ANNUAL REPORT

For the year ended 31 December 2016

totally plc

A LEADING PROVIDER OF OUT-OF-HOSPITAL CARE – ADDRESSING THE CHALLENGES OF THE UK HEALTHCARE SECTOR BY DELIVERING A RANGE OF INNOVATIVE SERVICES VIA A PROVEN OUTCOME-BASED MODEL

TOTALLY PLC IS QUOTED ON THE AIM MARKET OF THE LONDON STOCK EXCHANGE (AIM:TLY)

HIGHLIGHTS (FINANCIAL AND OPERATIONAL)

£1.7m

CONTRACTS WITH VALUE OF £1.7M REVENUE PER ANNUM

£17.6m

RAISED WITH OVERSUBSCRIBED PLACING AND OPEN OFFER COMPLETED MARCH 2017

Significant progress made delivering a progressive 'buy and build' strategy, aimed at establishing Totally as a leading provider of 'out of hospital' care in the UK

Three acquisitions completed and successfully integrated during 2016:

- **Premier Physical Healthcare Ltd** ("Premier"), a provider of physical healthcare services to both public and private patients, for up to £6.75 million and subscription to raise £6.2 million completed April 2016
- **About Health Limited** ("About Health"), a provider of community based health services under contract to the NHS with a focus on dermatology services, for up to £7.7 million completed June 2016
- **Optimum Sports Performance Centre Limited** ("Optimum"), provider of physiotherapy to private markets, for up to £650k completed November 2016

Following **three acquisitions** secured new and renewed contracts with a value in excess of £1.7m per annum in revenues

Made a positive start to FY 2017 with its five subsidiary businesses continuing to secure new business and renew existing contracts with both the NHS and private sector organisations

Oversubscribed placing and open offer completed March 2017 **raising £17.6 million** to capitalise on potential acquisition opportunities within the UK out-of-hospital healthcare market

Continuing to evaluate value accretive acquisition opportunities focused on the UK NHS outsourced healthcare services market, estimated to be worth in the region of £20 billion per year

TOTALLY AT A GLANCE

OUR VISION

TO BUILD TOTALLY INTO A LEADING 'OUT OF HOSPITAL' HEALTHCARE SERVICE PROVIDER IN THE UK TO HELP ADDRESS SOME OF THE BIGGEST CHALLENGES THE UK FACES IN TERMS OF HEALTHCARE.

BY WORKING TO DELIVER PREVENTATIVE AND RESPONSIVE CARE THROUGH ITS SUBSIDIARIES ACROSS MULTIPLE DISCIPLINES, TOTALLY'S GOAL IS TO IMPROVE PEOPLE'S HEALTH, REDUCE HEALTHCARE RELIANCE, RE-ADMISSIONS AND EMERGENCY ADMISSIONS.

OUR STRATEGY

The Company is engaged in delivering its 'buy and build' expansion strategy, adding to the range of services provided through working with organisations that share its vision.

This strategy is supported by ambitious management who have identified public-market outsourced health services as an attractive prospect and have developed a plan to fully develop this opportunity. The executive team is led by Wendy Lawrence, CEO of Totally, who has worked previously within the NHS for over 20 years.

£20bn

FOCUSED ON OUT OF HOSPITAL HEALTHCARE MARKET ESTIMATED TO BE WORTH IN EXCESS OF £20BN PER YEAR – NHS IS MOVING NON-ACUTE CARE COMPONENTS OUT OF HOSPITALS AND CLOSER TO HOME

TARGETING ATTRACTIVE COMPANIES IN THE UK HEALTH SECTOR THAT SHARE TOTALLY'S VISION FOR INTEGRATED AND COHESIVE OUT OF HOSPITAL HEALTHCARE

BUY AND BUILD CONSOLIDATION STRATEGY FITTING WITH NHS TREND TOWARDS OUTSOURCING AND OUTCOME BASED COMMISSIONING

BUILD AND DEVELOP A **HIGH-QUALITY DIVERSIFIED GROUP** THROUGH ORGANIC AND ACQUISITION BASED GROWTH

BECOME A **LEADING** OUT OF HOSPITAL HEALTHCARE PROVIDER IN THE UK

THE BUSINESS

Totally, through its subsidiary businesses, operates within the UK's outsourced healthcare market, estimated in 2016 to be worth in excess of £20bn per year for the NHS alone. These services include care in the community, GP surgeries, patients' homes, prisons and other public-sector organisations, places of work as well as mobile locations.

Totally has a key role in ensuring that people receive the best treatment available, as quickly and as close to home as possible. We will do this by extending our current services across the UK and expanding the range to address the increasing demand on the UK healthcare service.

The Company has undergone significant transformation since the end of 2015, with high profile board appointments; a reinforced shareholder base and a progressive buy and build strategy implemented to grow the Company through value accretive acquisitions.

Having made three acquisitions in 2016 worth a total consideration of up to £15.1m, and secured contracts with a value in excess of £1.7m per annum in revenues through its subsidiaries, Totally is making strides in its goal of being a leading provider of out of hospital care in the UK.

Totally operates five subsidiary businesses across a number of sectors of out of hospital healthcare:

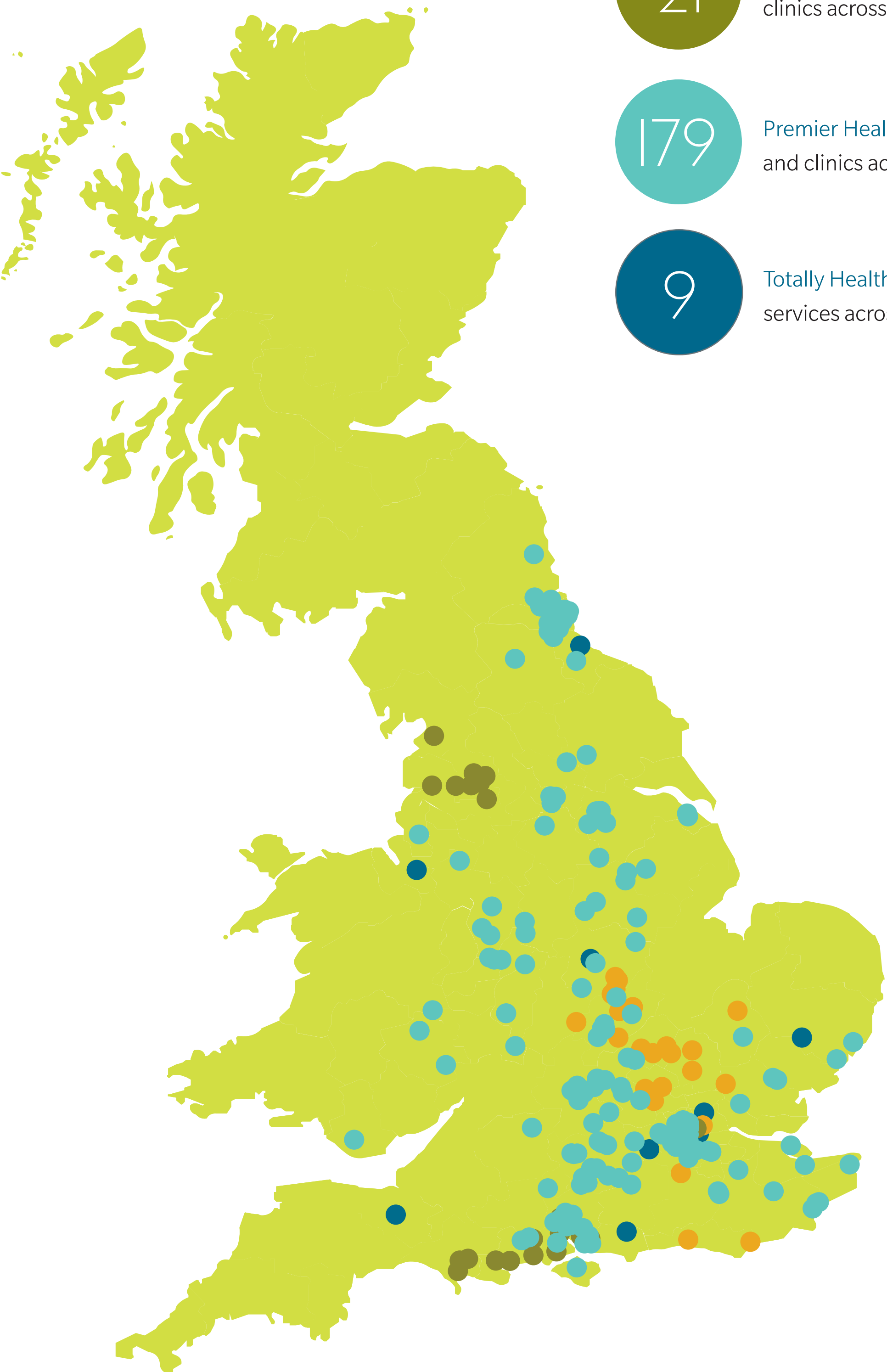
Premier Physical Healthcare – providing occupational physiotherapy to NHS, prisons and the police force (acquired April 2016)

About Health – provider of community based dermatology services (acquired June 2016)

Optimum Sports Performance Centre – providing physiotherapy to private markets (acquired November 2016)

Totally Health – provides clinical health coaching via B2B model to the NHS and the private sector

My Clinical Coach – provides subscription based D2C clinical coaching service for people with long-term health conditions or general 'wellness' concerns



24 Optimum offices and clinics across the UK

21 About Health offices and clinics across the UK

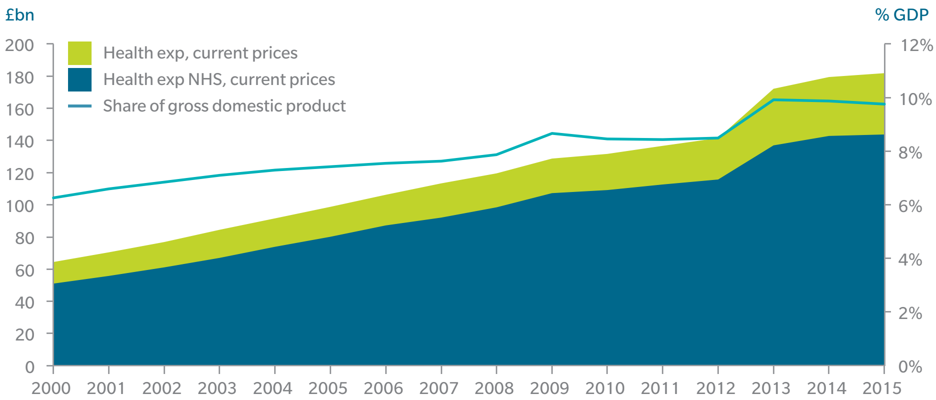
179 Premier Health offices and clinics across the UK

9 Totally Health offices and services across the UK

UK SPEND ON HEALTHCARE HAS GROWN AT 6% (ON AVERAGE) OVER THE LAST DECADE, REACHING

£144bn

IN 2015



UK SPEND ON HEALTHCARE

Source: OECD

MARKET OPPORTUNITY

MARKET OVERVIEW

The market for outsourced NHS services is estimated to be worth around £20bn per year and approximately 10 million NHS patients per year are treated by private sector organisations operating across nearly 2,000 sites.

This trend is growing, UK spend on healthcare has grown at 6% (on average) over the last decade, reaching £144bn in 2015. Within this budget the spending on independent provision of services has grown both in terms of total spend and as a percentage of the overall budget.

This market, however, is highly fragmented and Totally sees this as an opportunity to consolidate. Management believes a larger group of service providers will be able to tender for larger contracts while delivering operating synergies, for instance through centralising head office costs.

THE NHS AND OUR RELATIONSHIP

The NHS, as a publicly owned and funded world-class health care service providing free medical care at the point of need, is one of the defining institutions of our society. Unfortunately, the NHS today is struggling to meet performance targets and for the first time in two decades of almost continuous improvement, there has been a sustained drop in financial performance over two financial years.

Private sector healthcare providers complement and offer a means of improving the efficiency and effectiveness of the NHS, delivering choice and quality to patients. The services provided for the NHS improve its capacity to respond to demand, meet waiting-time targets and enable investment to bring important benefits for patients. Critically this will enable the NHS to continue to provide a service which is high quality and free at the point of use.

Since 1997, the private sector has been deployed to reduce NHS waiting times from 18 months to 18 weeks. In tandem with meeting these targets, the private sector offered a means of improving the efficiency and effectiveness of the NHS, delivering choice and quality to patients.

Totally, via its subsidiaries, currently operates contracts with NHS, multiple CCGs and other public and private sector organisations across England, delivering a wide range of healthcare services. Through its work with NHS organisations, Totally is able to alleviate strains on our NHS and work towards a more efficient outcome, sustaining a health service that is free at the point of use and available to all based on need and not ability to pay.

WHAT IS OUT OF HOSPITAL CARE?

Out of hospital care services include 'primary care' (GP surgeries) and 'community care' in patients' homes, prisons and other public-sector organisations, places of work as well as mobile locations.

The health needs of patients are fast changing as people live longer and live with more chronic and lifestyle diseases – putting pressure on primary and community care. Totally recognises the importance of working as part of the local health economy and, through its subsidiaries around the country, it is providing care to patients in their local communities where hospital admissions can be avoided, at low cost and with better outcomes for the patient.

Totally's goal in this area is, through its subsidiaries, to:

- Provide a greater range of health services in community settings, designed around the needs of individuals
- Provide treatments and interventions that keep people healthy for longer, prevent ill health and reduce health inequalities
- Ensure efficient and integrated provision of primary health and community care

AMBITION AND FUTURE GROWTH

Totally operates a buy and build strategy within the out of hospital healthcare sector, which fits perfectly with the NHS's trend towards outsourcing and outcome-based commissioning. There is a huge opportunity for both organic and acquisitive growth in a fragmented and uncertain marketplace. The Company plans to continue expanding the business with streamlined costs to capitalise on the evident market opportunity.

The Company's buy and build strategy is aimed at increasing and developing the economies of scale which come with a larger group. The key features are:

- Offering a broader range of services
- Ability to deliver on larger tenders to CCGs (Clinical Commissioning Groups)
- Leverage centralised cost base
- Leverage Totally's and acquired company's relationships with the NHS (and other parties, such as local authorities)
- Maximise consumer facing brands and the services delivered through them

Totally will continue with its buy and build strategy, targeting companies which provide services to the NHS, public sector and or private sector which share the same vision and understand the goals of the Group. We will only acquire companies that want to be a part of what the Group is hoping to achieve – becoming a leading provider of out of hospital healthcare in the UK.

