

**Totally plc**  
**(“Totally” or “the Company”)**

**Disposal of a trading subsidiary**

The Company announces that it has entered into a share transfer agreement whereby it has conditionally agreed to transfer the entire share capital of Jewish Advocate to The Zvhil-Mezbuz Rebbe, Grand Rabbi Y.A. Korff of Boston (“the Rebbe”). In consideration for the transfer to him of the entire share capital of Jewish Advocate, the Rebbe has agreed that 20,500,000 of the Ordinary Shares that he holds in the capital of the Company will be redesignated as Deferred Shares and that warrants to subscribe for 4,394,350 Ordinary Shares that he holds will be cancelled. In addition, the Rebbe will be released from his guarantee obligations under the £700,000 banking facility with Bank Hapoalim, which was renewed on 2 July 2008.

The Deferred Shares will have no voting rights, will not carry any entitlement to attend general meetings of the Company and will not carry the right to receive dividends. They will carry only the right to participate in any return of capital to the extent of 0.01 pence per Deferred Share but only after each Ordinary Share has received in aggregate capital repayments totalling £1,000,000 per Ordinary Share. Accordingly, the Deferred Shares will, for all practical purposes, be valueless and it is the Board’s intention, at an appropriate time, to buy back the Deferred Shares for a nominal amount.

**Principal terms of the Agreement**

Under the terms of the Agreement, the Company has agreed to transfer the Jewish Advocate Shares to the Rebbe. In consideration for this transfer, the Rebbe has agreed (i) that the Consideration Shares will be redesignated as Deferred Shares; (ii) that the Company’s guarantee of Jewish Advocate’s obligations under the Rebbe’s consultancy agreement with Jewish Advocate shall be terminated with immediate effect on completion of the Transaction and (iii) that warrants to subscribe for 4,394,350 Ordinary Shares held by him shall be cancelled with immediate effect on completion of the Transaction.

Furthermore, under the terms of the Agreement the Rebbe will pay additional consideration to the Company in the event of:

- a sale of the whole or a substantial number of the Jewish Advocate Shares; or
- a sale of the whole or a substantial proportion of the business and assets of Jewish Advocate;

of 40 per cent. of the difference between the consideration received by the Rebbe at the time of such sale and the value of the Consideration Shares at the date of the Circular (being \$400,000) in the event that such sale is effected within one year of the date of the Circular or 33 per cent. of the difference in the event that such sale is effected within two years of the date of the Circular.

The Company has given certain limited warranties in the Agreement to the Rebbe.

In addition, the Rebbe will be released from his obligations under the guarantee to Bank Hapoalim to support the Company’s banking facility. The guarantee to Bank Hapoalim to support the extended credit facility of £700,000 for the Company will now be provided by Leo Noé, a third party shareholder, and Dr Sinclair, Non-Executive Chairman.

It is the intention of the Board to issue warrants to Leo Noé and Dr Sinclair as guarantors of the facility in the near future in recognition of the increase in their personal guarantees. A further announcement will be made in due course.

## **Reasons for the Proposed Transfer**

The Company acquired Jewish Advocate in January 2004. Jewish Advocate through its subsidiary, The Jewish Advocate Inc., owns the Jewish Advocate newspaper which is published in Massachusetts, USA.

As stated in the Company's final results for the year ended 31 December 2007, the Chief Executive Officer conducted a review of the Group's operations which resulted in the introduction of a long term strategic plan at the beginning of the current financial year designed to deliver shareholder value and increase profitability.

The Company's digital marketing agency, Totally Communications Limited, generates approximately 25 per cent. of the Group's revenue. A recent report conducted by the Internet Advertising Bureau, in partnership with PricewaterhouseCooper (Source: entitled "IAB/PwC Adspend Study H2 2007", dated March 2008) stated that online advertising spend in the UK for 2007 surpassed £2.8 billion which is equivalent to 38 per cent. year on year growth on a like for like basis. The report also forecast that internet advertising revenues would grow to £4.5 billion and account for nearly 30 per cent. of all UK advertising by 2011, up from 15 per cent. in 2007.

As a result of the strategic review, the Company has chosen to focus primarily on the digital marketing aspect of its business. Jewish Advocate will, therefore, not fall within the Company's core focus going forward. In addition, the Independent Directors believe that Jewish Advocate's contribution to the Group's financial performance has been negligible in the past two years. Furthermore, the Board believes that Jewish Advocate's financial position has worsened in the current financial year. The Independent Directors do not believe that the market for Jewish Advocate will improve in the near future.

