



FUTURE FIRST
TECHNOLOGIES

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25 February 2021

ASX ANNOUNCEMENT

HALF YEAR 2021 RESULTS ANNOUNCEMENT

The future is bright

Future First Technologies Ltd (ASX: FFT) (FFT or the Company) is pleased to announce its half year results to 31 December 2020.

Highlights for the period include:

- completion of the sale of the Melbourne Consulting Business for a cash consideration of \$23m;
- acquisition of [Asset Vision](#), our cloud and mobile driven Enterprise Asset Management Platform, enabling the collaboration between infrastructure owners, operators and contractors;
- restructure of the Board to align with strategic direction and objectives;
- appointment of key operational executives to drive growth;
- completion of a selective share buy-back;
- record growth in key metrics on the farmbuy.com platform.

Subsequent to the period ending, the Company announced a follow-on investment in financial technology company, [1derful](#).

The half-year financial results are dominated by businesses that have now been divested by the Company as part of the stated go-forward strategy of driving shareholder value through the ownership, development, and commercialisation of platform technologies in growth markets.

The completion of the sale of the Melbourne Consulting Business brought to an end the transformation program that resulted in the Company returning value to its shareholders through the in-specie distribution of Tesseract Limited (ASX:TNT) shares and the selective share buy-back that was completed in November 2020.

At 31 December 2020, FFT had \$9.3m in cash reserves with no carried forward liabilities from the assets divested. The current cash reserves means the Company is well-funded, underpinning the strategic direction and future financial performance.

The company is currently pursuing a number of organic and acquisitive growth opportunities and looks forward to providing a more detailed update as these initiatives unfold.

This announcement has been authorised for release by FFT's Board of Directors.

END

1. Company details

Name of entity:	Future First Technologies Ltd
ABN:	50 164 718 361
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	56.4% to	17,573,946
Revenues from continuing operations	up	100.0% to	246,468
Loss from continuing operations after tax attributable to the members of Future First Technologies Ltd	up	33.7% to	(5,625,146)
Loss from ordinary activities after tax attributable to the members of Future First Technologies Ltd	up	97.7% to	(11,186,387)
Loss for the half-year attributable to the members of Future First Technologies Ltd	up	97.7% to	(11,186,387)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax attributable to continuing operations amounted to \$5,625,146 (31 December 2019: loss \$4,208,042).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.54</u>	<u>0.78</u>

4. Control gained over entities

Name of entities (or group of entities)	Asset Vision Pty Ltd
Date control gained	2 November 2020

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	(25,375)
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

5. Loss of control over entities

Name of entities (or group of entities)	The People segment comprising Artisan Pty Ltd, Bexton IT Services Pty Ltd, Coroma Consulting Pty Ltd, Sacon Group Pty Ltd, Seisma Pty Ltd and Systems and People Pty Ltd.
Date control lost	30 October 2020
	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	1,896,359
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)	2,827,629

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

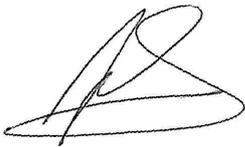
The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Report.

9. Attachments

Details of attachments (if any):

The Half Year Report of Future First Technologies Ltd for the half-year ended 31 December 2020 is attached.

10. Signed

Signed  _____

Date: 24 February 2021

Keith Falconer
Managing Director

Future First Technologies Ltd

ABN 50 164 718 361

Half Year Report - 31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Future First Technologies Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

The names of the directors in office at any time during or since the end of the half year are:

Non-Executive Directors

Renata Sguario (appointed 2 September 2019, appointed Chairperson from 28 November 2019)
Nicole Ferro (appointed 31 January 2020)
Nicholas Chan (appointed 6 August 2020)

Executive Directors

Robert Hogeland (appointed 16 August 2019, resigned 26 October 2020)
Keith Falconer (appointed 2 November 2020)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of:

- Investment in and commercialisation of digital platforms in growth markets.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Group after providing for income tax amounted to \$11,186,387 (31 December 2019: \$5,658,780).