STRATEGIC REPORT AND CHAIRMAN'S STATEMENT

BUSINESS PROGRESS

It gives me great pleasure to report on the significant progress made during the period as we continue to build ourselves into the leading out of hospital healthcare service provider in the UK.

To this end, we successfully completed three acquisitions, focusing on expanding our service offering within the UK healthcare sector and targeting the NHS trend towards outsourcing and outcome based commissioning, a market worth approximately £20bn per annum. The successful integration of these acquisitions saw us begin to deliver on our progressive 'buy and build' strategy, implemented upon my appointment as Chairman at the end of 2015. We intend to continue acting as a consolidator in the fragmented healthcare market, capitalising on the attractive opportunities that our disruptive, outcome-based, outsourced healthcare service model offers, and ultimately delivering value to shareholders as we build critical mass in 2017 and beyond.

The three acquisitions, with a total consideration of up to £15.1m, included Premier Physical Healthcare, an occupational physiotherapy provider, acquired in April 2016 for up to £6.75m; About Health, a provider of community based dermatology services, acquired in June 2016 for up to £7.7m; and Optimum Sports Performance Centre, providing physiotherapy, acquired in November 2016 for up to £650k. These acquisitions, since acquisition, have secured new and renewed contracts with a value in excess of £1.7m per annum, and represent only the beginning of the Group's transformation. They add to our other two subsidiaries, Totally Health, a clinical coaching service which helps people with long-term conditions via local healthcare providers and My Clinical Coach, the direct-to-consumer equivalent. In total our five subsidiaries have generated revenues of £4.0m for the year ended 31 December 2016.

We are also pleased to confirm that the Company has made a positive start to the new financial year and our subsidiaries have continued to secure new business and renew existing contracts with both the NHS and other public and private sector organisations. Further, we were extremely pleased to have raised almost £18m through an oversubscribed placing and open offer completed in March 2017. The amount raised is testament to the confidence that existing and institutional investors have in our proposed growth strategy and the capabilities of our strong management team to deliver. We look forward to updating the market on the continued momentum within the group as we use the placing funds to target further acquisition opportunities that complement our vision of delivering preventative and responsive care to improve people's health, reduce healthcare reliance, re-admissions and emergency admissions.

STRATEGY

Principal risks and uncertainties are discussed in the Directors' report on pages 25 to 28. As previously stated we have implemented a progressive 'buy and build' strategy focused on consolidating the fragmented healthcare market to become a leading out of hospital healthcare provider across the UK. As the NHS moves non-acute care components out of hospitals and into the community, we are well positioned to capture much of this market and capitalise on the attractive opportunity that the £20bn plus per annum industry offers.

£17.6m

RAISED THROUGH AN OVERSUBSCRIBED PLACING AND OPEN OFFER IN MARCH 2017

IN NEW AND RENEWED CONTRACTS TOTALLY PLC'S FIVE SUBSIDIARIES HAVE ACHIEVED

£1.7m

OUR FIVE SUBSIDIARIES HAVE GENERATED REVENUES OF

£4.0m

THREE ACQUISITIONS WORTH A TOTAL CONSIDERATION OF UP TO

1 2 3

£15.1m

For the year ahead we will continue to be engaged in delivering our growth strategy, adding to the range of services provided by the Company through working with organisations that share our vision.

We have a number of target companies in our anticipated acquisition pipeline with business models demonstrating recurring revenues and attractive margins, underpinned by long-term contracts and high barriers to entry. Our targeted consideration for these acquisitions is between £3m and £15m.

As we continue to acquire businesses, we will continue to carefully manage their integration into the Group to ensure streamlined costs, economies of scale and robust financial performance at a subsidiary level to benefit the Group.

As we buy more businesses which complement our business model, there will be further opportunities to deliver on our growth strategy whilst utilising the acquired expertise to offer a broader range of services. This will bolster our position within the industry and thus build our reputation as a leading out of hospital healthcare provider across the UK.

FINANCIALS

We are pleased to report that revenues for the year exceeded market expectations by £0.7m totalling £4.0m, generating a gross profit of £1.4m and a loss before tax of £1.5m which was more than £0.3m less than market expectation. The loss before tax of £1.5m includes an amortisation charge of £0.6m relating to the intangible value of contracts acquired during the year.

Our cash position as at 31 December 2016 stood at £1m, however subsequent to the placing completed in March 2017 sits at over £17m which we will look to utlilise in line with our ambitious buy and build strategy.

Overall the net assets position of the Group has increased by £4.6m during the year to a position of £5.1m at 31 December 2016.

OUTLOOK

Our strategy remains unchanged and we expect to continue to be acquisitive and complementary to those businesses that are already part of Totally plc. We believe that we are well positioned to deliver strong organic growth from our existing subsidiaries and the continued integration of our three newest businesses. Where appropriate, we will make further acquisitions to develop the breadth and depth of our services, building ourselves as a highly cash generative healthcare company and a market leader in the UK out of hospital health services.

I want to take this opportunity to thank my fellow directors, our employees and shareholders for their continued support during the past year and I look forward to 2017 and beyond with optimism as we enter the next phase of our transformation.

Bob Holt OBE
Chairman

CEO'S STATEMENT

POSITIVE PROGRESS

The headway made by our group of companies in 2016 has been extremely encouraging. During the course of the financial year, Totally plc's five subsidiaries won new and renewed contracts with revenues in excess of £1.7m per annum. As a leading provider of out of hospital healthcare in the UK delivering preventative and responsive care to improve people's health, reduce healthcare reliance, re-admissions and emergency admissions, we are very proud to be working with the NHS as well as public and private sector organisations which include HM Prisons and the UK Police Forces.

We have five subsidiaries that sit under the Totally plc group. We have **Totally Health** and **My Clinical Coach** which provide B2B and B2C clinical health coaching services. In addition, during 2016 we acquired **Premier Physical Healthcare**, an occupational physiotherapy and podiatry company, **About Health**, a provider of dermatology and referral management services, and **Optimum Health**, providing physiotherapy to private markets.

Our subsidiaries are performing well and are adding real synergies across the spectrum of out of hospital care, delivering services outside of hospitals and bringing care closer to people's homes and places of work.

Wendy Lawrence
Chief Executive Officer

"BEST PHYSIOTHERAPY CHAIN 2016 - UK" IN THE 2016 INTERNATIONAL LIFE SCIENCES AWARDS

SECURED NINE ADDITIONAL PRISON CONTRACTS WITH THE TOTAL VALUE BEING CIRCA

£300,000

PER ANNUM

Acquired April 2016

PREMIER PHYSICAL HEALTHCARE (PPH)

We acquired Premier Physical Healthcare in April 2016 for a maximum consideration of £6.75m. Since then the business has successfully signed contracts with a number of public sector organisations including HM Prisons and Police Forces across the UK, as well as a number of CCGs.

Shortly after acquisition, in April of 2016, PPH secured nine additional prison contracts covering 21 locations around the UK with Care UK. These contracts are for a minimum of five years, with the total value being circa £300,000 per annum.

Following this, in July 2016, PPH secured a four-year Occupational Health Physiotherapy Framework Agreement with the Surrey and Sussex Police Force, for musculoskeletal physiotherapy services. This contract will run to 30 June 2020 and has an estimated referral rate of 480 new consultations per year, with over 400 follow-ups, indicatively worth £60,000 per annum in revenues.

In a similar vein, the business also secured the renewal of two contracts with the South Kent Coast and Milton Keynes NHS Clinical Commissioning Groups for the provision of physiotherapy services. These three-year contract renewals are each indicatively worth £30,000 per annum in revenues.

In October, PPH was awarded a six-year contract worth approximately £125,000 with New Hall Prison and Askham Grange Prison in Yorkshire, as part of its ongoing work with Care UK. Later, in November 2016, the business won a three-year contract worth approximately £60,000 with the Occupational Health Unit of Bedfordshire Police, Cambridgeshire Constabulary and Hertfordshire Constabulary for physiotherapy and musculoskeletal treatments to the police force, ensuring they are fit to undertake their roles.

PPH was also awarded "Best Physiotherapy Chain 2016 - UK" in the 2016 International Life Sciences Awards.

I'm also pleased to confirm that since the end of the reporting period PPH has also secured a three-year activity-based contract extension with NHS Swale Clinical Commissioning Group, as well as a new £140,000 contract with NHS Care and Custody Health.

Acquired June 2016

ABOUT HEALTH

We acquired About Health in June 2016 for up to £7.7m, since then the business has attained impressive results. It retained and/or extended all existing contracts, as well as winning a number of new contracts, collectively totalling a value of around £1.2m revenues per annum. Contracts include a number of Referral Management Services contracts for NHS Clinical Commissioning Groups worth around £480,000 per annum, and in November 2016 About Health was awarded a £763,000 per annum three-year contract renewal to provide dermatology services to NHS East Lancashire CCG, with an option to extend for a further two years.

In October 2016, About Health was awarded a £120,000 contract extension and pilot scheme for referral management services. The business extended its existing contract to deliver a pilot RMS for North Tyneside Clinical Commissioning Group by a further 12 months. This extension followed a highly successful initial evaluation which resulted in significant savings for the CCG. In the same month it also secured a £240,000 12-month pilot of a similar service for North Durham CCG. This contract added cardiology and gastroenterology as two new specialities to the RMS.

In November 2016, the business was awarded a one-year contract extension with NHS Lancashire North Clinical Commissioning Group, worth £120,000 per annum. Following the end of the reporting period it also secured a new £130,000 12-month RMS contract with Harrogate and Rural District CCG.

£763,000p.a.

THREE-YEAR CONTRACT RENEWAL

£1.2m

REVENUES PER ANNUM

“CLINICAL TEAM OF THE YEAR – DIABETES” - GENERAL PRACTICE AWARDS

TOTALLY HEALTH - INCORPORATING MYCLINICALCOACH

Totally Health launched Clinical Health Coaching services in a number of new locations across England and in April 2016, the business commenced a three-year partnership with Healthwise to bring award-winning health education directly to the people of the United Kingdom, giving more people access to resources to help them make better health decisions and health behaviour changes.

In 2016, we launched our direct to consumer service, My Clinical Coach. In December, Totally Health secured a 12-month contract with Guy’s and St Thomas’ NHS Foundation Trust to provide clinical health coaching services to 50 participants of the Millwall Football Club community trust programme.

The business achieved a number of awards and accolades over the course of the year achieving a special commendation at the National Association of Primary Care Awards alongside Manor Medical Centre in the “Pathway Innovation of the Year” category, and it was also awarded “Clinical Team of the Year – Diabetes” at the General Practice Awards.

We were also thrilled that Totally Health was one of the founding members of the British Lung Foundation’s pioneering new Living Well Alliance in November 2016.

Acquired November 2016

OPTIMUM SPORTS PERFORMANCE CENTRE

We acquired Optimum Sports Performance Centre in November of 2016 for a maximum consideration of £650,000. Optimum represents a strong fit with Totally’s mission of becoming the leading provider of ‘out of hospital’ health care in the UK, and brings with it a broad range of value-add services in sports rehabilitation and physiotherapy, along with significant additional revenue potential.

OUTLOOK

Following the success of our operating businesses in 2016 I expect 2017 to be no less fruitful as we complete the integration of Optimum Sports Performance Centre, further develop new service delivery models across the Group and look for further acquisitions in line with our ongoing strategy.

We operate across the healthcare sector, both Public and Private sector as well as Direct to Consumer services where spend is largely non-discretionary. We continue to place great emphasis on securing high quality contracts that provide clear and sustainable margins. Our dedication to providing our clients with first class service and value remains undiminished.

Sustained funding and frequent demand issues will continue to be the catalyst for change in the healthcare market. Whilst I do not see a strong prospect of immediate fundamental change, I am clear in my view that the needs of people cannot be met by the current health infrastructure, confirmed in recent announcements on new initiatives by the Secretary of State for Health. Increasingly, commissioners will look to such organisations as Totally to support them in delivering their key objectives. Moreover, further opportunities will result from localised health related outsourcing. Our approach to service quality and innovation puts us in a strong position, and, as this market evolves, we will benefit disproportionately.

Finally, I would like to take this opportunity to thank everyone who works within Totally for their dedication to what they do on a daily basis. Without them we couldn't deliver our strategy or maintain our reputation as providers of first class healthcare related services.

Wendy Lawrence
Chief Executive Officer

CFO'S STATEMENT

THE YEAR HAS BEEN A TRANSFORMATIONAL ONE FOR TOTALLY PLC AS WE COMPLETED THREE ACQUISITIONS. PREMIER PHYSICAL HEALTHCARE COMPLETING IN THE FIRST QUARTER, ABOUT HEALTH COMPLETING IN THE SECOND QUARTER AND OPTIMUM SPORTS PERFORMANCE CENTRE COMPLETING IN THE FINAL QUARTER.

I am pleased with the progress of the Group in 2016 with the acquisitions integrating well into the Group and having a positive impact on the Group's finances:

REVENUE	£4.0M	(£0.6M: 2015)
GROSS PROFIT	£1.4M	(£0.4M: 2015)
LBITDA	(£1.7M)	((£0.4M): 2015)
LBT	(£1.5M)	((£0.4M): 2015)
NET ASSETS	£5.1M	(£0.5M: 2015)
CASH	£1.0M	(£0.4M: 2015)

The above results are positive with revenue exceeding market expectations by £0.7m, the loss before tax being more than £0.3m less than market expectations and LBITDA being £0.2m better than market expectations.

Don Baladasan
Finance Director

The loss before tax of £1.5m includes an amortisation charge of £0.6m relating to the intangible value of contracts acquired during the year.

The finance function continues to support efficiencies across the Group through three main areas:

1) Efficiency drives in infrastructure and overheads

2) Efficiency drives in how services are delivered

3) New products and revenue streams

These efficiencies are driven through a combination of business process alignment and improvement, sharing of resources and the leveraging of technology. In 2016 we reduced overheads in subsidiaries by sharing resources at Group level. This had a direct cost saving to the Group.

As the Group expands, more cost savings will be driven without adversely affecting revenue generation, delivery or profitability; in time, and where appropriate, shared service centre resource models will be introduced.

In March 2017 a successful placing of £17.6m was completed. This provides the Group with sufficient capital to execute further acquisitions, satisfy deferred consideration obligations and provide working capital.

The Group infrastructure has been invested in during 2016 to put in place resource to support the expansion of the Group now and for future acquisitions. This includes resource to facilitate cross subsidiary tenders and collaboration and IT infrastructure and governance to allow subsidiaries to tender for larger more complex bids. This investment is expected to realise payback in 2017.

