Accounts 2009 12/4/10 16:19 Page 1

# totally plc

# financial statements

## for the year ended 31 December 2009

# Directors’ report and financial statements

for the year ended 31 December 2009

## Contents

# Company information

| | |
|---|---|
| **Registered Office** | Unit 611 Highgate Studios<br>53-79 Highgate Road<br>London<br>NW5 1TL |
| **Registration Number** | 3780101 (England and Wales) |
| **Auditors** | Royce Peeling Green Limited<br>15 Buckingham Gate<br>London<br>SW1E 6LB |
| **Nominated Adviser and Broker** | Merchant John East Securities Limited<br>10 Finsbury Square<br>London<br>EC2A 1AD |
| **Bankers** | National Westminster Bank Plc<br>9 th Floor<br>3 Shortlands<br>Hammersmith<br>London<br>W6 8DA<br><br>Bank Hapoalim B.M.<br>25 Savile Row<br>London<br>W1S 2ES |
| **Registrars** | Capita Registrars<br>The Registry<br>34 Beckenham Road<br>Beckenham<br>Kent<br>BR3 4TU |

# Performance Highlights

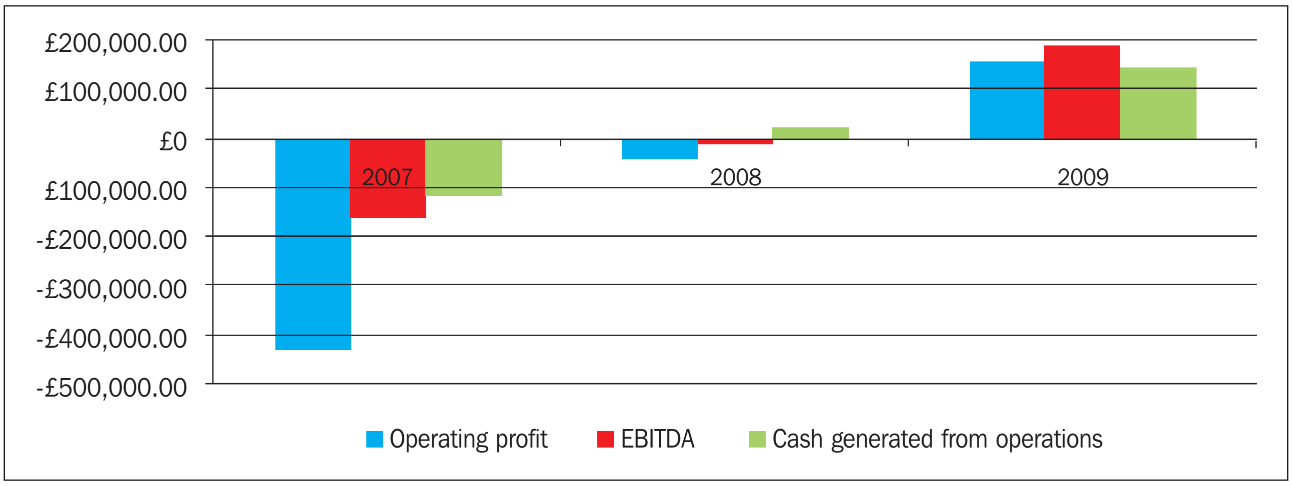
- Revenues from continuing operations £1.76m +4% yr/yr (2008: £1.69m).
- Operating Profit from continuing operations before tax £0.14m +344% yr/yr (2008: loss £0.06m)
- Total EBITDA from continuing operations £0.17m +666% yr/yr (2008: loss £0.03m).
- Total operating profit from continuing operations before tax and head office charges £0.43m +65% yr/yr (2008: £0.26m).
- Total EBITDA from continuing operations before head office charges was £0.46m +84% yr/yr (2008: £0.25m).
- Cash generated from operating activities £0.14m (2008: loss £0.02m).
- Basic earnings per share 0.002p (2008: (loss) per share 1.p)

# Chairman's statement

In an extremely difficult economic environment I am pleased to be able to report an excellent set of results for 2009. The turnaround in profitability of the Group since 2007 has been significant with an improvement of £0.6m profit from continuing operations.