Please refer to the accompanying commentary.

Significant changes in the state of affairs

On the 30 October 2020, the Group announced that it had successfully divested the People business to LVP Technology Services Pty Ltd for a gross cash consideration of \$23 million. As a result of the sale transaction, the financial results of the business that has been divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a financial reporting perspective.

On the 20 October 2020, the Group announced that it had executed a Business Sale and Purchase Deed ('BSPD') to acquire a 100% interest in Asset Vision. The Asset Vision platform provides a unified approach to asset inspections, maintenance and operations management in the global Enterprise Asset Management software market.

The transaction completed on the 2 November 2020. The total consideration payable under the BSPD is:

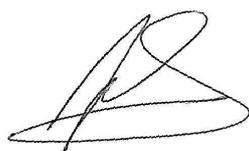
- \$4.65 million cash on completion
- 24 million fully paid ordinary shares in Future First Technologies Ltd on completion
- \$4 million in a combination of cash and shares on the 12-month anniversary from completion

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Keith Falconer
Managing Director

24 February 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FUTURE FIRST TECHNOLOGIES LIMITED**

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

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



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



GEORGE S. DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

24 February 2021

Future First Technologies Ltd

Contents

31 December 2020

Consolidated statement of profit or loss and other comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8
Directors' declaration	21
Independent auditor's report to the members of Future First Technologies Ltd	22

General information

The financial statements cover Future First Technologies Ltd as a Group consisting of Future First Technologies Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Future First Technologies Ltd's functional and presentation currency.

Future First Technologies Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 11, 410 Collins Street, Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2021.

Future First Technologies Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 \$	31 Dec 2019* \$
Revenue from continuing operations	3	246,468	-
Other income	4	794,977	1,127
Expenses			
Third party materials and labour		(10,920)	-
Acquisition expenses		(2,924,958)	(13,320)
Employee benefits expense		(1,408,584)	(716,774)
Depreciation and amortisation expense		(518,358)	(124,600)
Net fair value loss on investments		-	(1,000,000)
Other expenses		(1,086,207)	(1,492,000)
Finance costs		(205,689)	(747,493)
Loss before income tax expense from continuing operations		(5,113,271)	(4,093,060)
Income tax expense		(511,875)	(114,982)
Loss after income tax expense from continuing operations		(5,625,146)	(4,208,042)
Loss after income tax benefit from discontinued operations	5	(5,561,241)	(1,450,738)
Loss after income tax (expense)/benefit for the half-year attributable to the members of Future First Technologies Ltd		(11,186,387)	(5,658,780)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the members of Future First Technologies Ltd		<u>(11,186,387)</u>	<u>(5,658,780)</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(5,625,146)	(4,208,042)
Discontinued operations		(5,561,241)	(1,450,738)
		<u>(11,186,387)</u>	<u>(5,658,780)</u>
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the members of Future First Technologies Ltd			
Basic earnings per share		(1.22)	(1.65)
Diluted earnings per share		(1.22)	(1.65)
Earnings per share for loss attributable to the members of Future First Technologies Ltd			
Basic earnings per share		(2.42)	(2.22)
Diluted earnings per share		(2.42)	(2.22)

*The 31 December 2019 have been restated to remove discontinued operations - refer note 5