The acquired subsidiaries have all performed well in 2016 and in line with expectations with the following PBT contributions for 2016: Premier £0.2m and About Health £0.2m.

The direct to consumer product, My Clinical Coach, was launched in 2016. In response to internal market research the Board decided to reposition the proposition in 2017 to include physiotherapy and dermatology. These additional routes to market and product offerings will leverage the current platform and technology. However further development is needed to include these offerings. In addition the technology platform remains capitalised (£0.7m) and no amortisation charge recognised in 2016 while this and further development is being progressed. On launching the extended services the platform costs will be amortised.

ABOUT HEALTH'S REPUTATION FOR QUALITY HAS BEEN RECOGNISED AND IT HAS BEEN SHORTLISTED FOR THREE CONSECUTIVE YEARS (2013-2015) AS PRIMARY/COMMUNITY CARE PROVIDER OF THE YEAR AWARD AT THE ANNUAL HEALTH INVESTOR AWARDS.

OUR BUSINESSES

PREMIER PHYSICAL HEALTHCARE – PROVIDING PHYSIOTHERAPY AND PODIATRY SERVICES

Premier Physical Healthcare is a wholly owned subsidiary of Totally; it provides a comprehensive range of treatments and advice for musculoskeletal injuries and conditions.

Premier delivers physiotherapy and podiatry services to NHS patients and also has contracts with various police forces and prison sites; as well as providing occupational health and ergonomic services to corporate clients, such as display screen equipment assessments; post-injury returns to work suitability assessments; podiatry treatment; and sports massage services. The business also has a network of clinics located in health and fitness centres.

Totally completed the acquisition of Premier Physical Healthcare Ltd on 1 April 2016 for up to £6.75m. Since acquisition Premier Physical Healthcare has secured 14 contracts worth ~£600k per annum (up to January 2017).

2016 Highlights:

- An Additional 25 HM Prison Offender contracts
- Re-procurement and Extensions of 5 NHS Physiotherapy AQP contracts
- An additional 5 Police Occupational Health Physiotherapy contracts
- Oxford University Women's Rowing Varsity Victory – PPH providing season long Physiotherapy
- Awarded 'Best Physiotherapy Chain 2016 – UK' in the 2016 International Life Sciences Awards

ABOUT HEALTH – PROVIDING COMMUNITY BASED DERMATOLOGY SERVICES & REFERRAL MANAGEMENT SERVICES

About Health is a leading provider of dermatology and referral management services to the NHS in the UK and is a wholly owned subsidiary of Totally.

About Health has been providing community based health services under contract to the NHS since 2009 and the company is CQC registered. They provide community dermatology services to 18 clinics across Lancashire, Dorset and Hampshire and have an excellent track record of service delivery, covering a population of almost 3 million.

Since Totally's acquisition of About Health in June 2016 for up to £7.7m (initial consideration of £1.8m funded out of Totally's existing cash resources), About Health has secured new contracts, pilot schemes and contract extensions worth in excess of £1.2m per annum as at January 2017, including a three year contract for £763,633 per annum with NHS East Lancashire Clinical Commissioning Group.

Notably, About Health's reputation for quality has been recognised and it has been shortlisted for three consecutive years (2013-2015) as Primary/Community Care Provider of the Year award at the annual Health Investor Awards.

2016 Highlights:

- Development of the Referral Management Services model which is now proving very successful and will lead to further business growth
- Retention/extension of all existing contracts, demonstrating the reputation we have with commissioners for service delivery
- Successful move to a new HQ in Blackburn which provides a significantly improved working environment for our staff and opportunity for significant expansion
- Significant growth in turnover and profitability through winning new business and introducing further efficiencies

About Health is headquartered in Blackburn, Lancashire. Totally completed the acquisition of About Health Limited on 15 June 2016.

OPTIMUM SPORTS PERFORMANCE CENTRE

Optimum Sports Performance Centre Limited, a wholly owned subsidiary of Totally, provides physiotherapy services in 24 towns across 10 counties in the UK.

The ethos of the Company is to over deliver on its services to allow its customers to get the best treatment pathway available. To underpin this philosophy, Optimum became one of the first physiotherapy providers in the UK to obtain ISO9001: 2008 certification in 2013.

Optimum has a talented team of physiotherapists, strength and conditioning coaches and rehabilitation specialists to assist clients both in injury recovery and in training to prevent injuries occurring.

2016 Highlights:

- ISO9001:2008 Re-Certification in June 2016
- Welcoming Alison Loades to the senior management team as Clinic Lead in October 2016
- Joining the Totally group in November 2016
- Opening new clinics in St Albans, Stevenage, Aylesbury and Hemel Hempstead during the course of the year.

Totally completed the acquisition of Optimum Sports Performance Centre Limited on 14 November 2016.

OUR BUSINESSES

TOTALLY HEALTH – SUPPORTING PATIENTS WITH LONG-TERM HEALTH CONDITIONS

Totally Health is a wholly owned subsidiary of Totally which provides an innovative B2B model of medically driven, and personalised Clinical Health Coaching to patients across the UK. Our Clinical Health Coaching services support the management of long term conditions in patients such as chronic obstructive pulmonary disease (COPD), diabetes and wider wellness issues such as smoking cessation and obesity management, to improve outcomes and reduce healthcare costs.

The clinical coaching is provided over a telephone by experienced clinicians (senior nurses) with each patient assigned a personal coach for the duration of the service. The service helps to deliver sustainable positive behavioural changes, enabling patients to be educated and confident to self-manage their conditions and reduce their reliance on the UK healthcare system. In tandem, Totally Health's outcome based model reduces the pressure on local healthcare services by reducing repeat admissions, emergency admissions and time spent in hospitals.

It is estimated that long-term conditions account for 70% of the total health and care budget of the NHS, costing over £70bn per year. It is expected that this number will grow as the UK population ages and the prevalence of long-term conditions increases. Totally Health suggest that over 70% of people living in the UK are diagnosed with at least one long-term condition such as diabetes, asthma, COPD and musculoskeletal conditions (eg osteoarthritis).

It is this growing market of high cost, chronic conditions that Totally Health is aiming to service. Totally Health provides the leading Clinical Health Coaching service in England to NHS patients via a number of programmes commissioned by CCGs, using a model that complements and supports existing health care pathways.

MY CLINICAL COACH – A DIRECT TO CONSUMER HEALTH COACHING SERVICE

My Clinical Coach, launched in 2016, is a direct-to-consumer UK health-coaching service for people with long-term health conditions or general 'wellness' concerns. Individuals or their families can choose to subscribe to the monthly subscription based service, which is a personal, professional, clinically focused and patient-centered service, tailored for each individual.

Long term care (LTC) is a significant and growing burden on the NHS, and the clinical results show that comprehensive home care (CHC) can significantly reduce this pressure and improve outcomes for both patients and local healthcare services.

With more than 15 million people in the UK with a long-term condition or disability, the need to improve the treatment and management of long-term conditions is one of the most important challenges facing the UK's NHS.

My Clinical Coach covers all health conditions and is targeted at patients with either a diagnosed long-term condition or patients who are looking for support to improve their health. MCC's typical subscriber base is a patient between 35 and 55 years of age, with a busy working life making it difficult for the person to see a GP. The people are already likely to have early stage, long-term condition or are at high risk of developing such a condition. A key aim of our service is to limit disease progression, thereby improving the subscriber's overall wellbeing and reducing future demands on the NHS.

My Clinical Coach is operated by Totally Health.

PREVALENCE OF LONG-TERM CONDITION IN THE UK

2.3m

CORONARY HEART DISEASE

Source: British Heart Foundation

0.5m

CONGESTIVE HEART FAILURE

Source: British Heart Foundation

1.2m

CHRONIC OBSTRUCTIVE PULMONARY DISEASE

Source: British Lung Foundation

3.5m

DIABETES

Source: Diabetes UK

8.75m

OSTEOARTHRITIS

Source: Arthritis Research UK

AWARDS AND CERTIFICATES IN 2016

ABOUT HEALTH

About Health is CQC registered and holds up to date Information Governance Statement of Compliance (IGSoC) registration

PREMIER PHYSICAL HEALTHCARE

Implementation and award of ISO27001

Framework agreement for Halifax regions for Mobility Assessment services

OPTIMUM SPORTS PERFORMANCE CENTRE

Implementation and award of ISO9001 (2008 Certification)

TOTALLY HEALTH

Winners:
Clinical Team of the Year Diabetes; The General Practice Awards 2016

Runners Up:
Clinical Team of the Year Long Term Conditions; The General Practice Awards 2016

Special Commendation:
Pathway Innovators of the Year; National Association for Primary Care 2016

OUR PEOPLE

OUR BOARD

The board has extensive, multi-decade experience in the out-of-hospital services healthcare sector:

BOB HOLT - CHAIRMAN

Bob has a background in developing support service businesses. He has operated in the service sector since 1981, initially in a financial capacity then moving into general management. In 1996 Bob bought a controlling interest in Mears Group Plc, the support services group focused on social housing and domiciliary care services. Since then, he has been instrumental in Mears' growth, from a £3.6million to over £500 million market capitalisation and was the best performing share over 5 and 10 years. Bob has also overseen the company's flotation on AIM and subsequent listing on the Main Market of the London Stock Exchange in 2008.

Bob is also Chairman of DX (Group) plc and Lakehouse plc, and a director of a number of other businesses.

WENDY LAWRENCE - CEO

Wendy, the CEO of Totally Health, has an NHS career which spans some 20+ years. She has a wealth of experience having previously worked for BUPA Health Dialog, leading the Client Delivery Team on a range of projects, from complex FESC deliveries through to individual PCT (Primary Care Trust) specific contracts across the UK.

Previously Wendy ran her own company, working closely with numerous NHS and social care organisations across England, Wales and Scotland supporting delivery of many complex change agendas.

During Wendy's NHS career, she was Chief Executive of three large Primary Care Trusts with a combined budget of £460m, here she successfully ran and delivered 100% within budget and target deliveries.

Wendy led a number of projects on behalf of the Strategic Health Authority including the establishment of new commissioning models for ambulance services and NHS Direct, as well as contributions to national projects including Reforms of Urgent Care Provision and Taking Healthcare to the Patient.

DON BALADASAN – FINANCE DIRECTOR

Don is a Chartered Management Accountant with over 18 years of international experience in finance function formation, financial reporting, system implementation and consolidation, as well as requirements analysis, change management and business process improvement. Having been trained at the Financial Times, Don went on to found Mataxis Ltd, a consultancy that provides outsourced FD services to SMEs and start-ups. Mataxis works with a wide range of clients covering many different sectors which include fund management, property, technology, healthcare and telecoms.

Prior to founding Mataxis, Don was Head of Accounting Development at Stemcor, a leading independent service provider for the steel industry during which time his main responsibility was evaluating the next generation finance system for the entire group. Don has also worked as a regional Financial Controller for BUPA Hospitals and Financial Controller of FTMarketwatch.com.

TONY BOURNE – NON-EXECUTIVE DIRECTOR

Tony Bourne is currently a non-executive director of Barchester, one of the UK's largest operators of residential care homes and Spire Healthcare Group Plc, one of the largest private healthcare groups in the UK, a London Stock Exchange-listed company and a constituent of the FTSE 250 Index. He is also Chairman of CW+ (formerly the Chelsea and Westminster Health Charity), one of the largest NHS charities and, before that, was Chief Executive of the British Medical Association.

Previously Tony was in investment banking for over 25 years, as a partner at Hawkpoint and as the global head of the equities division and a member of the managing board of BNP Paribas. Tony has also spent 9 years as a non-executive director at Southern Housing Group and at Scope, one of the UK's largest charities, which focuses on cerebral palsy.

MICHAEL ROGERS – NON-EXECUTIVE DIRECTOR

Michael has over 30 years' experience in healthcare-services and care-services provision. He is currently a non-executive director of Mears Group Plc ("Mears"), the provider of support services to the social housing and care sectors in the UK, which is listed on the main market of the London Stock Exchange. Michael is also a health and social care adviser to Morgan Stanley Private Equity and a member of the investment advisory board of private equity provider Bestport Ventures LLP.

In 1976, Michael was appointed as managing director of the British Nursing Association. In 1988 he became the chief executive of Nestor-BNA Plc when the group floated on the main market of the London Stock Exchange. Michael remained here until 1996, prior to founding Careforce Group Plc in 1999, which floated on AIM in 2004. Careforce Group Plc completed a number of acquisitions to become one of the UK's leading domiciliary care providers, prior to its acquisition by Mears in 2007, following which Michael joined the Mears board.

OUR SENIOR LEADERS ACROSS THE GROUP

Our subsidiary businesses have highly skilled management in place, a key component to their success:

RICHARD BENSON, CEO – ABOUT HEALTH:

Richard Benson was the Operations Director of About Health from its inception in 2008 until June 2016 when he became CEO.

Prior to joining About Health, Richard had a successful 15 year career in the NHS, working at Board level as a Director/Chief Executive for more than half of that time.

Richard is committed to continuous service improvement. During his NHS career, teams that he led won two prestigious national awards for innovation in older peoples' services and in medicines management. During his time at About Health, the company has been shortlisted three times for national awards for quality and innovative care delivery.

WAYNE LLEWELLYN, CEO AND CLINICAL DIRECTOR – PREMIER PHYSICAL HEALTHCARE:

Wayne applied himself to the Private Physiotherapy market after qualifying in 1989 with his second degree in Physiotherapy following the completion of an earlier Sport Science degree at Brighton Polytechnic in 1984.

He studied Physiotherapy at Guys Hospital Medical School where his close association with Medical students many of whom are now established Doctors, Physicians and Surgeons with their own practices has proved both useful and valuable to Premier Physical Healthcare Ltd in their pursuit of best practice.

Following a short spell of private practice in Brighton he moved back to the City in 1991 to work in fitness centre based clinics both privately and in the corporate sector. Over the next 7 years he developed his knowledge and skills of Clinical Physiotherapy and Corporate Healthcare and founded Premier Health & Sport Therapy Limited with Raphael Leal in 1997.

Just prior to setting up Premier he was delighted when an Orthopaedic Consultant colleague referred Emma Bunton, 'Baby Spice', to him for assistance in the recovery of an injury during the making of the 'Spice Movie'. This culminated in the title of "Physio Spice" being bestowed upon him for his 15 minutes of fame.