The Group generated revenues from continuing operations of £1.76m, an increase of 4% compared to the previous year (2008:£1.69m) and EBITDA of £0.17m (2008: loss £0.28m) an increase of 666%. Operating profit before tax from continuing operations of £0.14m (2008: loss £0.06m) an increase of 344%. Cash generated from operating activities of £0.14m (2008: £0.02m)

I believe this is a truly exceptional achievement in the worst market for many years and is testimony to the Group's strategy, skills of our staff, and to the leadership of our business.




| Financial Year | 2007 | 2008 | 2009 | 08/'09 Change | 07/'09 Change |
|---|---|---|---|---|---|
| **Operating (Loss) / Profit** | (£431,000) | (£41,000) | £156,000 | £197,000 | £587,000 |
| **EBITDA** | (£160,000) | (£10,000) | £185,000 | £195,000 | £345,000 |
| **Cash generated from operations** | (£119,000) | £23,000 | £144,000 | £121,000 | £263,000 |

NB: Operating Profit and EBITDA figures in this illustration exclude non-cash charges for share options (2009 £12,000, 2008: £18,000, 2007: £21,000)

**Prospects**

Trading since the beginning of the current financial year has been stable and the Board is optimistic about the Group's trading performance for the full year.

**Dr Michael Sinclair**
Non-Executive Chairman

12 April 2010

# CEO's statement

I was extremely pleased with the trading performance of the Group in 2009. In 2007 and 2008 a number of cost cutting measures were implemented which allowed the business to mitigate the downside of expected tough trading conditions. Revenues increased year on year across both divisions in the Group. The reduction in the cost base combined with the increase in revenues was responsible for the 344% increase in operating profit before tax and the delivery of the best trading performance to date.

**Publishing Division Overview**

JEWISH NEWS & MEDIA GROUP
newspaper • magazines • online • events

The Jewish News & Media Group is the umbrella brand for the group's publishing businesses which include the Jewish News Limited and TotallyJewish.com Limited.
The group publishes on and offline media for the UKs Jewish community including:

- A weekly newspaper, 'Jewish News'
- A quarterly lifestyle magazine, 'Pulse'
- An annual Celebrations magazine, 'TotallyJewishSimchas'
- A community portal, 'www.TotallyJewish.com'
- An annual Wedding exhibition, www'TotallyJewishSimchas Live!'

**Performance Highlights**

- Revenues of £1,080,000, + 4.6% yr/yr.
- EBITDA of £252,000, +138% yr/yr.
- Operating Profit of £228,000, +192% yr/yr.

**Operational Highlights**

This division continued to consolidate its growing reputation as the number one Jewish media organisation in the UK.
In 2009 an events division was launched through a Wedding exhibition, TotallyJewishSimchas.com, at the Village Hotel, Elstree Herts. The exhibition was attended by over 1,500 visitors and 80 paying exhibitors.

A series of Q&A sessions with high profile political leaders saw David Milliband and Boris Johnson face questions from over 150 paying Jewish News readers and in Q1 2010 Shadow Foreign Secretary William Hague continued this high profile initiative.

An aggressive marketing campaign was launched which included the creation of a new media pack and website, TheJNgroup.com as well as individual promotional websites for each of the two magazines in the divisions portfolio, Pulse (www.JNPulse.co.uk) and TJ Simchas Magazine (www.TJSimchaMag.co.uk). A showreel promoting the work of the JN Media Group is expected to be launched in Q2 2010.

**Outlook for 2010**

The aim is to continue to develop and expand the portfolio including the launch of an Education exhibition for the Jewish community. Combined with the annual Wedding exhibition the short to medium term objective is to grow the revenue of the event division for the events division so that it accounts for 10% of the publishing division's revenues. Exhibitions are seen as a growth area and provide a realistic cross selling opportunity to existing clients within the division.

The annual Celebrations magazine, TotallyJewishSimchas, will be published quarterly. The lifestyle magazine, Pulse, is already published four times a year which will mean eight glossy magazines will be published in 2010.

# CEO's statement
(continued)

## Digital Marketing Division Overview

Totally Communications
Web design & technology specialists

**Totally Communications**, "TC", the group's digital marketing business with three main service sectors:

1. Website and software design & development
2. Consultancy & systems integration
3. Online marketing

### Performance Highlights

- Revenues of £628,000, +3% yr/yr.
- EBITDA of £210,000, +12% yr/yr.
- Operating Profit of £205,000, +11% yr/yr

### Operational Highlights

TC were delighted to have won a multi-agency pitch for celebrity led charity Global Cool's new website, launched at 2009 London Fashion Week.

During the period under review TC was selected by JP Morgan to construct a significant system for a mentoring charity, African Caribbean Diversity and other notable new account wins included a new website for the Barbarians Rugby Club and a high profile online proposition for the Ghurkha Welfare Trust and their Debt of Honour campaign which was spearheaded by Joanna Lumley.