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Future First Technologies Ltd
Consolidated statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 Dec 2020	30 Jun 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		9,323,541	1,477,504
Trade and other receivables	6	243,328	7,091,955
Income tax receivable		-	359,062
Other		141,410	2,169,996
Total current assets		<u>9,708,279</u>	<u>11,098,517</u>
Non-current assets			
Investments	7	1,250,000	-
Property, plant and equipment	8	139,409	239,700
Right-of-use assets		818,216	1,087,999
Intangibles	9	14,301,517	32,998,048
Deferred tax		35,590	-
Total non-current assets		<u>16,544,732</u>	<u>34,325,747</u>
Total assets		<u>26,253,011</u>	<u>45,424,264</u>
Liabilities			
Current liabilities			
Trade and other payables		446,500	2,264,983
Lease liabilities		455,178	529,483
Income tax payable		60,263	-
Employee benefits		144,104	189,332
Deferred consideration	11	3,825,833	524,167
Other		179,727	4,091,664
Total current liabilities		<u>5,111,605</u>	<u>7,599,629</u>
Non-current liabilities			
Lease liabilities		409,950	421,965
Deferred tax		237,544	67,038
Employee benefits		25,901	60,867
Deferred consideration	12	-	144,790
Other		36,939	66,193
Total non-current liabilities		<u>710,334</u>	<u>760,853</u>
Total liabilities		<u>5,821,939</u>	<u>8,360,482</u>
Net assets		<u>20,431,072</u>	<u>37,063,782</u>
Equity			
Issued capital	14	85,025,274	90,354,877
Reserves		1,500,000	1,500,760
Accumulated losses		(66,094,202)	(54,791,855)
Total equity		<u>20,431,072</u>	<u>37,063,782</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Future First Technologies Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2019	91,207,294	593,769	(58,357,552)	33,443,511
Loss after income tax expense for the half-year	-	-	(5,658,780)	(5,658,780)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(5,658,780)	(5,658,780)
<i>Transactions with members in their capacity as members:</i>				
Contributions of equity, net of transaction costs	758,475	-	-	758,475
Share-based payments	750,000	-	-	750,000
Employee share options/Performance rights reserve	-	(17,184)	-	(17,184)
Transfer of expired share options to retained earnings	-	(30,601)	30,601	-
Balance at 31 December 2019	92,715,769	545,984	(63,985,731)	29,276,022
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	90,354,877	1,500,760	(54,791,855)	37,063,782
Adjustment for leases	-	-	(116,720)	(116,720)
Balance at 1 July 2020 - restated	90,354,877	1,500,760	(54,908,575)	36,947,062
Loss after income tax expense for the half-year	-	-	(11,186,387)	(11,186,387)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(11,186,387)	(11,186,387)
<i>Transactions with members in their capacity as members:</i>				
Contributions of equity, net of transaction costs (note 14)	1,058,000	-	-	1,058,000
Share-based payments	998,400	-	-	998,400
Selective Share Buy-back	(7,386,003)	-	-	(7,386,003)
Transfer of expired share options to retained earnings	-	(760)	760	-
Balance at 31 December 2020	85,025,274	1,500,000	(66,094,202)	20,431,072

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Future First Technologies Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2020

	Note	Consolidated	
		31 Dec 2020	31 Dec 2019
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		21,488,276	49,977,406
Payments to suppliers and employees (inclusive of GST)		(22,694,820)	(53,116,130)
		(1,206,544)	(3,138,724)
Interest received		15,505	2,922
Other revenue		800,000	10,575
Interest and other finance costs paid		(199,812)	(623,433)
Income taxes refunded/(paid)		(107,634)	577,700
Net cash used in operating activities		(698,485)	(3,170,960)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	13	(4,650,000)	-
Payments for prior period's business acquisition	13	(640,000)	(2,080,607)
Acquisition Costs		(4,467,454)	(14,652)
Payments for property, plant and equipment	8	(10,549)	(86,346)
Proceeds from disposal of business		23,000,000	8,000,000
Final proceeds from prior period's business disposal		1,674,222	-
Proceeds from disposal of property, plant and equipment		62,366	52,509
Proceeds from release of security deposits		34,622	8,854
Net cash from investing activities		15,003,207	5,879,758
Cash flows from financing activities			
Proceeds from issue of shares	14	1,058,000	791,752
Proceeds from borrowings		-	1,497,476
Payments for share buy-backs		(7,386,005)	-
Repayment of borrowings		(130,680)	(8,500,000)
Net cash used in financing activities		(6,458,685)	(6,210,772)
Net increase/(decrease) in cash and cash equivalents		7,846,037	(3,501,974)
Cash and cash equivalents at the beginning of the financial half-year		1,477,504	4,285,600
Cash and cash equivalents at the end of the financial half-year		9,323,541	783,626

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 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. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activities and the settlement of liabilities in the normal course of business.