Wayne's understanding of the Healthcare and Fitness industry within business and the public sector has helped develop several teams of Physiotherapists for the NHS, Private practice and Occupational health over the past 20 years.

DEAN PAYNE, MANAGING DIRECTOR - OPTIMUM SPORTS PERFORMANCE CENTRE:

Dean is the founder and Managing Director of Optimum Sports Performance Centre, a Chartered Physiotherapist, NSCA Certified Strength and Conditioning Specialist and Exercise Physiologist.

As well as consulting within the private sector as a physiotherapist Dean has also been fortunate enough to be able to deliver education as a University Lecturer specialising in sport rehabilitation, biomechanics and sports specific conditioning during his time as a PhD Researcher. His passion of working within the sporting arena has also allowed him to deliver services to a number of professional and semi-professional sports organisations, which has exposed him to the fascinating and multifaceted nature of this discipline.

Over the last 13 years Dean has, as the Managing Director, along with the rest of the Optimum team, guided Optimum to become one of the largest regional physiotherapy providers in the UK, providing over 55,000 clinical appointments per year, via 24 regional clinics across 10 counties.

BOARD REPORT ON CORPORATE GOVERNANCE

As an AIM quoted company, Totally plc is not required to comply with the Corporate Governance Code of June 2010 (the Code) or the updated 2012 Code. However we are committed to implementing and upholding the highest standards of corporate governance. The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance considered by the Board to be appropriate to a group of this size have been applied.

THE WORKINGS OF THE BOARD AND ITS COMMITTEES

During the year the Board comprised of Mrs Wendy Lawrence, Mr Donald Baladasan, Mr Robert Holt, Mr Anthony Bourne and Mr Michael Rogers. The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the accounts is set out in the Directors' Report.

The Board has a formal schedule of matters specifically reserved to it for decision. It meets at least 4 times a year, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining acquisition opportunities, overseeing the system of risk management and reporting to shareholders. The non-executive Chairman has a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered and also ensures that the directors take independent professional advice as required. The all directors attended all of the Board meetings.

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance-related bonus schemes, grant of share options, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive directors.

The remuneration committee meets as and when necessary to review the salaries of Board directors and any senior staff over £70,000.

Members of the remuneration committee are Anthony Bourne, who acts as chairman of the committee, and Robert Holt.

AUDIT COMMITTEE

The Audit Committee provides a forum for reporting by the Group's external auditors. The Committee is responsible for reviewing a wide range of matters, including half year and annual results before their submission to the Board and for monitoring the internal controls that are in force to safeguard shareholders' investment and the Group's assets.

The Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and reviews the nature, scope, results and cost effectiveness of the audit and the independence and objectivity of the external auditors.

The audit committee meets not less than twice in a financial year. Members of the audit committee are Michael Rogers, who acts as chairman of the committee, and Robert Holt.

NOMINATIONS COMMITTEE

The Company has established a nominations committee. The nominations committee meets not less than once a year to: (i) identify individuals qualified to become Board members and select the director nominees for election at general meetings of the shareholders or for appointment to fill vacancies; (ii) determine director nominees for each committee of the Board; and (iii) consider the appropriate composition of the Board and its committees. In addition, each Director's performance will be reviewed annually by the chairman of the Nominations Committee and the chairmanship of the Nominations Committee will be assessed by the remaining directors. Members of the Nominations Committee are Don Baladasan, who acts as chairman of the committee, and Robert Holt.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for establishing and maintaining the Group's financial and non-financial controls. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed and by their nature can provide reasonable but not absolute assurance against material misstatement or loss.

Each executive director has responsibility for specific aspects of the Group's affairs. The executive directors constitute the management committee which meets regularly to discuss day-to-day operational matters.

The key procedures which the Directors have established with a view to providing effective internal control are set out below.

CORPORATE ACCOUNTING AND PROCEDURES

Responsibility levels are communicated throughout the Group, setting out the ethos of the Group, delegation of authority and authorisation levels, segregation of duties and other control procedures together with accounting policies and procedures.

QUALITY AND INTEGRITY OF PERSONNEL

The competence and integrity of personnel are ensured through high recruitment standards and subsequent training. High quality of personnel is seen as an essential part of the control environment.

IDENTIFICATION OF BUSINESS RISKS

The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks.

BUDGETARY PROCESS

Each year the Board approves the annual budget and key risk areas are identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the Board of variances from budget, updated forecasts for the year and information on the key risk areas.

INVESTMENT APPRAISAL

Capital expenditure is regulated by the budgetary process and authorisation levels.

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis, as explained in Note 3 to the financial statements.

DIRECTORS' REMUNERATION

The Board is responsible for an overall remuneration package for executive directors and other senior executives capable of achieving the Group's objectives and approved by the remuneration committee. Remuneration packages are designed to attract, retain and motivate directors of the right calibre.

FEES

The fees for non-executive directors are determined by the Board within the limits stipulated in the Articles of Association. The non-executive directors are not involved in any discussions or decisions about their own remuneration. Details of amounts received by the Directors during the year ended 31 December 2016 are set out in note 7 to the financial statements.

CONTRACTS OF SERVICE

The current executive directors, Wendy Lawrence and Donald Baladasan, have service contracts with the Company which can be terminated with a notice period of six months by either party. The Board considers that this is appropriate.

SHARE OPTIONS

Details regarding share options are set out in notes 19 and 20 to the financial statements.

COMMUNICATIONS WITH SHAREHOLDERS

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable

Donald Baladasan
Director

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

PRINCIPAL ACTIVITIES

The Group's principal activities are the provision of out of hospital care. In 2016 this was done through its wholly owned subsidiaries of Totally Health Limited, My Clinical Coach Limited, Premier Physical Healthcare Ltd, About Health Limited and Optimum Sports Performance Centre Limited.

Totally Health provides personalised Clinical Health Coaching to help support patients with long-term health conditions, improve outcomes and reduce healthcare costs. The service delivers sustainable behavioural changes, enabling patients to be educated and confident to self-manage their conditions. This in turn aids long-term behavioural change and reduces healthcare reliance, re-admissions and emergency admissions. Totally Health provides the leading Clinical Health Coaching service in England to NHS patients via a number of programmes commissioned by CCGs, using a model that complements and supports existing health care pathways, outsourced clinical coaching to NHS clinical commissioning groups to help patients with long term conditions.

My Clinical Coach, the newly launched direct to consumer service, offers clinical coaching for people with long-term conditions or for general wellness.

Premier Physical Healthcare is an occupational physiotherapy provider providing a comprehensive range of treatments and advice for musculoskeletal injuries and conditions. It delivers physiotherapy and podiatry to NHS patients. Premier also has contracts with various police forces and prison sites; as well as providing occupational health and ergonomic services to corporate clients, such as display screen equipment assessments; post-injury returns to work suitability assessments; podiatry treatment; and sports massage services. The business also has a network of clinics located in health and fitness centres.

About Health provides community dermatology services to 18 clinics across Lancashire, Dorset and Hampshire. About Health is headquartered in Blackburn, Lancashire.

Optimum Sports Performance Centre provides physiotherapy services in 24 towns across 10 counties in the UK. The treatment includes strength and conditioning coaches and rehabilitation specialists to assist clients both in injury recovery and in training to prevent injuries occurring.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The review of the year's operations, trading outlook and future developments is contained in the statements from the Chairman and the CEO on pages 8 to13.

RESULTS AND DIVIDENDS

The results for the year are set out on page 31. No interim dividend has been paid and the Directors do not recommend a final dividend.

SHARE CAPITAL

Details of the changes in the share capital are set out in note 19 to the financial statements.

FINANCIAL SUMMARY

Group turnover from continuing operations in the year to 31 December 2016 was £3.98 million (2015: £0.58 million).

Group LBITDA from continuing operations for the period was (£1.65) million (2015: £ (0.36) million).

Group loss before tax from continuing operations for the period was £1.49 million (2015: loss before tax of £0.41m).

CASH FLOW AND NET DEBT

The Group cash flow statement is set out on page 35. Highlights include cash improvement in the Group's net funds position at 31 December 2016 to £998,000 (2015: £359,000).

LIQUIDITY AND FUNDING

The Group maintains liquidity through the careful management of the working capital cycle generated through normal business activities.

FINANCIAL POSITION

Overall the net assets position of the Group has increased by £4,631,000 during the year to a position of £5,123,000 at 31 December 2016.

CREDITOR PAYMENT POLICY

It is the Company's policy to abide by terms of payment agreed with suppliers. In many cases the terms of payment are as stated in the supplier's own literature. In other cases the terms of payment are determined by specific written or oral agreement. The number of supplier days represented by trade creditors at 31 December 2016 was 62 days (2015: 38 days).

FINANCIAL INSTRUMENTS

As at 31 December 2016 the Group has no bank borrowing but does utilise an invoice discounting facility for Premier Health's NHS contracts. The financial risk management objectives and policies are disclosed in note 18.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board sets out below the principal risks and uncertainties that the Directors consider could impact the business. The Board continually reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impacts. The Board also recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2016

POTENTIAL CHANGE IN GOVERNMENT POLICY

A key driver of the Enlarged Group's business is the level of UK Government spending relating to the delivery of healthcare services. In light of pronouncements from the current UK Government focusing on reducing the public sector budgetary deficit, the rate of growth in expenditure on healthcare may reduce.

However, the Directors believe the Enlarged Group is well placed to benefit from targeted healthcare spend due to the potential for the NHS to generate efficiency savings through the use of its services. The Board continue to keep abreast of current thinking on policy issues relating to the Group's services.

The Directors are further mitigating this risk by diversifying the services offered by the Group and by looking to provide services to other sectors such Corporate, Private Medical Insurers and other Non NHS Public sector providers such as the Police and prison services.

EXECUTION OF BUY AND BUILD STRATEGY

The Group's strategy involves expanding its business through acquisitions of other businesses and establishing new businesses. Acquisitions are made following extensive relevant due diligence by the Board and its professional advisors. Acquisitions will also require the integration of new operations into the Group's business to realise the expected benefits. The Group has mitigated this by the appointment of an experienced Board and senior management team who have experience of executing buy and build strategies.

SUCCESS OF NEW SERVICES AND PRODUCTS

The Group expects much of its growth to come from the expansion of existing business and to leverage the platform developed for My Clinical Coach to offer new products and routes to market for current future healthcare services.

To mitigate the risk of below expectation growth, the Board and the senior management team undertake extensive market research and intelligence before expanding into new areas. This analysis includes pricing and costing models based on estimated demand from available statistics, studies of disease area and likely pay model and uptake.

POTENTIAL FAILURE TO WIN NEW TENDERS

There are tenders in progress for new business across various NHS and other public sector departments and councils. The ability to win new contracts with these organisations is material to the Enlarged Group's future growth.

To improve the chance of success of new tenders the Board has expanded the Bid and Tender team.

STAFF RECRUITMENT AND RETENTION

The Group has a detailed HR policy that sets out the recruitment procedure and protocols for recruitment of staff. All staffing levels required to deliver the Group's business plan are reviewed by senior management regularly with staff being recruited at the appropriate level and time.

DATA MANAGEMENT AND PROTECTION

The Group has access to and manages a large amount of confidential and business critical data. To mitigate risk from data loss or misuse, the Group has secure data storage and back -ups and has ISO27001 accreditation. The policies and procedures are regularly monitored in accordance with Group policy and accreditation. All Group companies are audited and brought into line with the accreditation.

INFORMATION TECHNOLOGY RISK

It is Group policy to adopt technological development to best facilitate the delivery of the Group's services and administration. This reliance on technology brings risks that could affect delivery. To mitigate this the Group has a dedicated and experienced IT function which oversees Group IT resourcing and services. This includes the analysis of new and existing technology.

All new projects are scoped in detail including cost budgets and are closely project managed. In addition all supplier and partners are vetted and have defined service level agreements. This coordinated approach at group level mitigates risk from disparate systems and affords the Group better management of technological risk and costs.

CREDIT RISK

The Group's credit risk primarily relates to trade and other receivables and accrued income. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit management. Credit limits are established for all customers and are based inter alia on credit checks. Outstanding customer receivables are regularly monitored.

LIQUIDITY RISK AND CASH FLOW RISK

Cash balances and the working capital cycle are managed so as to maximise interest earned and minimise interest paid, while maintaining the liquidity requirement of the business. When seeking borrowings, the Directors consider the commercial terms available and, in consultation with their advisors, consider whether such terms should be fixed or variable and are appropriate to the business.

The Group would normally expect that sufficient cash is generated in the operating cycle to meet contractual cash flows through effective cash management. The Directors continually monitor the situation through the careful management of creditors and working capital.

CORPORATE SOCIAL RESPONSIBILITY

The Directors recognise that they have a responsibility to understand and meet the needs of all the stakeholders involved in the business, including suppliers, customers, employees and shareholders. Through interaction with these parties, the Group endeavours to have a positive impact on both society and environment whilst achieving our commercial objectives.

The Audit and Risk Committee annually review the Risk Register to ensure Corporate and Social Responsibility is integrated to the way the business is run.

PEOPLE

Recruitment, development and retention.

The Group has a core of key employees with strong market and product knowledge. It has always sought to position itself as not reliant on individuals by ensuring that the knowledge and responsibilities are shared. Our business still depends, however, on the quality of our staff and this involves risks of retention and of being able to recruit at our current high standards. We mitigate this risk by seeking to provide the environment and assistance that will aid the development of our employees and improve the retention prospects, which we also seek to do through employee benefits, incentive schemes, share plans and career opportunities where possible.

Disabled persons

The Group is committed to equal opportunity of employment and all employment decisions are based on merit, qualifications and abilities. The Group is committed to providing a working environment that is free from all forms of discrimination and harassment. The Group will employ disabled persons where they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. The number of disabled persons employed by the Group was Nil (2015: Nil).

Health and safety

It is the objective of the Group to ensure the health and safety of its employees and of any other persons who could be affected by its operations. It is the Group's policy to provide working environments which are safe and without risk to health and to provide information, instruction, training and supervision to ensure the health and safety of its employees.

As a minimum, all Group companies are required to comply with all applicable local legislation in employment matters.

Communications

Employees receive a by-monthly communication from the CEO through the company staff letter. It provides information about significant changes to staffing, summarises and highlights recent results and success.

Managers are encouraged to have regular meetings with their teams to ensure employees are satisfied in their field work.

Employee Share Scheme

This financial year saw the introduction of a company wide three years save as you earn scheme run by Equiniti Financial Service Limited.