Significant research and development was undertaken to develop the 'next generation' of the division's proprietary website content management system, "Pelorous". The current in-house content management system underpins 80 individual applications and is used daily by over 500 users. Existing users will be migrated onto Pelorous over the next 12 months and all new clients will have their website developed through the system. This will give the division an improved competitive advantage in tenders by deskilling the development process and reducing the time taken to deliver projects

### Outlook for 2010

Management expect to achieve organic growth in this division in 2010 through the launch of its new search engine marketing division, RISE Digital, www.risedigital.com. The development of the RISE brand and communication materials was undertaken in Q4 in 2009 and launched in Q1 2010.

# Directors' report

The Directors present their report and the financial statements for the year to 31 December 2009.

**Principal activities**

The Group's principal activities have been the provision of digital marketing services and publishing.

Totally Communications Limited is a digital marketing agency which has provided website design and development services as well as more general application development, consultancy and internet marketing services.

The Groups' publishing division comprises a portfolio of publications which have included the Jewish news, a weekly newspaper distributed in London, the community website www.TotallyJewish.com and its various online derivatives as well as an offline events division.

The Group continues to consolidate its position as a leading publisher and services provider to the UK Jewish community whilst at the same has started to explore and exploit organic growth opportunities in the Digital Marketing sector.

**Business review**

The Chairman's statement on page 2 gives a review of the business and the likely future developments. The Group generated an operating profit for the year under review of £141,000. In the previous year the Group made an operating loss for the year on continuing operations of £59,000.

**Results and dividends**
The results for the year are set out on page 15.

No interim dividend has been paid and the Directors do not recommend a final dividend.

**Share capital**
Details of the changes in the authorised and the issued share capital are set out in note 18 to the financial statements.

# Directors' report
(continued)

**Directors and their interests**
The Directors who held office during the year were as follows:

| | Warrants to subscribe for Ordinary shares of 1p each held 31 December 2009 | Ordinary shares of 1p each held 31 December 2009 | Warrants to subscribe for Ordinary shares of 1p each held 31 December 2008 | Ordinary shares of 1p each held 31 December 2008 |
|---|---|---|---|---|
| Daniel J Assor (Chief Executive) | 9,080,633 | 2,554,214 | 4,088,633 | 2,554,214 |
| Dr Michael J Sinclair (non-executive Chairman)* | 40,517,825 | 14,509,791 | 40,517,825 | 14,509,791 |
| Robin Morgan (non executive) | - | - | - | - |

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

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 of the Directors or their immediate families, or exercised by them, during the financial year (except as indicated below):

| | Number of options during the year | | | Exercise Price | Date from which |
|---|---|---|---|---|---|
| | At start of year | Granted/(surrendered) | At end of year | Pence | exercisable |
| Daniel J Assor | 1,000,000 | (1,000,000) | - | 1.5 | 21/11/2003 |
| | 1,250,000 | (1,250,000) | - | 3.62 | 15/10/2006 |
| | 700,000 | (700,000) | - | 4.375 | 18/06/2007 |
| | 1,000,000 | (1,000,000) | - | 2.5 | 17/11/2008 |
| | - | 5,450,000 | 5,450,000 | 1.0 | 27/07/2009 |
| | **3,950,000** | - | **3,950,000** | | |
| Robin Morgan | 1,000,000 | - | 1,000,000 | 2.375 | 16/05/2008 |

**Substantial interests**
The Company has been notified, as at 28 March 2010, of the following interests in 3 per cent or more of the ordinary shares in issue:

| | Ordinary shares | Percentage |
|---|---|---|
| Dr Michael J Sinclair | 14,509,791 | 15.78 |
| HB Markets Plc | 10,811,449 | 11.76 |
| Barclayshare Nominees Limited | 10,481,000 | 11.39 |
| Chase Nominees Limited | 9,872,656 | 10.74 |
| Mr Leopold Noe | 6,666,666 | 7.25 |
| The Zvhil-Mezbuz Rebbe, Grand Rabbi Y.A. Korff of Boston | 6,514,000 | 7.08 |
| L R Nominees Limited | 3,955,853 | 4.30 |
| HSDL Nominees Limited | 3,062,737 | 3.30 |
| TD Waterhouse (Nominees) Europe Limited | 2,827,373 | 3.07 |

**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 2009 was 48 days (2008: 75 days).

**Financial instruments**
The Group's financial instruments principally comprise bank borrowings. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

# Directors' report
(continued)

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged throughout the year.