During the half-year ended 31 December 2020, the Group incurred a net loss after tax of \$11,186,387 (2019: loss of \$5,658,780) impacted by the loss on disposal of discontinued operations. As at 31 December 2020, the Group's current assets exceeded current liabilities by \$4,596,674.

The impact of the COVID-19 pandemic has resulted in the Group experiencing challenging and uncertain times at the beginning of the reporting period. The situation has now stabilised, and the directors remain confident that the Group will be able to continue as a going concern which assumes it will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of the consolidated financial report.

Note 2. Operating segments

Identification of reportable operating segments

The Group's continuing operations are organised into two operating segments: Asset Vision and farmbuy.com. The People segment was divested during the reporting period and is reported as Discontinued Operations in both the current and prior period.

Operating segments are determined by distinguishable components whereby the risk and returns are different from the other segments.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Asset Vision	The Asset Vision segment, comprising Asset Vision Pty Ltd, is a proprietary cloud and mobile based platform which provides a unified approach to asset inspections, maintenance and operations management in the global Enterprise Asset Management software market.
farmbuy.com	The farmbuy.com segment, comprising Respring Pty Ltd, provides digital advertising and marketing services to Australian agriculture and real estate companies.

Intersegment transactions

There were no material transactions between operating segments.

Note 2. Operating segments (continued)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Revenue Categorised

Revenue is generated by the Group and is categorised into the reportable segments disclosed below. Sales to external customers is recognised when the performance obligations are delivered over time. Once a contract has been entered into, the Group has an enforceable right to payment for work completed to date. Therefore, revenue is recognised over time.

Operating segment information

	Asset Vision	farmbuy.com	Corporate	Discontinued Operations	Total
	\$	\$	\$	\$	\$
Consolidated - 31 Dec 2020					
Revenue					
Sales to external customers	213,659	12,809	20,000	17,327,478	17,573,946
Total revenue	<u>213,659</u>	<u>12,809</u>	<u>20,000</u>	<u>17,327,478</u>	<u>17,573,946</u>
EBITDA	(17,140)	(519,337)	(689,157)	1,920,466	694,832
Depreciation and amortisation	(63,698)	(225,559)	(229,101)	(24,634)	(542,992)
Loss on disposal of discontinued operations	-	-	-	(7,457,601)	(7,457,601)
Interest revenue	-	-	14,977	528	15,505
Finance costs	(1,393)	-	(204,296)	-	(205,689)
Transaction costs	-	-	(3,178,567)	-	(3,178,567)
Loss before income tax expense	<u>(82,231)</u>	<u>(744,896)</u>	<u>(4,286,144)</u>	<u>(5,561,241)</u>	<u>(10,674,512)</u>
Income tax expense					(511,875)
Loss after income tax expense					<u>(11,186,387)</u>
Assets					
Segment assets	3,394,177	1,549,221	21,309,613	-	26,253,011
Total assets					<u>26,253,011</u>
Liabilities					
Segment liabilities	462,215	71,883	5,287,841	-	5,821,939
Total liabilities					<u>5,821,939</u>

Note 2. Operating segments (continued)

	Asset Vision	farmbuy.com	Corporate	Discontinued Operations	Total
	\$	\$	\$	\$	\$
Consolidated - 31 Dec 2019					
Revenue					
Sales to external customers	-	-	-	40,309,614	40,309,614
Total revenue	-	-	-	40,309,614	40,309,614
EBITDA					
Depreciation and amortisation	-	-	(1,707,813)	2,985,830	1,278,017
Impairment of investments	-	-	(124,599)	(204,516)	(329,115)
Loss on disposal of discontinued operations	-	-	(1,000,000)	-	(1,000,000)
Interest revenue	-	-	(4,344,163)	-	(4,344,163)
Finance costs	-	-	1,127	1,796	2,923
Transaction costs	-	-	(747,493)	(10,602)	(758,095)
Profit/(loss) before income tax benefit	-	-	(514,468)	-	(514,468)
Income tax benefit	-	-	(8,437,409)	2,772,508	(5,664,901)
Loss after income tax benefit	-	-	-	-	6,121
					(5,658,780)
Consolidated - 30 Jun 2020					
Assets					
Segment assets	-	1,523,249	36,941,027	6,959,988	45,424,264
Total assets					45,424,264
Liabilities					
Segment liabilities	-	-	3,005,860	5,354,622	8,360,482
Total liabilities					8,360,482