ENVIRONMENTAL MATTERS

The Group is committed to supporting best practice and complying with all relevant legislation in relation to the production of its products and to environmental issues. The Group is in regular dialogue with suppliers in relation to new products and processes, and environmental issues are considered in the decision-making process.

POLITICAL AND CHARITABLE CONTRIBUTIONS

In October 2016, Totally sponsored 2 employees to 'volunteer' in the Footprints Foundation project in South Africa. Totally donated £1000 per employee and the Company will keep encouraging its staff to take up volunteering opportunities. No political contributions were made in 2016.

RESEARCH AND DEVELOPMENT

As at 31 December 2016 the Group was engaged in research and development in the design and development of the new infrastructure and service for My Clinical Coach, the direct-to-consumer Clinical Health Coaching service. This platform for direct to consumer services is being tailored to encompass physiotherapy and dermatology services.

AUDITOR RE-APPOINTMENT

RPG Crouch Chapman LLP have expressed willingness to continue in office. In accordance with Section 489(4) of the Companies Act 2006 a resolution to re-appoint RPG Crouch Chapman LLP will be proposed at the AGM.

DIRECTORS

The Directors of the Company who were in office during the year to the date of signing the financial statements unless otherwise stated were:

Mr Robert Holt (Non-executive chairman)
Mrs Wendy Lawrence (Executive Director)
Mr Donald Baladasan (Executive Director)
Mr Anthony Bourne (Non-executive director)
Mr Michael Rogers (Non-executive director)

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS AND THEIR INTERESTS

The interests of the Directors who held office at the year end in the share capital of the Company were as follows:

	Warrants to subscribe for Ordinary shares of 10p each held 31 December 2016	Ordinary shares of 10p each held 31 December 2016	Warrants to subscribe for Ordinary shares of 10p each held 31 December 2015	Ordinary shares of 10p each held 31 December 2015
Wendy Lawrence	**–**	**56,666**	8,333	16,666
Donald Baladasan	**–**	**107,780**	–	67,780
Robert Holt	**–**	**846,768**	–	600,000
Tony Bourne	**–**	**161,000**	–	-
Mike Rogers	**–**	**16,000**	–	-

	Number of options				
	At start of year	Granted/ (surrendered)	At end of year	Exercise price Pence	Date from which Exercisable
Wendy Lawrence	250,000	-	250,000	44p	11/11/2018
Donald Baladasan	100,000	-	100,000	44p	11/11/2018

According to the Register of Directors' interests, no rights to subscribe for shares in or debentures of the Company or any other Group company were granted to any other Directors or their immediate families, or exercised by them, during the financial year.

Substantial interests

The Company has been notified, as at 21 March 2017, of the following interests in 3 per cent or more of the 52,007,326 ordinary shares in issue:

	Ordinary shares	Percentage
The Bank of New York (Nominees) Limited	11,295,881	21.72
HSBC Client Holdings Nominee Limited	6,799,972	13.08
Aurora Nominees Limited	5,450,000	10.48
Platform Securities Nominees Limited	4,158,764	8.00
Vidacos Nominees Limited	3,428,953	6.59
Share Nominees Limited	3,255,382	6.26
Chase Nominees Limited	3,213,271	6.18
Jim Nominees Limited	1,734,079	3.33

EVENTS AFTER THE REPORTING PERIOD

(a) On 12 January 2017, Premier Physical Healthcare Limited, a wholly owned subsidiary of Totally plc, won a three-year activity – based contract extension with HNS Swale Clinical Commissioning Group.

(b) On 19 January 2017, About Health Limited, a wholly owned subsidiary of Totally plc, secured a new £130,000 12-month contract with Harrogate and Rural District Clinical Commissioning Group.

(c) On 10 February 2017, Totally Health Limited a wholly owned subsidiary of Totally plc, was awarded a new 15-month contract worth £45,000 with Stowhealth GP practice.

(d) On 27 February 2017, the Company announced a Placing and Open offer to raise up to approximately £18 million (before expenses) at an issue price of 55 pence per New Ordinary Share. On 17 March 2017 the Placing and Open Offer completed having raised a total of £17.6m (before expenses). Net proceeds of the transaction will be used to drive the Company's 'buy and build' strategy, focused on becoming a leading out-of-hospital healthcare provider

(e) On 7 March 2017, Premier Physical Healthcare Limited, a wholly owned subsidiary of Totally plc, was awarded a three-year contract with NHS Care & Custody Health. Under this contact, Premier will deliver Physiotherapy and Podiatry services into two UK Prisons, HMP Whatton and HMP Gartree.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board
Donald Baladasan

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual report, Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state whether the company financial statements have been prepared in accordance with applicable UK accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the entity will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Donald Baladasan
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOTALLY PLC

We have audited the financial statements of Totally PLC for the year ended 31 December 2016, which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (UK GAAP) including FRS 101 Reduced Disclosure Framework applicable in the UK and Republic and Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and our engagement letter. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities set out on page 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK GAAP, FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the provisions of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared, is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

Martin Chatten (Senior Statutory Auditor)
for and on behalf of RPG Crouch Chapman LLP
Chartered Accountants
Statutory Auditor
62 Wilson Street, London EC2A 2BU

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

Continuing operations	Note	2016 £000	2015 £000
Revenue	5	**3,977**	577
Cost of sales		**(2,600)**	(184)
Gross profit		**1,377**	393
Administrative expenses		**(2,516)**	(708)
Employee benefit expense	7	**(20)**	(44)
Loss before exceptional items		**(1,159)**	(359)
Exceptional items		**(494)**	–
Loss before interest, tax, depreciation and amortisation		**(1,653)**	(359)
Depreciation		**(24)**	(4)
Amortisation		**(645)**	–
Operating loss		**(2,322)**	(363)
Share issue costs		**–**	(49)
Finance income	9	**830**	–
Finance costs		**–**	(1)
Loss before taxation		**(1,492)**	(413)
Income tax		**(24)**	–
Loss for the year attributable to the equity shareholders of the parent company		**(1,516)**	(413)
Other comprehensive income/(expense)		**–**	–
Total comprehensive loss for the year net of tax attributable to the equity shareholders of the parent company		**(1,516)**	(413)

Earnings/(Loss) per share	Note	2016 Pence	2015 Pence
Basic and diluted			
Continuing operations	19b	**(8)**	(15)
Total		**(8)**	(15)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £000	Share premium account £000	Retained earnings £000	Equity shareholders' deficit/funds £000
At 1 January 2015	2,453	4,147	(6,739)	(139)
Total comprehensive loss for the year attributable to owners of the parent	–	–	(413)	(413)
Issue of share capital	602	387	–	989
Credit on issue of warrants and options	–	–	55	55
At 1 January 2016	**3,055**	**4,534**	**(7,097)**	**492**
Total comprehensive loss for the year attributable to owners of the parent	–	–	(1,516)	(1,516)
Issue of share capital	1,002	5,120	–	6,122
Credit on issue of warrants and options	–	–	25	25
Share premium cancellation *	–	(9,645)	9,645	–
Deferred shares buy – back**	(2,055)	–	2,055	–
At 31 December 2016	**2,002**	**9**	**3,112**	**5,123**

*In August 2016, following approval by shareholders, the approval of the High Court and the subsequent registration of the Court order with the Register of Companies, the £9.645m share premium account was cancelled, thereby creating distributable reserves.

**In July 2016, following approval by shareholders, the Company progressed the proposed Buy-Back by the Company of all its Deferred Shares and issued one Ordinary Share to Totally's Chairman Bob Holt at nominal value of £0.10, thereby creating the distributable reserves.

The balance of the share premium account may not legally be distributed under section 831 of the Companies Act 2006.

The Company statement of changes in equity can be found in note 21.

The accompanying notes on pages 36 to 61 form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016		2015	
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	13	**12,669**		218	
Property, plant and equipment	10	**95**		6	
			12,764		224
Current assets					
Inventory	11	**6**		–	
Trade and other receivables	14	**2,047**		78	
Cash and cash equivalents		**998**		359	
			3,051		437
Total assets			**15,815**		661
Current liabilities					
Trade and other payables	15	**(922)**			(169)
Deferred acquisition consideration falling due within one year	17	**(1,641)**			–
Borrowings/Invoice discounting	16	**(62)**			–
			(2,625)		(169)
Non-Current liabilities					
Deferred acquisition consideration falling due after more than one year	17	**(8,018)**			–
Other payables		**(25)**			–
Borrowings	16	**(15)**			–
Deferred Tax	8	**(9)**			–
			(8,067)		–
Total liabilities			**(10,692)**		(169)
Net current assets			**426**		268
Net assets			**5,123**		492
Shareholders' equity					
Called up share capital	19		**2,002**		3,055
Share premium account	19		**9**		4,534
Retained earnings	19		**3,112**		(7,097)
Equity shareholders' funds			**5,123**		492

These financial statements were approved by the Board of Directors on 27 March 2017 and were signed on its behalf by:

Wendy Lawrence
Director

Donald Baladasan
Director

Totally plc
Company registration No: 3870101 (England and Wales)

The accompanying notes on pages 36 to 61 form part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016		2015	
	Note	£000	£000	£000	£000
Non-current assets					
Investments	12	**13,467**		–	
Property, plant and equipment	10	**18**		1	
			13,485		1
Current assets					
Trade and other receivables	14	**2,692**		1,067	
Cash and cash equivalents		**715**		336	
			3,407		1,403
Total assets			**16,892**		1,404
Current liabilities					
Trade and other payables	15	**(107)**			(53)
Deferred acquisition consideration falling due within one year	17	**(1,641)**			–
			(1,748)		(53)
Non-Current liabilities					
Deferred acquisition consideration falling due after more than one year	17	**(8,018)**			
			(8,018)		–
Total liabilities			**(9,766)**		(53)
Net current assets			**1,659**		1,350
Net assets			**7,126**		1,351
Shareholders' equity					
Called up share capital	19		**2,002**		3,055
Share premium account	19		**9**		4,534
Retained earnings	19		**5,115**		(6,238)
Equity shareholders' funds			**7,126**		1,351

These financial statements were approved by the Board of Directors 27 March 2017 and were signed on its behalf by:

Wendy Lawrence
Director

Donald Baladasan
Director

Totally plc
Company registration No: 3870101 (England and Wales)

The accompanying notes on pages 36 to 61 form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Loss for the year		**(1,516)**	(413)
Adjustments for:			
– Options and warrants charge	6	**25**	55
– Amortisation and depreciation	10/13	**669**	4
– Tax expense recognised in profit or loss		**24**	–
– Finance income	9	**(830)**	–
Movements in working capital:			
– Movement in trade and other receivables		**(503)**	74
– Movement in trade and other payables		**(25)**	(318)
Cash generated from operations		**(2,156)**	(598)
– Income tax paid		**(51)**	–
Net cash flows from operating activities		**(2,207)**	(598)
Cash flow from investing activities			
Purchase of property, plant and equipment		**(34)**	(4)
Acquisition of subsidiaries	17	**(2,756)**	–
Development of intangible assets	13	**(495)**	(218)
Net cash flows from investing activities		**(3,285)**	(222)
Cash outflow before financing		**(5,492)**	(820)
Cash flow from financing activities			
Issue of share capital, net		**6,122**	989
Borrowings/invoice discounting increase		**19**	–
Finance lease payments		**(10)**	–
Net cash flows from financing activities		**6,131**	989
Net increase in cash and cash equivalents		**639**	169
Cash and cash equivalents at beginning of year		**359**	190
Cash and cash equivalents at end of year		**998**	359

The accompanying notes on pages 36 to 61 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

Totally plc is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 3870101). The Company is domiciled in the United Kingdom and its registered address is Hamilton House, Mabledon Place, London WC1H 9BB. The Company's Ordinary Shares are traded on the AIM market of the London Stock Exchange ("AIM").

The Group's principal activities have been the provision of innovative solutions to the healthcare sector, provided by its subsidiaries Totally Health Limited, My Clinical Coach Limited, About Health Limited and Optimum Sports Performance Centre Limited, Premier Physical Healthcare Ltd and its subsidiaries Premier Ergonomics Ltd, and Core Ergonomics Limited.

The Company's principal activity is to act as a holding company for its subsidiaries.

2. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The financial statements for the period ended 31 December 2016 were authorised for issue by the Board of Directors and the Statements of financial position were signed on the Board's behalf by Wendy Lawrence and Don Baladasan on 27 March 2017.

The Group's financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union, and bearing in mind those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements of Totally plc have been prepared in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006. The financial statements are presented in Sterling.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with wholly owned fellow group companies

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Totally plc. The company financial statements do not include certain disclosures in respect of:

- Share based payments; and
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

As permitted by Section 408 of the Companies Act 2006 no income statement is presented for the Company. The Company made a loss of £1,018,315 for the year ended 31 December 2016 (2015: loss £387,000).

3. BASIS OF PREPARATION

The financial year represents the 366 days to 31 December 2016, and the prior financial year, 365 days to 31 December 2015. The consolidated financial statements have been prepared on the historical cost basis and are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on pages 25 to 28. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Director's Review on pages 14 to 15. In addition, the Directors' report on pages 25 to 28 include the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

The Group completed the placing of 31,993,247 shares during March 2017 raising over £17m to fund deferred consideration liabilities, working capital and the further development of the direct to consumer platform into physiotherapy and dermatology.

The Group budget for the following 12 months from the date of the accounts showed a cash requirement to April 2018 of £5m, pre-placing. This requirement related to a deferred consideration falling due April 2017 and April 2018 and working capital.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Group's financial statements include the results of the Company and its subsidiaries, all of which are prepared up to the same date as the parent company. Uniform accounting policies are adopted by all companies in the Group.

Subsidiaries

Subsidiaries are all entities over which the Group has the ability to exercise control and are accounted for as subsidiaries. The trading results of subsidiaries acquired during the year end are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances , income and expenditure are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the Statement of Comprehensive Income. All acquisition expenses are reported within the consolidated income statement immediately.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Revenue recognition – innovative solutions for healthcare

Revenue is generated by providing clinical health coaching, supporting shared decision making services, software solutions to the healthcare sector, physiotherapy and dermatology services. Services are provided through short term and long term contracts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Clinical health coaching, supporting shared decision making services and software solutions to the healthcare sector

Profit is recognised on contracts, if the final outcome can be assessed with reasonable certainty, by including in the income statement revenue and related costs as contract activity progresses. Revenue is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

Physiotherapy and dermatology services

Revenue represents invoiced sales of services to regional Care Commissioning Groups of the National Health Service. Revenue is recognised in the month when the service is provided, as this is the point when revenue activity can be reliably measured. At this point there is a probable inflow of economic resources to the entity.