**Interest rate risk**
The Group finances its operations through a mixture of shareholders' funds and borrowings. The Group borrows principally in Sterling at floating rates of interest. At the year end, none of the Group's external borrowings were at fixed rates.

**Liquidity risk**
The Group's policy is to maintain a balanced financing structure. Any necessary short term flexibility is achieved by the use of overdraft facilities.

**Political and charitable contributions**
The Company made neither political contributions, nor donations to UK charities, during the year.

**Auditors**
The auditors, Royce Peeling Green Limited have indicated their willingness under Section 489 of the Companies Act 2006 to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By order of the Board

**Dan Assor**
Director

12 April 2010

# Board report on Corporate Governance

for the year ended 31 December 2009

As an AIM listed company, Totally Plc is not required to comply with the provisions of the Combined Code that apply to companies with a full London Stock Exchange Listing. The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the Company and the Company's compliance with the Code provisions set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance.

**The workings of the Board and its committees**
During the year the Board comprised the non-executive Chairman, the Chief Executive and two other non-executive Directors. 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 on page 12.

The Board has a formal schedule of matters specifically reserved to it for decision. It meets at least ten times a year, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining acquisition opportunities 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 Remuneration Committee and the Audit Committee is comprised exclusively of the non-executive Chairman and Company Secretary. During the period they were as follows:

Dr M J Sinclair
P Stacey

**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 and Company Secretary.

Further details of the Company's policies on remuneration and service contracts are set out on page 11.

The only director to receive remuneration in 2009 was DJ Assor. His emoluments consisted only of salary and bonuses totalling £148,000 (2008: £125,000). No director receives any other benefits or pension contributions.

**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 Company'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 discusses the nature, scope and results of the audit with the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

**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.

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. 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.

# Board report on Corporate Governance

(continued)

**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 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.

**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. The remuneration package is designed to attract, retain and motivate executive 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 2009 are set out in note 7 to the financial statements.

**Contracts of service**
The current executive Director, DJ Assor, has a service contract with the Company which can be terminated with a notice period of one year by either party. The Company considers that this is appropriate for an executive Director.

**Share options**
Details regarding share options are set out in note 19 to the financial statements.

# Statement of Directors' Responsibilities

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law. 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 they 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 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.

Signed on behalf of the board of directors,

**Dan Assor**
Director

12 April 2010

# Independent auditors' report to the members of Totally plc

We have audited the financial statements of Totally Plc for the year ended 31 December 2009 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the Company Balance Sheet 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 (United Kingdom Generally Accepted Accounting Practice).

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. 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, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Basis of audit opinion**

We conducted our audit in accordance with International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# Independent auditors' report to the members of Totally plc
(continued)

**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 2009 and of the group's profit 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's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 3 to the financial statements concerning the uncertainty as to the adequacy of the future funding of the Company and Group. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report, Chairman's statement, CEO's statement, and Corporate Governance statement. 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 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 the information and explanations we require for our audit

**Paul Randall (Senior Statutory Auditor)**
**for and on behalf of Royce Peeling Green Limited**
**Chartered Accountants**
**Statutory Auditor**

12 April 2010

# Consolidated statement of comprehensive income

for the year ended 31 December 2009

| | Note | 2009<br>£000 | 2008<br>as restated<br>£000 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 5 | **1,758** | 1,688 |
| Cost of Sales | 5 | **(381)** | (429) |
| **Gross Profit** | | **1,377** | 1,259 |
| Administrative expenses | 5 | **(1,204)** | (1,287) |
| **Profit / (Loss) before interest, tax, depreciation and amortisation** | 5 | **173** | (28) |
| Depreciation | 12 | **(5)** | (9) |
| Amortisation | 11 | **(24)** | (22) |
| **Operating Profit / (Loss)** | 7 | **144** | (59) |
| Finance costs | 10 | **(19)** | (40) |
| **Profit / (Loss) before taxation** | | **125** | (99) |
| Income tax | 9 | **16** | 18 |
| **Profit / (Loss) for the year from continuing operations** | | **141** | (81) |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations | 6 | **-** | (1,000) |
| **Profit / (Loss) for the year** | | **141** | (1,081) |
| **Earnings / (Loss) per share** | | | |
| **Basic** | | | |
| Continuing operations | 18 | **0.002p** | (0.1p) |
| Discontinued operations | 18 | **-** | (0.9p) |
| | | **0.002p** | (1.0p) |
| **Diluted** | | | |
| Continuing operations | 18 | **0.001p** | (0.1p) |
| Discontinued operations | 18 | **-** | (0.9p) |
| | | **0.001p** | (1.0p) |