Note 3. Revenue

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
From continuing operations		
<i>Revenue from contracts with customers</i>		
Sale of services	226,468	-
<i>Other revenue</i>		
Professional fees	20,000	-
Revenue from continuing operations	246,468	-

Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
<i>Major product lines</i>		
Licensing	213,659	-
Advertising & Fees	12,809	-
	<u>226,468</u>	<u>-</u>
<i>Geographical regions</i>		
Australia	<u>226,468</u>	<u>-</u>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>226,468</u>	<u>-</u>

Note 4. Other income

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Subsidies and grants	780,000	-
Interest income	14,977	1,127
Other income	<u>794,977</u>	<u>1,127</u>

The subsidies and grants income relates to the Australian Governments JobKeeper payment scheme.

Note 5. Discontinued operations

Description

Current Period

On the 30 October 2020, the Group announced that it had successfully divested the People business to LVP Technology Services Pty Ltd for a gross cash consideration of \$23 million.

Prior Period

On the 10 December 2019, the Group announced that it had successfully divested the Security business to Tesseract Limited ('Tesseract'). The sale transaction was closed in July 2020 with the settlement of the final consideration payment and the agreed working capital adjustment. There is a \$23,004 positive adjustment recognised in the current period.

On the 10 December 2019, the Group also announced the sale of its wholly owned subsidiary, NTH Consulting Pty Ltd to TNT Cyber Services Pty Ltd, a wholly owned subsidiary of Tesseract. The sale completed on the 26 March 2020.

On the 19 December 2019, the Group announced that it had executed a Share Purchase Agreement to divest its wholly owned subsidiary, GlassandCo Pty Ltd ('Glass') to Vitrics Pty Ltd ('Vitrics'). The sale of the subsidiary completed on 31 January 2020.

As a result of the sale transactions outlined above, the financial result of the business to be divested and associated Group reclassification and consolidation impacts are treated as discontinued operations from a financial reporting perspective both in the current and prior periods. This impacts the comparative financial information for what was previously disclosed as the People segment.

Note 5. Discontinued operations (continued)

Details of the financial performance, cash flows and the carrying value of the assets and liabilities of the discontinued operations are shown below.

Financial performance information

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Revenue from discontinued operations	17,327,478	40,309,614
Interest income	528	1,795
Other income from discontinued operations	-	10,575
Total other income	<u>528</u>	<u>12,370</u>
Operating expenses from discontinued operations	(15,407,012)	(37,334,544)
Depreciation and amortisation expense from discontinued operations	(24,634)	(204,516)
Finance costs	-	(10,602)
Total expenses	<u>(15,431,646)</u>	<u>(37,549,662)</u>
Profit before income tax benefit	1,896,360	2,772,322
Income tax benefit	-	121,103
Profit after income tax benefit	<u>1,896,360</u>	<u>2,893,425</u>
Loss on disposal of discontinued operations	(7,457,601)	(4,344,163)
Income tax expense	-	-
Loss on disposal after income tax expense	<u>(7,457,601)</u>	<u>(4,344,163)</u>
Loss after income tax benefit from discontinued operations	<u>(5,561,241)</u>	<u>(1,450,738)</u>

Cash flow information

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Net cash from/(used in) operating activities	<u>(209,214)</u>	<u>55,655</u>

Note 5. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Cash and cash equivalents	62,602	76,161
Trade and other receivables	6,676,950	3,831,175
Other current assets	40,520	170,272
Property, plant and equipment	62,366	350,499
Other non-current assets	172,786	925,447
Total assets	7,015,224	5,353,554
Trade and other payables	3,885,937	2,029,505
Provisions	655,832	989,322
Other non-current liabilities	194,897	-
Total liabilities	4,736,666	3,018,827
Net assets	2,278,558	2,334,727