In the year ended 31 December 2007, Jewish Advocate incurred an audited profit before taxation of US\$56,734 (2006 audited: US\$24,633) on turnover of US\$1,419,509 (2006 audited: US\$1,472,424). At that date, Jewish Advocate had audited assets of US\$261,507 (2006 audited: US\$228,538).

The Independent Directors believe that a long term decline in the business of Jewish Advocate would have a serious effect on the financial prospects of the Company and would be a major distraction to the management as they pursue the long term strategic plan. In light of this, the Independent Directors have concluded that Jewish Advocate should not continue to trade as part of the Group and that the Transaction is in the best interests of the Company and its Shareholders.

Following completion of the Transaction the Company will have 91,947,934 Ordinary Shares in issue and admitted to trading on AIM.

Immediately following approval of the Transaction, the Rebbe will hold 6,514,000 Ordinary Shares, which is equivalent to 7.08 per cent. of the issued share capital as at that date.

In addition, following the completion of the Transaction, Dan Assor and Dr Sinclair will continue to hold 3,043,103 and 14,509,791\* Ordinary Shares, respectively. Due to the decrease in the issued share capital of the Company following the Transaction, their shareholdings will then be equivalent to 3.31 and 15.78 per cent., respectively.

\*Dr Sinclair's interests are held by him personally and by Sinclair Montrose Trust Limited. Sinclair Montrose Trust Limited is a company in which Dr Sinclair and his immediate family have a controlling interest.

## **Directors**

Conditional on completion of the Transaction, the Rebbe will resign as a Non-Executive Director of the Company.

The board of directors following completion of the Proposals will comprise Dr Sinclair (Non-Executive Chairman), Daniel Assor (Chief Executive Officer) and Robin Morgan (Non-Executive Director).

## Related party transaction

Under the AIM Rules, the transfer of the Jewish Advocate Shares to the Rebbe is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules and by the Shareholders giving their approval to Resolution 1 being proposed at the GM the Shareholders will be approving the disposal of a subsidiary of the Company to a related party of the Company.

Copies of the notice of General Meeting will not be sent to Shareholders but in accordance with the Company's articles will also be available on the Company's Website [www.totallyplc.com](http://www.totallyplc.com).

For further information:

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## DEFINITIONS

*The following definitions apply throughout this announcement unless the context requires otherwise:*

<b>“Agreement”</b>	the conditional agreement dated 1 September 2008 between (1) the Company and (2) the Rebbe, further details of which are set out in the Chairman's letter in the Circular
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules for companies applying for admission to and whose securities are traded on AIM and published by the London Stock Exchange as amended from time to time
<b>“Circular”</b>	the circular to Shareholders containing the notice of General Meeting
<b>“Company Website”</b>	<a href="http://www.totallyplc.com">www.totallyplc.com</a>
<b>“Consideration Shares”</b>	20,500,000 Ordinary Shares held by The Zvhil-Mezbuz Rebbe, Grand Rabbi Y.A. Korff of Boston
<b>“Deferred Shares”</b>	deferred shares with such rights attaching to them as are set out in the articles of association of the Company, amended pursuant to the Resolutions
<b>“Directors” or “the Board”</b>	the directors of the Company whose names are set out on page 6 of the Circular
<b>“General Meeting” or “GM”</b>	the general meeting of the Company convened for 4.00pm on 25 September 2008, notice of which is set out at the end of the Circular
<b>“Form of Proxy”</b>	the form of proxy which has been sent to Shareholders for use by Shareholders in connection with the General Meeting
<b>“Group”</b>	the Company and its subsidiaries from time to time

<b>“Jewish Advocate”</b>	Jewish Advocate Publishing Corporation of 15 School Street, Boston MA 02108, USA, incorporated under the laws of the State of Massachusetts with registered number 041482540
<b>“Independent Directors”</b>	Dr Michael Sinclair, Daniel Assor and Robin Morgan
<b>“Jewish Advocate Shares”</b>	the entire share capital of Jewish Advocate comprising: <ul style="list-style-type: none"> <li>(i) 50 preferred stock of \$100 each; and</li> <li>(ii) 75 common stock of no par value</li> </ul>
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Option Holders”</b>	holders of options and warrants to subscribe for Ordinary Shares
<b>“Ordinary Shares”</b>	the ordinary voting shares of £0.01 in the capital of the Company
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting as set out in the notice at the end of the Circular
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Transaction”</b>	the proposed transfer of the Jewish Advocate Shares on the terms set out in the Agreement