Finance costs

Finance costs comprise interest payable on bank overdrafts and bank charges and are recognised on an accruals basis.

Finance income

Finance income relates to income related to the fair value adjustment of the deferred consideration. This fair value adjustment relates to the net present value of the deferred consideration discounted at 3.5%.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid to acquire assets and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is calculated to write down the cost of the assets to their residual values by equal instalments over the estimated useful economic lives as follows:

Computer equipment	–	2 and 5 years
Fixtures and fittings	–	2 and 3 years
Short leasehold property	–	lease term

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate on an annual basis. An asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period that the asset is derecognised.

Inventories

Inventories are valued at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes all direct expenditure and production overheads based on a normal level of activity. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the costs of realisation and where appropriate for the costs of conversion from its existing state to a finished condition.

Goodwill

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the cost of acquisition over the Group's interest in the fair value of identifiable net assets (including intangible assets) acquired.

Goodwill is deemed to have an identifiable useful life as there is no foreseeable limit to the period over which assets is expected to generate an economic benefit.

Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the Statement of Comprehensive Income.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets other than goodwill – research and development and value of contracts acquired

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. Such intangible assets are carried at cost less amortisation. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the intangible assets' useful economic life.

The amortisation period is typically 1-10 years depending on the life of the related asset.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Development expenditure is capitalised only if all of the following conditions are met:

- development costs can be measured reliably;
- the project is technically and commercially feasible;
- future economic benefits are probable; and
- the Group has sufficient resources available to complete development and use the asset.

The expenditure capitalised includes only (i) the cost of gross direct labour that is directly attributable to preparing the asset for its intended use or (ii) third party costs incurred directly on the development activities above. The Company estimates the proportion of salaries cost that is directly attributable in respect of development costs.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Other research and development expenditure not meeting the above criteria is recognised in the income statement as incurred.

Intangible Value of Contracts is the fair value of contracts acquired on acquisition. The value of these contracts is based on net present value of gross profit and directly attributable overheads. The contract values are amortised on a straight line basis over the life of the contracts in line with IFRS.

Impairment of non-current assets

At each balance sheet date, the Group reviews amounts of its intangible fixed assets and property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. For non-current assets excluding goodwill, the CGU is deemed to be cash generating asset or the trading company whichever is the smaller CGU. For goodwill, the CGU is deemed to be the business acquired.

An impairment charge is recognised in the income statement in the period in which it occurs. Where an impairment loss subsequently reverses due to a change in its original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods.

Trade and other receivables

Trade receivables, which are generally received by the end of month following terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when it is likely that the balance will not be recovered in full. Balances are written off when the probability of recovery is considered remote.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised at original cost.

Borrowings

Borrowings are initially recognised at fair value, being proceeds received less directly attributable transaction costs incurred. Borrowings are subsequently measured at amortised cost with any transaction costs amortised to the income statement over the period of the borrowings using the effective inters method.

Foreign currencies transactions

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

The Group has a short lease on its premises. This is accounted for as an 'operating lease' and the rental charges are charged to the income statement on a straight line basis over the life of the lease. Other operating leases are treated in the same manner.

Exceptional items

Exceptional items are those items that , in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Share-based payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or options granted, excluding the impact of any non-market vesting conditions. All share options are valued using an option-pricing model (Black-Scholes). This fair value is charged to the income statement over the vesting period of the share-based payment scheme, with the corresponding increase in equity.

The value of the charge is adjusted in the income statement over the remainder of the vesting period to reflect expected and actual levels of options vesting, with the corresponding adjustment made in equity.

Income taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the year end date. Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred income tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled and the asset is realised, based on tax rates and laws enacted or substantively enacted at the year end date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Deferred income tax liabilities are recognised for all temporary differences, except for an asset or liability in a transaction that is not a business combination and at the time of the transaction, effects neither the accounting profit nor taxable profit or loss.

Deferred income tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity. Deferred income tax assets and liabilities are offset against each other only when the Company has a legally enforceable right to do so.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

Retirement benefits

The Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contribution into a separate entity. Contributions payable to the plan are charged to the income statement in the period to which they relate. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Use of assumptions and estimates

The Group makes judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The Group estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision effects both current and future periods.

The estimates and assumptions that have a significant effect on the amounts recognised in the financial statements are those related to establishing depreciation and amortisation periods and the estimates in relation to future cash flows and discount rates utilised in the impairment testing of intangible and tangible fixed assets.

The Group has estimated the proportion of salaries directly attributable to development costs, which were capitalised during the year 2016 and 2015.

Company only accounting policies

The following principal accounting policies have been applied:

Investments

Fixed asset investments are stated at cost less provisions for diminution in value.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the company statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Share–based payments

Where share options are awarded to employees, the fair value of the option at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non–market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where share options are cancelled, their remaining unamortised fair value is fully written off through the Statement of Comprehensive Income.

Change in accounting policies

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 January 2016 have had a material impact on the Group or parent company.

The following new standards, amendments to standards and interpretations will be mandatory for the first time in future financial years.

- IFRS 9, "Financial Instruments" ("IFRS 9") (IASB effective date 1 January 2018).
- IFRS 16, "Leases" ("IFRS 16") (IASB effective date 1 January 2019).
- IAS 7, "Statement of Cash Flows" ("IAS 7") (IASB effective date 1 January 2017).
- IAS 12, "Income Taxes" ("IAS 12") (IASB effective date 1 January 2017).
- IFRS 12 "Disclosure of interests in Other Entities" (IASB effective date 1 January 2017).
- IFRS 15, "Revenues from Contracts with Customers" ("IFRS 15") (IASB effective date 1 January 2018).
- IFRS 2, "Share-based Payment" ("IFRS 2") (IASB effective date 1 January 2018).
- IAS 28 "Investments in Associates and Joint Ventures" (IASB effective date 1 January 2018).
- IAS 40 "Investment Property" (IASB effective date 1 January 2018).

The revised standards will be adopted when effective in the Group's consolidated financial statements, although are not expected to have a significant impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

5. SEGMENTAL ANALYSIS – OPERATING SEGMENTS

Segment information is presented in respect of the Group's operating segments. Segments are determined by reference to the internal reports reviewed by the Board.

The chief operating decision maker ("CODM") for the purpose of IFRS 8 is the executive management team. For the purpose of resource allocation and assessment of performance, the CODM regularly reviews information based on the goods and services at a revenue and EBITDA level.

The Board has assessed that the basis for segment reporting should be changed due to acquisition of new business during 2016.

The following segments were determined:

Totally Health and MyClinicalCoach are providers of innovative solutions to the healthcare sector.

Totally plc represents a head office function.

Premier Physical Healthcare Ltd provides a comprehensive range of treatments and advise for musculoskeletal injures and conditions.

About Health Limited provides the high-quality dermatology services.

Optimum Sports Performance Centre Limited provides physiotherapy services.

The Group's management reporting and controlling systems use the accounting policies that are the same as those referred to in Note 4.

Segmental analysis – segment measures

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as EBITDA. This measure is reported to the CODM for the purposes of resource allocation and assessment of performance.

Interest income, interest expense and income tax expense are not included in the EBITDA profit measure which is reviewed by the CODM. Tax and treasury balances are managed centrally.

Segment assets and liabilities are not regularly provided to the CODM. The Group has elected, as provided under IFRS 8 "Operating Segments" (amended 2009) not to disclose a measure of segment assets or liabilities where these amounts are not regularly provided to the CODM.

Inter-segment revenue is recorded at values that represent estimated third-party selling prices.

With respect to geographical regions, revenue is generally allocated to countries based on the location where the goods and services are provided. Non-current assets are disclosed according to the location of the businesses to which the assets relate. In 2016 and 2015, all segments operated solely in the UK, and as a result no secondary format is provided in the financial statements.

Segmental analysis – major customers

During the year there were 8 customers (2015: 2) which separately comprised 10% or more of revenue of each subsidiary.

	2016 £000	2015 £000
Totally Health		
Major Customer 1	**150**	62
Major Customer 2	**53**	55
	203	117
Premier		
Major Customer 1	**896**	–
Major Customer 2	**520**	–
	1,416	–
About Health		
Major Customer 1	**381**	–
Major Customer 2	**177**	–
	558	–
Optimum		
Major Customer 1	**25**	–
Major Customer 2	**15**	–
	40	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Primary reporting format – business segments

The table below sets out information for the Group's business segments for the years ended 31 December 2016 and 2015. Segment revenue represents revenue from external customers arising from the sale of goods and services.

The type of products sold by each segment is detailed in the Strategic Report. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Analysis by business segment 2016	Totally Health My Clinical Coach £000	Premier Physical Healthcare £000	About Health £000	Optimum Sports Performance Centre £000	Head Office £000	Total £000
Revenue	218	2,077	1,538	144	–	3,977
EBITDA	(853)	178	192	30	(1,200)	(1,653)
Amortisation	–	–	–	–	(645)	(645)
Depreciation	–	(1)	(2)	(15)	(6)	(24)
Operating (loss)/profit	(853)	177	190	15	(1,851)	(2,322)
Share issue costs	–	–	–	–	–	–
Finance income	–	–	–	–	830	830
Finance costs	–	–	–	–	–	–
(Loss)/profit before tax	(853)	177	190	15	(1,021)	(1,492)
Income tax	–	3	(13)	(14)	–	(24)
(Loss)/profit after tax	(853)	180	177	1	(1,021)	(1,516)
Segment assets	354	526	785	620	13,530	15,815
Segment liabilities	(146)	(267)	(245)	(216)	9,818	10,692

Analysis by business segment 2015	Innovative solutions for Healthcare* £000	Head Office £000	Total £000
Revenue	577	–	577
EBITDA	(29)	(330)	(359)
Depreciation	(4)	–	(4)
Operating (loss)/profit	(33)	(330)	(363)
Share issue costs	–	(49)	(49)
Finance costs	–	(1)	(1)
(Loss) before tax	(33)	(380)	(413)
Income tax	–	–	–
(Loss) after tax	(33)	(380)	(413)
Segment assets	178	170	348
Segment liabilities	(323)	(164)	(487)

*Totally Health and MyClinicalCoach are providers of innovative solutions to the health sector.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

6. LOSS ON OPERATING ACTIVITIES BEFORE TAXATION

	2016 £000	2015 £000
Loss on ordinary activities before and after taxation is stated after charging:		
Share-based payments (See note 20(b))	**25**	55
Impairment charge for provisions in relation to irrecoverability of trade receivables	**–**	–
Operating lease charges – land and buildings	**74**	29
Defined contribution pension schemes	**24**	–
Expenses in connection with the acquisition of subsidiaries	**495**	–
Depreciation	**24**	4
Amortisation	**645**	–
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**20**	17
The audit of the Company's subsidiaries	**19**	5
Fees payable to the Company's auditors for the other services:		
Other services	**91**	–
Tax compliance services	**6**	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

7. EMPLOYEE INFORMATION

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
PLC/TH/MCC	**2016**	**2015**
Management and finance	**7**	5
IT	**2**	–
Sales and marketing	**2**	1
Administrative	**1**	1
Health coaches and project managers	**6**	6
Non-executive directors	**3**	3
	21	16
Optimum		
Management and finance	**4**	
Administrative	**7**	
Physios	**27**	
	38	–
About Health		
Management and finance	**5**	
Administrative	**13**	
Clinicians	**3**	
	21	–
Premier		
Management and finance	**12**	
Administrative	**7**	
Physios	**20**	
	39	–

*The figures for Premier, About Health and Optimum relate to the period from acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

7. EMPLOYEE INFORMATION CONTINUED

Staff costs for the above employees and Directors (included under Administrative expenses):

	2016 £000	2015 £000
PLC/TH/MCC		
Wages and salaries	**647**	644
Social security costs	**74**	61
Share based payments*	**20**	44
Pension costs	**1**	–
	742	749
Optimum		
Wages and salaries	**80**	–
Social security costs	**8**	–
Pension costs	**–**	–
	88	–
About Health		
Wages and salaries	**165**	–
Social security costs	**25**	–
Pension costs	**19**	–
	209	–
Premier		
Wages and salaries	**751**	–
Social security costs	**94**	–
Pension costs	**1**	–
	846	

The emoluments for employees and Directors (included under Administrative expenses) includes the following:

	2016				2015			
	Directors £000	Key management personnel £000	Staff £000	Total £000	Directors £000	Key management personnel £000	Staff £000	Total £000
Share based payments	**15**	**4**	**–**	**19**	44	–	–	44
SAYE	**1**	**–**	**–**	**1**	–	–	–	–
	16	**4**	**–**	**20**	44	–	–	44

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' emoluments

	2016				
	Salaries & fees £000	Bonus £000	Pension contribution £000	2016 £000	2015 £000
Executive directors					
W Lawrence	**106**	–	–	**106**	93
A Margolis (resigned 28/09/2015) **	**–**	–	–	**–**	51
D Baladasan	**88**	–	–	**88**	75
Non-Executive directors					
T Bourne	**15**	–	–	**15**	4
M Rogers	**15**	–	–	**15**	1
R Holt*	**–**	–	–	**–**	–
M J Sinclair (resigned 15/09/2015) **	**–**	–	–	**–**	30
J Clipsham (resigned 25/09/2015) **	**–**	–	–	**–**	29
S Laitner (resigned 6/11/2015)	**–**	–	–	**–**	17
	224	–	–	**224**	300

* R Holt has an agreement not to receive any emoluments until the Group's EBITDA exceeds £1m per annum

** During 2015, the directors listed below terminated their employment contracts and severance payments included in directors' emoluments above are as follows:

Dr. M J Sinclair – £12,500
A Margolis – £30,000
J Clipsham – £6,250

Employee benefits

Share – based employee remuneration

The Group operates an equity-settled share based compensation plan for Directors and executives. In accordance with IFRS 1, the Group has elected to implement the measurement requirements of IFRS 2 in respect of only those equity-settled share options that were granted after 7 November 2002 and that had not vested as at 1 January 2005. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date.