Details of the disposal

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
Total sale consideration	23,000,000	14,000,000
Carrying amount of net assets disposed	(2,278,558)	(2,334,727)
Net cash payment	62,602	-
Working capital adjustment - Security business	23,004	-
Derecognition of goodwill in discontinued operations	(28,264,649)	(16,009,436)
Loss on disposal before income tax	(7,457,601)	(4,344,163)
Loss on disposal after income tax	(7,457,601)	(4,344,163)

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Trade receivables	229,704	4,373,622
Less: Allowance for expected credit losses	-	(145,021)
	<u>229,704</u>	<u>4,228,601</u>
Receivable from Scottish Pacific	-	926,258
Other receivables	-	1,911,582
BAS receivable	13,624	25,514
	<u>243,328</u>	<u>7,091,955</u>

Note 6. Current assets - trade and other receivables (continued)

In July 2019, the Group entered into an agreement with Scottish Pacific Business Finance Pty Ltd ('ScotPac') to provide a receivables backed financing facility. The facility became available on 9 July 2019. As at 31 December 2019, the facility was in a credit position meaning the Group was owed money by ScotPac as there was a greater number of debtor payments received into the facility than what was actually funded.

The ScotPac facility agreement was novated to LVP Technology Services Pty Ltd upon the sale of the People business effective 30 October 2020.

Other receivables in the prior period includes \$1,000,000 due from Tesseract Limited on 30 June 2020. This amount represents the final consideration payment for the purchase of the Security business and was received in July 2020

Note 7. Non-current assets - investments

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Convertible Notes	1,250,000	-

On the 14 July 2020, the Group made an initial investment of \$1,250,000 in the Fin-Tech start up - The 1derful Group Pty Ltd (1derful). The Group subscribed to 1,250,000 of Convertible Notes in 1derful at a face value of \$1.00 per note.

Note 8. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Leasehold improvements - at cost	168,987	168,987
Less: Accumulated depreciation	(100,501)	(83,906)
	<u>68,486</u>	<u>85,081</u>
Computer equipment - at cost	41,758	145,239
Less: Accumulated depreciation	(33,204)	(117,255)
	<u>8,554</u>	<u>27,984</u>
Office equipment - at cost	134,120	252,646
Less: Accumulated depreciation	(127,465)	(189,669)
	<u>6,655</u>	<u>62,977</u>
Computer software - at cost	192,932	192,932
Less: Accumulated depreciation	(137,218)	(129,274)
	<u>55,714</u>	<u>63,658</u>
	<u><u>139,409</u></u>	<u><u>239,700</u></u>

Note 8. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold Improvements	Fixtures & Fittings	Computer Equipment	Office Equipment	Motor Vehicles	Computer Software	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	85,081	-	27,984	62,977	-	63,658	239,700
Additions	-	-	7,908	1,682	-	-	9,590
Disposals from discontinued operations	-	-	(16,822)	(45,544)	-	-	(62,366)
Depreciation expense	(16,595)	-	(10,516)	(12,460)	-	(7,944)	(47,515)
Balance at 31 December 2020	<u>68,486</u>	<u>-</u>	<u>8,554</u>	<u>6,655</u>	<u>-</u>	<u>55,714</u>	<u>139,409</u>

Note 9. Non-current assets - intangibles

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Goodwill - at cost	<u>9,876,499</u>	<u>31,513,669</u>
Development - at cost	<u>270,876</u>	<u>155,390</u>
Website - at cost	1,350,880	1,350,880
Less: Accumulated amortisation	<u>(337,720)</u>	<u>(112,573)</u>
	<u>1,013,160</u>	<u>1,238,307</u>
Intellectual property - at cost	<u>10,000</u>	<u>10,000</u>
Patents and trademarks - at cost	<u>80,682</u>	<u>80,682</u>
Customer contracts - at cost	601,000	-
Less: Accumulated amortisation	<u>(10,017)</u>	<u>-</u>
	<u>590,983</u>	<u>-</u>
Software - at cost	2,501,000	-
Less: Accumulated amortisation	<u>(41,683)</u>	<u>-</u>
	<u>2,459,317</u>	<u>-</u>
	<u>14,301,517</u>	<u>32,998,048</u>

