expense	-	-
Total Loss after tax attributable to the discontinued operations	(165,176)	(1,877,697)

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Assets and liabilities of the discontinued operations</b>		
<b>Assets</b>		
Trade and other receivables	-	20,535
Other current assets	107,019	139,018
Property, Plant and Equipment	23,096	27,939
<b>Assets classified as held for sale</b>	<b>130,115</b>	<b>187,492</b>
<b>Liabilities</b>		
Trade and other payables	26,694	186,889
Deferred Income	25,000	55,000
Borrowings	-	4,305
Employee benefits	-	177,211
<b>Liabilities classified as held for sale</b>	<b>51,694</b>	<b>423,405</b>

**Cash flow used in discontinued Operations**

Net Cash used in operating activities	447,078	2,858,215
Net Cash used in investing activities	10,000	23,816

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**NOTE 4: ISSUED CAPITAL**

	<b>31 December 2020</b>	<b>30 June 2020</b>
	\$	\$
<b>(a) Share capital</b>		
1,185,756,703 (30 June 2019: 1,120,126,765) fully paid ordinary shares	34,997,148	34,893,595
	<b>No.</b>	<b>\$</b>
<b>(b) Movement in ordinary capital</b>		
Opening balance at 1 July 2019	1,120,127,703	34,893,595
Closing balance at 30 June 2020	1,120,127,703	34,893,595
Opening balance at 1 July 2020	1,120,127,703	34,893,595
Issue of shares	65,629,000	103,553
<b>Closing balance at 31 December 2020</b>	<b>1,185,756,703</b>	<b>34,997,148</b>

**NOTE 5: RESERVES**

	<b>31 December 2020</b>	<b>30 June 2020</b>
	\$	\$
<b>(a) Reserves</b>		
Share based payment reserve	540,970	575,271
Foreign currency translation reserve	(258,963)	(249,375)
	282,007	325,896
	<b>No. of options and performance rights</b>	<b>\$</b>
<b>(b) Movement in share based payment reserve</b>		
Opening balance at 1 July 2020	51,596,867	575,271
Vesting of share based payments	-	52,383
Expiry of share based payments	(9,000,000)	(86,684)
Closing balance at 31 December 2020	42,596,867	540,970

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

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**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**NOTE 6: DIVIDENDS**

The Company did not pay or propose any dividends in the half year to 31 December 2020 (31 December 2019: nil).

**NOTE 7: LOSS PER SHARE**

The following reflects income and share data used in the calculation of basic and diluted loss per share.

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Loss for the period after income tax expense from continuing operations	(291,562)	(365,702)
Loss for the period after income tax expense from discontinuing operations	(167,176)	(1,877,077)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares in calculating basic and diluted loss per share	1,214,152,024	1,194,177,981

As at 31 December 2020, the Group had a total of 42,596,867 performance rights and options, which are considered to have a non-dilutive effect.

**NOTE 8: COMMITMENTS**

The Group has no commitments as at 31 December 2020 (30 June 2020: nil).

**NOTE 9: SEGMENT INFORMATION**

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed by the Board and management. The Consolidated Entity has one operating segment.

**NOTE 10: CONTINGENT ASSET AND LIABILITIES**

The Group has no known contingent assets or liabilities as at 31 December 2020 (30 June 2020: nil).

**NOTE 11: SUBSEQUENT EVENTS**

Other than as already disclosed, there have been no matters or circumstances that have arisen since 31 December 2020 that has significantly affected, or may significantly affect the operations, the results of those operations, or the state of affairs in future financial years of the Company and Group.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**NOTE 12: RELATED PARTY TRANSACTIONS**

During the half year ended 31 December 2020, the following related party transactions have occurred:

- As approved by shareholders at the 2020 Annual General Meeting on 30 October 2020, the Company issued shares in lieu of fees to the following:
  - 18,962,000 shares to Dr Catriona Wallace for director fees in lieu of cash; and
  - 46,667,000 shares to SmallCap Corporate Pty Ltd (an entity associated with Mr Zane Lewis) for company secretarial fees in lieu of cash.

The total value of these shares recognised is \$103,553 recognised in the consolidated statement of profit or loss and other comprehensive income as follows:

- Corporate expense - \$46,667
  - Employee expense - \$56,886
- 
- A total of \$30,672 of legal fees were incurred with HWL Ebsworth, a company related to Mr Bryn Hardcastle. As at 31 December 2020, \$5,531 remains payable (30 June 2020: \$16,130).

Other than the above, there have been no material changes to the nature of related party transactions since 30 June 2020.

**FARGO ENTERPRISES LIMITED (FORMERLY FLAMINGO AI LIMITED)**

**ABN 99 000 031 292**

**INTERIM FINANCIAL REPORT 31 DECEMBER 2020**

**DIRECTORS' DECLARATION**

The Directors of Flamingo AI Limited declare that:

1. The financial statements and notes, as set out on pages 6 to 17 are in accordance with the Corporations Act 2001 and:
  - a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the period ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



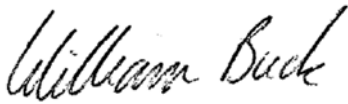
Zane Lewis  
Non-Executive Director  
25 February 2021

## Fargo Enterprises Limited

### Auditor's independence declaration under Section 307C of the Corporations Act 2001 to the shareholders

I declare that, to the best of our knowledge and belief during the half year period ended 31 December 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit



**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521



**R. Ahrens**  
Director

Sydney, 25 February 2021

#### ACCOUNTANTS & ADVISORS

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150

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**williambuck.com**

# Fargo Enterprises Limited and its controlled entities

Independent auditor's review report to shareholders

## Report on the Review of the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Fargo Enterprises Limited ("the Company") and the entities it controlled at the half-year's end ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising 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 half-year financial report of the Consolidated Entity is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134: Interim Financial Reporting, and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ACCOUNTANTS & ADVISORS

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### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the consolidated half-year financial report, which indicates that the Consolidated Entity recorded a loss after tax expense of \$458,738 (half year ended 31 December 2019: loss \$2,242,780), incurred net cash outflows from operating activities of \$586,702 (half year ended 31 December 2019: outflows \$2,343,342), and maintained net assets of \$1,007,260 as at that date (30 June 2020: \$1,319,651).

As stated in Note 2, these events or conditions, along with matters as set forth in Note 2, indicate material uncertainty exists that may cast significant doubt about the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Responsibilities of the Directors for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the consolidated 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 consolidated 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 Responsibilities for the Review of the Half-Year Financial Report**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 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.

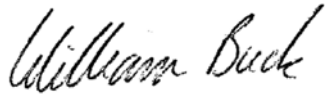
As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a consolidated half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**William Buck**  
Accountants & Advisors  
ABN 16 021 300 521



**Rainer Ahrens**  
Director

Sydney, 25 February 2021