At each year end date, the Group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Consolidated Statement of Profit or Loss and other comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. When share options are cancelled the Group accounts for the cancellation as an acceleration of vesting and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The fair value of share options has been assessed using the Black Scholes Model. For SAYE plans, employees are required to contribute towards the plan .This non-vesting condition is taken into account in calculating grant date fair value.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital, with any excess being recorded as share premium.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

8. TAXATION

(a) Taxation charge

	2016 £000	2015 £000
Total current income tax charged in the income statement	**24**	–

(b) Taxation reconciliation

The current income tax charge for the period is explained below:

	2016 £000	2015 £000
Loss before tax	**(1,494)**	(413)
Taxation at the standard UK income tax rate of 20.00 % (2015: 20.75 %)	**(299)**	(86)
Non deductible expenses	**106**	14
Amortisation of intangible assets	**129**	–
Capital allowances in excess of depreciation	**(5)**	–
Tax losses utilised	**(1)**	–
Adjustments to tax charge in respect of prior periods	**3**	–
Losses carried forward	**91**	72
Total income tax charged in the income statement	**24**	–

(c) Deferred tax

Estimated tax losses of approximately £3,320,000 (2015: £3,006,000) are available to relieve future profits of the Group. A deferred tax asset has not been recognised in respect of these losses due to uncertainty as to the timing and tax rate at which these losses will be utilised against future taxable profit streams.

A deferred tax liability of £8,980 (2015: £Nil) has been recognised in relation to accelerated capital allowances.

9. FINANCE INCOME

	2016 £000	2015 £000
Finance income	**830**	–
Total finance income	**830**	–

Finance income relates to the fair value adjustment of the deferred consideration. The fair value adjustment is based on net present value of the deferred consideration discounted at 3.5%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

10. PROPERTY, PLANT AND EQUIPMENT

Group	Motor Vehicles £000	Plant Machinery £000	Office Equipment £000	Short leasehold property £000	Computer equipment £000	Total £000
Cost						
At 1 January 2016	–	–	–	32	6	38
Additions	–	–	2	–	22	24
Acquisition of PPH/AH/Optimum	31	124	69	–	–	224
At 31 December 2016	**31**	**124**	**71**	**32**	**28**	**286**
Depreciation						
At 1 January 2016	–	–	–	29	3	32
Acquisition of PPH/AH/Optimum	–	57	15	–	–	72
Provided in the year	9	41	29	3	5	87
At 31 December 2016	**9**	**98**	**44**	**32**	**8**	**191**
Net book value						
At 31 December 2016	**22**	**26**	**27**	–	**20**	**95**
At 31 December 2015	–	–	–	3	3	6

Company	Computer equipment £000	Total £000
Cost		
At 1 January 2016	2	2
Additions	20	20
At 31 December 2016	**22**	**22**
Depreciation		
At 1 January 2016	1	1
Provided in the year	3	3
At 31 December 2016	**4**	**4**
Net book value		
At 31 December 2016	**18**	**18**
At 31 December 2015	1	1

11. INVENTORIES

	2016 £000	2015 £000
Consumables	**2**	–
Goods for resale	**4**	–
	6	–

The cost of inventories recognised as an expense in administrative costs amounted to £6,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

12. INVESTMENTS

Company

Investments in share capital of wholly owned subsidiaries.

	Total £000
Cost	
At 1 January 2016	–
Additions	
Acquisition of Premier Physical Healthcare Limited	5,117
Acquisition of About Health Limited	7,700
Acquisition of Optimum Sports Performance Centre Limited	650
At 31 December 2016	13,467
Net book value	
At 31 December 2016	**13,467**
At 31 December 2015	–

The Directors believe that the carrying value of the investments is supported by the expected future profitability of the subsidiaries.

The subsidiary companies, all of which have been consolidated, at 31 December 2016 are as follows. All shares are held directly by the company except My Clinical Coach Ltd which is wholly owned by Totally Health Ltd.

Subsidiary undertakings held directly	Country of incorporation	Percentage of equity capital held	Nature of business
Totally Health Limited	England and Wales	100%	Bespoke IT healthcare solutions
My Clinical Coach Limited	England and Wales	100%	Direct to consumer health coaching services
Premier Physical Healthcare Limited *	England and Wales	100%	Physiotherapy and podiatry service
About Health Limited	England and Wales	100%	Dermatology service
Optimum Sports Performance Centre Limited	England and Wales	100%	Physiotherapy service

*The subsidiaries of Premier Physical Healthcare Ltd, all of which have been consolidated, at 31 December 2016 are as follows:

Subsidiary undertakings held directly	Country of incorporation	Percentage of equity capital held	Nature of business
Premier Ergonomics Limited	England and Wales	100%	Provision of ergonomic risk assessment
Core Ergonomics Limited	England and Wales	90%	Provision of online health and safety risk assessments

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

13. INTANGIBLE ASSETS

Group	Development costs £000	Intangible value of contracts £000	Goodwill £000	Total £000
Cost				
At 1 January 2016	218	–	–	218
Additions	495	–	–	495
Acquisition of PPH/AH/Optimum (Note 17)	–	1,239	11,362	12,601
At 31 December 2016	713	1,239	11,362	13,314
Amortisation				
At 1 January 2016	–	–	–	–
Provided in the year	–	645	–	645
At 31 December 2016	–	645	–	645
Net book value				
At 31 December 2016	713	594	11,362	12,669
At 31 December 2015	218	–	–	218

Development costs relate to the design and construction of the business to consumer service (B2C) My Clinical Coach. As at 31 December 2016 the B2C service was still in the development phase and therefore no amortisation has been recognised in the income statement. Management estimates the useful economic life of the system to be 5 years once development has been completed.

Intangible Value of Contracts is the fair value expected profitability of contracts acquired on acquisition. The value of these contracts is based on the net present value of the gross profit and directly attributable overheads. The contract values are amortised on a straight line basis over the life of the contracts in line with IFRS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

14. TRADE AND OTHER RECEIVABLES

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Trade receivables	**1,146**	33	**–**	–
Other receivables	**473**	–	**186**	–
Directors' loans	**3**	6	**–**	–
Prepayments and deferred costs	**425**	39	**47**	10
Amounts owed by group undertakings	**–**	–	**2,459**	1,057
	2,047	78	**2,692**	1,067

The creation of provision for impaired trade receivables is included in administration costs in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering further cash. There is no provision for other receivables. The ageing analysis of trade receivables is as follows:

	2016 £000	2015 £000	2016 £000	2015 £000
Under three months	**888**	33	**–**	–
Three to six months	**257**	–	**–**	–
Over six months	**1**	–	**–**	–
	1,146	33	**–**	–

The Group holds no collateral against these receivables at the year end date and does not charge interest on its overdue receivables. The other classes within trade and other receivables do not contain impaired assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

15. TRADE AND OTHER PAYABLES

	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
Current				
Trade payables	**713**	92	**82**	33
Amounts owed to group undertakings	**–**	–	**–**	–
Other taxes and social security	**77**	20	**–**	–
Other creditors	**18**	11	**–**	–
Corporation tax	**43**	–	**–**	–
Accruals	**71**	46	**25**	20
	922	169	**107**	53

Trade payables and accruals principally comprise amounts outstanding from purchases and ongoing costs. The directors consider that the carrying amount of trade payables approximates to their fair value.

16. FINANCIAL LIABILITIES – BORROWINGS

Undrawn facilities

As at 31 December 2016 and 31 December 2015 the Group had no overdraft facilities.

Other borrowings

	Obligations under finance lease	Invoice discounting facilities	2016 £000	Obligations under finance lease	Invoice discounting facilities	2015 £000
Current	**6**	**56**	**62**	–	–	–
Non-Current	**15**	**–**	**15**	–	–	–
	21	**56**	**77**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

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17. BUSINESS COMBINATIONS

Premier Physical Healthcare Ltd

On 1 April 2016, the Company acquired the entire share capital of Premier Physical Healthcare Ltd and its wholly subsidiaries for maximum consideration of £6.75 million, based on the financial performance of Premier. Premier is a provider of physiotherapy, podiatry and ergonomics services to a variety of clients. The company was acquired to embark on the Company's 'buy and build strategy' and to bring new and complementary routes to the existing health coaching service. The assets and liabilities as at 1 April 2016 arising from the acquisition were as follows:

	Fair value £000
Property and equipment	4
Trade receivables and other debtors	410
Trade and other payables	(256)
Borrowings	(62)
Taxes and social security	(39)
Net assets acquired	57
Goodwill	4,339
Value of contracts	721
Total consideration	**5,117**
Satisfied by:	
Cash	544
Deferred consideration falling due within one year	1,028
Deferred consideration falling due more after more than one year	3,545
	5,117

The consideration for the acquisition is to be satisfied through the initial cash payment of £341,974, followed by the second cash payment of £172,101 made in August 2016 and three potential deferred payments payable between 2017 and 2019 being settled as to 80 per cent. in cash and 20 per cent. via the issue of the new Ordinary Shares, based on the financial performance of Premier. The provision of £4.2m in relation to the subsequent consideration has been recognised in the consolidated statement of financial position.

Acquisition related cost of £284,808 has been recognised as an exceptional administrative expense in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

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17. BUSINESS COMBINATIONS CONTINUED

About Health Limited

On 15 June 2016, the Company acquired the entire share capital of About Health Limited for a total maximum consideration of £7.7 million, based on the financial performance of About Health. About Health provides community based health services under contact to the NHS and is a leader in the provision of dermatology and patient referral management services. The acquisition of the About Health is the next key step in the Company implementing its "buy and build'' strategy and growing a diversified portfolio in the out of hospital care sector. The assets and liabilities as at 15 June 2016 arising from the acquisition were as follow:

	Fair value £000
Property and equipment	9
Trade receivables and other debtors	626
Cash in hand	108
Trade and other payables	(302)
Taxes and social security	(54)
Net assets acquired	387
Goodwill	6,795
Value of contracts	518
Total consideration	**7,700**
Satisfied by:	
Cash	2,033
Deferred consideration falling due within one year	606
Deferred consideration falling due more after more than one year	5,061
	7,700

The consideration for the acquisition is to be satisfied through the first initial cash payment of £2,033,529 (including £0.2m paid to settle shareholder loans), followed by three potential deferred payments payable between 2017 and 2019 being settled as to 80 per cent. in cash and 20 per cent. via the issue of the new Ordinary Shares, based on the financial performance of About Health.

The provision of £5.2m in relation to the subsequent consideration has been recognised in the consolidated statement of financial position.

Acquisition related cost of £161,612 has been recognised as an exceptional administrative expense in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

17. BUSINESS COMBINATIONS CONTINUED

Optimum Sports Performance Centre Limited

On 14 November 2016, the Company acquired the entire share capital of Optimum Sports Performance Centre Ltd. Optimum is an established provider of physiotherapy services in the UK and the acquisition complements Totally's existing services. The assets and liabilities as at 15 November 2016 arising from the acquisition were as follow:

	Fair value £000
Property and equipment	66
Inventory	6
Trade receivables and other debtors	433
Cash in hand	132
Trade and other payables	(205)
Deferred tax	(10)
Net assets acquired	422
Goodwill	228
Total consideration	**650**
Satisfied by:	
Cash	400
Deferred consideration falling due within one year	64
Deferred consideration falling due more after more than one year	186
	650

The consideration for the acquisition is to be satisfied through the first initial cash payment of £400,000, followed by two potential deferred payments payable between 2017 and 2018, wholly based on the financial performance of the Optimum for the financial years ending 31 December 2016 and 31 December 2017.

The provision of £231,930 in relation to the subsequent consideration has been recognised in the consolidated statement of financial position. The total consideration payable should not exceed £650,000.

Acquisition related cost of £47,755 has been recognised as an exceptional administrative expense in the consolidated statement of comprehensive income.

The goodwill arose on the acquisitions as the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on theses acquisitions is expected to be deductible for tax purpose.

Deferred consideration

Under the purchase agreements to acquire the above mentioned companies, contingent consideration of up to £9.7m is payable subject to the business performance during the three years after acquisition dates. The amounts payable have been discounted for the time value of money at a discount rate of 3.5%. As a result of discounting, the finance income of £829,795 has been recognised in the consolidated income statement and the provision in relation to this consideration has been recognised in the consolidated financial statements as follows:

	Premier Physical Healthcare	About Health	Optimum Sports Performance Centre	Total 2016 £000	Total 2015 £000
Current	**993**	**585**	**63**	**1,641**	–
Non-Current	**3,222**	**4,628**	**168**	**8,018**	–
	4,215	**5,213**	**231**	**9,659**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

18. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and various items, such as trade receivables and trade payables, that arise directly from The Group's activities expose the Group to a number of risks including capital management risk, credit risk and liquidity risk.

Fair values of financial instruments

For the following financial assets and liabilities: trade and other payables, trade and other receivables and cash at bank and in hand, the carrying amount approximates the fair value of the instrument due to the short-term nature of the instrument.

The Group's activities expose the Group to a number of risks including capital management risk, credit risk and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the Board.

It is the Group's policy that no trading in financial instruments should be undertaken.

Capital management risk

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade in the foreseeable future. The Group also aims to optimise its capital structure of debt and equity so as to minimise its cost of capital. The Group in particular reviews its levels of borrowing and the repayment dates, setting these out against forecast cash flows and reviewing the level of available funds.

The capital structure of the Group currently consists of cash and cash equivalents and equity attributable to holders of the parent, comprising issued share capital, reserves and retained earnings. The Group continually looks at having the most appropriate capital structure to enable the Group to maximise value to all stakeholders.

In the future, as the Group executes its expansion strategy, debt may be considered as part of the most appropriate capital structure. If debt were to be introduced the Group will review the gearing ratio to monitor the capital return. This ratio would be calculated as the total borrowings divided by total capital. Total borrowings include "current and non-current borrowings" as shown in the Consolidated Statement of Financial Position. Total capital is calculated as "equity" as shown in the Consolidated Statement of Financial Position plus total borrowings. The Group remains financed by its share capital and reserves and expects to fund future working capital through the equity. The below table details analysis of the Group's capital management structure.

	2016 £000	2015 £000
Debt	**(77)**	–
Cash and cash equivalents	**998**	359
Net cash	**921**	359
Equity	**5,726**	492
Debt to equity ratio	**1.34 %**	0.00%

Interest rate risk

The Group and Company's interest rate exposure arises mainly from the interest-bearing borrowings as disclosed in note 16. All of the Group's facilities were at floating rates, which exposed the entity to cash flow risk. As at 31 December 2015 there are no loans outstanding and no undrawn overdraft facilities available to the Group.

Foreign exchange risk

The Group and Company operates principally in the United Kingdom and as such the majority of the Group and Company's financial assets and liabilities are denominated in sterling, and there is no material exposure to exchange risks.

Credit risk

The Group's credit risk primarily relates to trade and other receivables and accrued income. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit management. Credit limits are established for all customers and are based inter alia on credit checks. Outstanding customer receivables are regularly monitored.