Note 9. Non-current assets - intangibles (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$	Website \$	Trademarks \$	Intellectual Property \$	Developmen t \$	Software \$	Customer Contracts \$	Total \$
Balance at 1 July 2020	31,513,669	1,238,307	80,682	10,000	155,390	-	-	32,998,048
Additions	-	-	-	-	115,486	-	-	115,486
Additions through business combinations (note 13)	6,627,126	-	-	-	-	2,501,000	601,000	9,729,126
Disposals	(28,264,649)	-	-	-	-	-	-	(28,264,296)
Disposals	353	-	-	-	-	-	-	353
Amortisation expense	-	(225,147)	-	-	-	(41,683)	(10,017)	(276,847)
Balance at 31 December 2020	<u>9,876,499</u>	<u>1,013,160</u>	<u>80,682</u>	<u>10,000</u>	<u>270,876</u>	<u>2,459,317</u>	<u>590,983</u>	<u>14,301,517</u>

Impairment testing for goodwill

For the purposes of impairment testing, goodwill is allocated to the consolidated entity's cash-generating units (CGU's) as follows:

	Consolidated	
	31 Dec 2020 \$	30 Jun 2020 \$
People	-	28,264,649
Asset Vision	6,627,126	-
farmbuy.com	<u>3,249,373</u>	<u>3,249,020</u>
Total goodwill	<u>9,876,499</u>	<u>31,513,669</u>

The Group undertakes impairment testing of the relevant businesses as required. Impairment testing was performed at 31 December 2020 to support the carrying value of goodwill for the farmbuy.com CGU. The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of the business. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using projected cash flows approved by the Board covering year 1 and EBIT growth rates ranging from 138% to 400% in years 2-4 and 2.5% in year 5. The present value of future cash flows for years 2 to 5 have been calculated using a terminal growth rate of 1.5% (June 2020: 1.5%) and a discount rate of 19.55% (June 2020: 19.55%) has been used to determine value in use.

The goodwill of \$6,627,126 for the Asset Vision CGU represents the amount of consideration paid for the business acquisition less fair value of net assets, plus additional amounts paid for performance, both current and implied by forecasts.

The directors are still assessing any potential impacts to the total consideration transferred whilst within the measurement period.

The estimated recoverable amount exceeded the carrying value for each CGU by the following amounts:

Note 9. Non-current assets - intangibles (continued)

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
People	-	2,167,502
farmbuy.com	11,692,269	-
Total	11,692,269	2,167,502

The Board of Directors continues to take a conservative approach to the Group's impairment valuations in line with the approach taken at 30 June 2020.

Note 10. Current liabilities - borrowings

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Total facilities		
Credit card facility	95,000	150,000
Indemnity/guarantee facility	245,821	388,500
Electronic payaway facility	-	500,000
	<u>340,821</u>	<u>1,038,500</u>
Used at the reporting date		
Credit card facility	17,782	5,286
Indemnity/guarantee facility	245,821	388,219
Electronic payaway facility	-	-
	<u>263,603</u>	<u>393,505</u>
Unused at the reporting date		
Credit card facility	77,218	144,714
Indemnity/guarantee facility	-	281
Electronic payaway facility	-	500,000
	<u>77,218</u>	<u>644,995</u>

The facilities with ANZ bank contractually expired on the 30 December 2020. The Group is in the process of organising replacement bank guarantees that are cash-backed with term deposits however the lender has agreed to keep the credit card facilities in place.

Note 11. Current liabilities - deferred consideration

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Deferred Consideration	<u>3,825,833</u>	<u>524,167</u>

The deferred consideration represents the obligation to pay consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

The deferred consideration of \$3,825,833 relates to Asset Vision – refer Note 14 for further details.