Liquidity risk

Cash balances and borrowings are managed so as to maximise interest earned and minimise interest paid, while maintaining the liquidity requirement of the business. When seeking borrowings, the directors consider the commercial terms available and, in consultation with their advisors, consider whether such terms should be fixed or variable and are appropriate to the business.

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows through effective cash management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

19. SHARE CAPITAL AND RESERVES

(a) Share capital

	31 December 2016 £000	31 December 2015 £000
Authorised		
20,014,079 ordinary shares of 10p each (2015: 9,994,953 of 10p each)	**2,002**	1,000
Deferred shares of 0.9p each (2015: 228,402,392 of 0.9p each) -see below	**–**	2,055
	2,002	3,055
Allotted, called up and fully paid		
20,014,079 ordinary shares of 10p each (2015: 9,994,953 of 10p each)	**2,002**	1,000
Deferred shares of 0.9p each (2015: 228,402,392 of 0.9p each)	**–**	2,055
	2,002	3,055

In July 2016, following approval by shareholders, 228,402,392 deferred shares representing 67% of the share capital were bought back by the Company from the proceeds of one Ordinary Share issued to Totally's Chairman Bob Holt at 10 pence. The buy back was arranged in order to increase distributable reserves. The share capital of £2.055m was transferred to retained earnings.

The Ordinary shares carry full voting rights, the right to attend general meetings of the Company and full rights to receive dividends. The shares do not confer any rights of redemption.

The Deferred Shares carried no voting rights, no rights to attend general meetings of the Company, and no rights to receive dividends. The Deferred Shares do carry a 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 totaling £1,000,000 per Ordinary Share.

Number of ordinary shares	2016	2015
Balance at 1 January pre consolidation	**9,994,953**	397,617,450
Issue of shares – pre consolidation – see below	**–**	1,499,212
Total balance pre consolidation	**–**	399,116,662
Total balance post consolidation	**9,994,953**	3,991,166
Issue of shares – see below	**10,019,126**	6,003,787
Balance at 31 December	**20,014,079**	9,994,953

(1) In September 2015, the Company reorganised its share capital. Every 100 existing ordinary shares of 0.1 pence each was consolidated into one ordinary shares of 10 pence.

(2) In March 2016, the Company issued 10,000,000 new ordinary shares of 10 pence each.

(3) In July 2016, following approval by shareholders to buy-back by the Company of all its Deferred Shares, the Company has issued one Ordinary Share to Totally's Chairman Bob Holt at nominal value 10 pence.

(4) In July 2016 , Allenby Capital Limited exercised warrants to acquire 1,167 new ordinary shares of 10 pence each in the Company. The exercise price was 60 pence and proceeds realisable by the Company from this warrant exercise were £700.

(5) In September 2016, Optiva Securities Limited Ltd exercised warrants to acquire 17,958 new ordinary shares of 10 pence each in the Company. The exercise price was 60 pence and proceeds realisable by the Company from this warrant exercise were £10,775.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

19. SHARE CAPITAL AND RESERVES CONTINUED

(b) Earnings per share

Earnings per share	2016	2015
Basic and diluted earnings (continuing operations) (£000)	**(1,516)**	(413)
Weighted average number of shares used in basic and diluted earnings per share calculations (continuing operations) (000) pre consolidation	**–**	282,874
Weighted average number of shares used in basic and diluted earnings per share calculations (continuing operations) (000) post consolidation*	**17,973**	2,828
Basic earnings per share (continuing operations) (Pence)	**(8)**	(15)

* The weighted average number of shares and prior year earnings per share data has been restated to reflect share consolidation in 2015.

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

None of the share options or warrants in issue had a dilutive effect on earnings per share in 2016 and 2015.

(c) Share premium account

The share premium account represents the amounts received by the Company on the issue of ordinary shares that are in excess of the nominal value of the issued shares. Directly chargeable issue costs are charged to the share premium account.

On 26 August 2016, the High Court approved the cancellation of the balance standing to the credit of The Company's share premium account. As a consequence of the Capital Reduction, £9.645 million of the Company's share premium account has been cancelled and distributed to retain earnings.

The capital redemption reserve is a non-distributable reserve and represents paid up share capital.

(d) Retained earnings

This reserve records the accumulated profits and losses of the Group less dividends paid.

(e) Share options

During 2016, 334,949 share options were granted under SAYE scheme. Details of all options in issue during 2016 are as follows:

Grant date	Exercise period	Exercise price	Outstanding at start of year	Issued in year	Expired in year	Residual at 31 December 2016
11/11/2015	10 years	44p	250,000	–	–	**250,000**
11/11/2015	10 years	44p	100,000	–	–	**100,000**
11/11/2015	10 years	44p	50,000	–	–	**50,000**
11/11/2015	10 years	44p	50,000	–	–	**50,000**
11/11/2016	3 years	46p	–	334,949	–	**334,949**
			450,000	334,949	–	**784,949**

(f) Share warrants

Details of all warrants in issue during 2016 are as follows:

Grant date	Exercise period	Exercise price	Outstanding at start of year	Issued in year	Expired/exercised in year	Residual at 31 December 2016
30 September 2008	No expiry date	100p	350,000	–	–	**350,000**
8 October 2009	Within 10 years from grant date	100p	1,667	–	–	**1,667**
11 June 2013	Within 3 years from grant date	120p	56,838	–	56,838	**–**
26 September 2013	Within 3 years from grant date	60p	19,125	–	19,125	**–**
			427,630	–	75,463	**351,667**

(g) Managing capital

Our objective in managing the capital structure is to ensure that the Group has the financial capacity, liquidity and flexibility to support the existing business and to fund opportunities as they arise.

20. SHARE-BASED EMPLOYEE REMUNERATION

During the year ended 31 December 2016 the Group and Company had three share based payment arrangements as described below.

(a) Employee Share Options

Totally plc Enterprise Management Incentive Plan – 10 year limit *

The estimated fair value of each option has been calculated using the Black Scholes option pricing model for different options granted. The estimated fair value of outstanding options varies between 10.9 and 11.5 pence. The model inputs are share price at grant date, exercise price, expected volatility of 29 per cent, no expected dividends, contractual life of three years, and a risk free interest rate of four per cent. A reconciliation of option movements over the year is shown below.

The volatility of the Company's share price on each date of grant was calculated as the average of the standard deviations of daily continuously compounded returns on the stock of the company, calculated back over a period commensurate with the expected life of the option. The risk-free rate used is the yield to maturity on the date of grant, with term to maturity equal to the expected life of the option. It is assumed that options would be exercised within two years of the date on which they vest.

*Don Baladasan's share options are not part of the EMI Plan.

	2016 Number £000	2016 weighted average price Pence	2015 Number £000	2015 weighted average price Pence
Outstanding at 1 January	450	44	5,125	1
Granted	335	46	30,450	44
Exercised	–	–	–	–
Expired/surrendered	–	–	(35,125)	(44)
Outstanding at 31 December	785	90	450	1

	2016	2015
Range of exercise price (Pence)	**44-46**	44
Weighted average exercise price (Pence)	**45**	44
Number of shares (000's)	**785**	450
Weighted average remaining life years – Expected	**5**	5
Weighted average remaining life years – Contractual	**6**	10

(b) Warrants

The estimated fair value of each warrant has been calculated using the Black Scholes option pricing model for different warrants granted as outlined in Note 20(a). The estimated fair value of warrants varies between 49 pence and 1 penny. The model inputs are share price at grant date, exercise price, expected volatility of 29 per cent, no expected dividends, maximum contractual life of three years, and a risk free interest rate of four per cent. A maximum three year contractual life has been used to reflect the non-tradability of the warrants compared to the actual contractual life in any cases in excess of three years. The full cost of the warrants is recognised at the date of grant. Comparatives are based on ordinary shares of 10 pence.

20. SHARE-BASED EMPLOYEE REMUNERATION CONTINUED

(c) Save As You Earn (SAYE) scheme

The SAYE scheme was introduced in December 2016. Options are granted for a period of three years. Options are exercisable at a price based on the quoted market price of the Company's shares at the time of invitation, discounted by up to 20%. Options are forfeited if the employee leaves the Totally Group before the options vest which impact on the number of options expected to vest. If an employee stops saving but continues in employment, this is treated as a cancellation which results in an acceleration of the share-based payment.

Principal terms of SAYE scheme

Number of options	Maximum award limit under the plan will be limited by maximum contribution of £500 per month
Exercise price	46p
Vesting period	Three - year
Performance conditions	None
Expiry conditions	Options are forfeited if the employee leaves the Group before the options have been vested

The Group recognises the following expenses related to share-based payments:

	2016 £000	2015 £000
Expense arising from issue of share options – equity settled	**19**	44
Expense arising from issue of share warrants – equity settled	**5**	11
SAYE	**1**	–
	25	55

21. COMPANY STATEMENT OF CHANGES IN EQUITY

Company	Share capital £000	Share premium account £000	Profit and loss account £000	Equity shareholders' deficit £000
At 1 January 2015	2,453	4,147	(5,906)	694
Loss for the year	–	–	(387)	(387)
Issue of share capital	602	387	–	989
Credit on issue of share warrants	–	–	55	55
At 31 December 2015	3,055	4,534	(6,238)	1,351
Loss for the year	–	–	(375)	(375)
Issue of share capital	1,002	5,120	–	6,122
Credit on issue of share options	–	–	25	25
Share premium cancellation		(9,645)	9,645	–
Deferred shares buy - back	(2,055)	–	2,055	–
At 31 December 2016	**2,002**	**9**	**5,112**	**7,123**

The loss for the year dealt with in the financial statements of the parent company is shown above.

As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

22. COMMITMENTS

(a) Capital expenditure commitments

At 31 December 2016 and 2015 the Group had no capital commitments.

(b) Operating leases agreements

At 31 December 2016 and 2015 the Group had the following aggregate minimum lease payments under non-cancellable operating lease rentals:

	Group		Company	
Company	**2016 £000**	**2015 £000**	**2016 £000**	**2015 £000**
Land and buildings				
Within one year	**156**	81	**126**	–
Between two and five years	**201**	7	**168**	–
After more than five years	**–**	–	**–**	–
	357	88	**294**	–
Other assets				
Within one year	**21**	–	2	–
Between two and five years	**19**	–	5	–
After more than five years	**–**	–	–	–
	40	–	7	–

According to the sublease agreement, as at 31 December 2016 lease payment of £5,619 (included above as payment within one year) should be paid by the sub-tenant.

In June 2016, the Company entered into a new 3 years' office lease agreement.

23. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemption available under IAS 24, "Related Party Disclosures", not to disclose details of transactions between Group undertakings which are eliminated on consolidation.

Included within current liabilities in the Company statement of financial position are amounts owed to 100% subsidiary undertakings of £2.4m (2015: £1m). The movement in the Company's balances with its subsidiaries reflects the Group's banking facilities and arrangements operating during the year.

As at 31 December 2016 the following related party transactions are required to be disclosed in accordance with IAS 24:

(a) The Company paid subcontractors fees of £88,000 (2015: £106,868) for financial and marketing consultancy to Mataxis Ltd of which Donald Baladasan is director of which £88,000 (2015: £74,538) is included within Director's emoluments shown in Note 7.

Loans provided to directors and key management personnel were as follows:

	W. Lawrence £000	**Key management personnel £000**	**Total £000**
Balance at 1 January 2016	6	3	**9**
Amounts advanced	3	10	**13**
Amounts repaid	(6)	(3)	**(9)**
Balance at 31 December 2016	**3**	**10**	**13**

The year end balances are included within Directors' loans and other receivables in Note 14. The loans are non-interest bearing and repayable by 31 December 2017.

Details of directors' emoluments can be found in Note 7.

Details of the key management personnel transactions can be found in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

24. EVENTS AFTER THE REPORTING PERIOD

(a) On 12 January 2017, Premier Physical Healthcare Ltd, a wholly owned subsidiary of Totally plc, won a three-year activity – based contract extension with NHS Swale Clinical Commissioning Group.

(b) On 19 January 2017, About Health Limited, a wholly owned subsidiary of Totally plc, secured a new £130,000 12-month contract with Harrogate and Rural District Clinical Commissioning Group.

(c) On 10 February 2017, Totally Health Limited a wholly owned subsidiary of Totally plc, was awarded a new 15-month contract worth £45,000 with Stowhealth GP practice.

(d) On 27 February 2017, the Company announced a Placing and Open offer to raise up to approximately £18 million (before expenses) at an issue price of 55 pence per New Ordinary Share. On 17 March 2017 the Placing and Open Offer completed having raised a total of £17.6m (before expenses).

(e) On 7 March 2017, Premier Physical Healthcare Ltd, a wholly owned subsidiary of Totally plc, was awarded a three-year contract with NHS Care & Custody Health. Under this contact, Premier will deliver Physiotherapy and Podiatry services into two UK Prisons, HMP Whatton and HMP Gartree.

(f) On 17 March 2017, About Health Limited, a wholly owned subsidiary of Totally plc, secured a new £90,000 6-month contract with NHS Blackburn with Darwen Clinical Commissioning Group.

25. ULTIMATE CONTROLLING PARTY

There is no single ultimate controlling party.

COMPANY INFORMATION

Registration Number

03870101 (England and Wales)

Directors

Bob Holt (Chairman)
Wendy Lawrence (CEO)
Don Baladasan (Finance Director)
Tony Bourne (NED)
Mike Rogers (NED)

Legal Advisers

BPE Solicitors LLP
St James House
St James Square
Cheltenham
GL50 3PR
Tel: +44 (0)1242 224433

Registered Office

Hamilton House
Mabledon Place
London
WC1H 9BB
Tel: +44 (0)20 3866 3330

Auditors

RPG Crouch Chapman LLP
62 Wilson Street
London
EC2A 2BU
Tel: +44 (0) 20 7782 0007

Nominated Adviser and Joint Broker

Allenby Capital Limited
3 St. Helen's Place
London
EC3A 6AB
Tel: +44 (0) 20 3328 5656

Joint Broker

Cenkos Securities Plc
6.7.8 Tokenhouse Yard
London
EC2R 7AS
T: +44 (0) 20 7397 8900

Financial PR

Yellow Jersey PR
7th Floor, 22 Upper Ground
London
SE1 9PD
Tel: +44 (0)203 735 8918

Bankers

National Westminster Bank Plc
9th Floor
3 Shortlands
Hammersmith
London
W6 8DA

Registrar

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR
Tel: 01252 821390

Totally plc
Hamilton House
Mabledon Place
London
WC1H 9BB
Tel: +44 (0)20 3866 3330