Note 12. Non-current liabilities - deferred consideration

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Deferred Consideration	-	144,790

Deferred consideration represents the obligation to pay outstanding consideration following the acquisition of a business or assets. It is measured at the present value of the estimated liability.

Note 13. Business combinations

Asset Vision

On the 20 October 2020, the Group announced that it had executed a Business Sale and Purchase Deed ('BSPD') to acquire a 100% interest in Asset Vision. The Asset Vision platform provides a unified approach to asset inspections, maintenance and operations management in the global Enterprise Asset Management software market. The business operates in the Asset Vision segment of the Group.

The transaction completed on the 2 November 2020. The total consideration payable under the BSPD is:

- \$4.65 million cash on completion
- 24 million fully paid ordinary shares in Future First Technologies Ltd on completion
- \$4 million in a combination of cash and shares on the 12-month anniversary from completion

Details of the purchase consideration, the net assets acquired and goodwill are set out below. The goodwill of \$6,627,126 represents the amount of consideration paid for the business acquisition less fair value of net assets, plus additional amounts paid for performance, both current and implied by forecasts. The acquired business contributed revenue of \$213,659 and a loss before income tax of \$30,531 from 2 November 2020 to 31 December 2020. If the acquisition occurred on 1 July 2020, the contribution for the full half year reporting period would have been a profit before tax of \$236,715.

Note 13. Business combinations (continued)

The directors are still assessing any potential impacts to the total consideration transferred whilst the within the measurement period.

Details of the acquisition are as follows:

	Fair value \$
Customer contracts	601,000
Software	2,501,000
Deferred tax liability	(150,000)
Employee benefits	(139,726)
	<hr/>
Net assets acquired	2,812,274
Goodwill	6,627,126
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>9,439,400</u>
Representing:	
Cash paid or payable to vendor	4,650,000
Future First Technologies Ltd shares issued to vendor	998,400
Deferred consideration	3,791,000
	<hr/>
	<u>9,439,400</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	9,439,400
Less: deferred consideration	(3,791,000)
Less: shares issued by company as part of consideration	(998,400)
	<hr/>
Net cash used	<u>4,650,000</u>

Note 14. Equity - issued capital

	Consolidated			
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>400,383,456</u>	<u>501,103,515</u>	<u>85,025,274</u>	<u>90,354,877</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	501,103,515		90,354,877
Issue of shares on Acquisition of Asset Vision	2 November 2020	24,000,000	\$0.04	998,400
Issue of shares to the FFT Employee Trust	12 November 2020	23,000,000	\$0.04	1,058,000
Selective Share Buy-back	10 December 2020	<u>(147,720,059)</u>	\$0.05	<u>(7,386,003)</u>
Balance	31 December 2020	<u>400,383,456</u>		<u>85,025,274</u>

Note 15. Events after the reporting period

On the 2 February 2021, the Group announced a follow-on investment in financial technology company, 1derful. The Group has invested a further \$1.25 million by way of Convertible Notes at a face value of \$1.00 per note and in doing so will maintain a strategic stake in 1derful.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

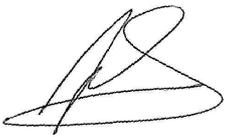
Future First Technologies Ltd
Directors' declaration
31 December 2020

In the directors' opinion:

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

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

On behalf of the directors



Keith Falconer
Managing Director

24 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FUTURE FIRST TECHNOLOGIES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Future First Technologies Limited and controlled entities (**the Group**), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, the condensed 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, nothing has come to our attention that causes us to believe that the accompanying half-year financial report of the Group does not present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, the *Corporations Regulations 2001* and Accounting Standard AASB 134: *Interim Financial Reporting*.

Directors' Responsibility for the Half-Year 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 (including Australian Accounting Interpretations) 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

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

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

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

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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*. 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 provided to the directors as at the time of this auditor's review report.



MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



GEORGE S. DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

24 February 2021