The accompanying notes on pages 20 to 40 form part of the financial statements

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

| Group | Share capital £000 | Share premium account £000 | Translation Reserve £000 | Profit and loss account £000 | Equity share-holders' (deficit) / funds £000 |
|---|---|---|---|---|---|
| At 1 January 2008 | 1,124 | 3,353 | 1 | (3,947) | 531 |
| Prior year adjustment relating to revenue recognition (see note 4) | - | - | - | (53) | (53) |
| **Restated balance 1 January 2008** | **1,124** | **3,353** | **1** | **(4,000)** | **478** |
| Loss for the year | - | - | - | (1,081) | (1,081) |
| Currency translation differences on foreign currency net investments | - | - | (1) | 1 | - |
| Credit on issue of share options | - | - | - | 12 | 12 |
| Credit on issue of warrants | - | - | - | 6 | 6 |
| **Restated balance at 31 December 2008** | **1,124** | **3,353** | **-** | **(5,062)** | **(585)** |
| Profit for the year | - | - | - | 141 | 141 |
| Credit on issue of share options | - | - | - | 5 | 5 |
| Credit on issue of warrants | - | - | - | 7 | 7 |
| **At 31 December 2009** | **1,124** | **3,353** | **-** | **(4,909)** | **(432)** |

The accompanying notes on pages 20 to 40 form part of the financial statements

# Consolidated statement of financial position

at 31 December 2009

| | | 2009 | | 2008 As restated | | As at 1 January 2008 As restated | |
|---|---|---|---|---|---|---|---|
| **Assets** | **Note** | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Non Current Assets** | | | | | | | |
| Intangible fixed assets | 11 | **60** | | 51 | | 1,014 | |
| Property, plant and equipment | 12 | **4** | | 7 | | 27 | |
| | | | **64** | | 58 | | 1,041 |
| **Current Assets** | | | | | | | |
| Inventories | | **-** | | - | | 8 | |
| Trade and other receivables | 14 | **266** | | 290 | | 433 | |
| Cash and cash equivalents | | **-** | | 14 | | 94 | |
| | | | **266** | | 304 | | 535 |
| **Total Assets** | | | **330** | | 362 | | 1,576 |
| **Liabilities** | | | | | | | |
| **Current Liabilities** | | | | | | | |
| Trade and other payables | 15 | | **(321)** | | (386) | | (528) |
| Short term borrowings | 16 | | **(441)** | | (561) | | (542) |
| | | | **(762)** | | (947) | | (1,070) |
| **Non-current Liabilities** | | | | | | | |
| Investment in joint venture | | | **-** | | - | | (28) |
| **Total Liabilities** | | | **(762)** | | (947) | | (1,098) |
| **Net (Liabilities) / Assets** | | | **(432)** | | (585) | | 478 |
| | 18 | | | | | | |
| **Shareholders' Equity** | 18 | | | | | | |
| | 18 | | | | | | |
| Called up share capital | | | **1,124** | | 1,124 | | 1,124 |
| Share premium account | | | **3,353** | | 3,353 | | 3,353 |
| Retained earnings | | | **(4,909)** | | (5,062) | | (3,999) |
| **Equity Shareholders (Deficit) / Funds** | | | **(432)** | | ( 585) | | 478 |

These financial statements were approved by the Board of Directors on 12 April 2010 and were signed on its behalf by,

**Dan Assor**
Director

The accompanying notes on pages 20 to 40 form part of the financial statements

# Company balance sheet

at 31 December 2009

| Assets | Note | 2009 £000 | 2009 £000 | 2008 £000 | 2008 £000 |
|---|---|---|---|---|---|
| **Non Current Assets** | | | | | |
| Property, plant and equipment | 12 | - | | - | |
| Investments in subsidiaries | 13 | - | | - | |
| | | | - | | - |
| **Current Assets** | | | | | |
| Debtors | 14 | 224 | | 76 | |
| Cash and cash equivalents | | - | | 39 | |
| | | | 224 | | 115 |
| **Total Assets** | | | 224 | | 115 |
| **Liabilities** | | | | | |
| **Current Liabilities** | | | | | |
| Trade and other payables | 15 | | (833) | | (1,179) |
| Short term borrowings | 16 | | (1,021) | | (561) |
| **Total Liabilities** | | | (1,854) | | (1,740) |
| **Net Liabilities** | | | ( 1,630) | | (1,625) |
| **Shareholders' Equity** | | | | | |
| Called up share capital | 18 | | 1,124 | | 1,124 |
| Share premium account | 18 | | 3,353 | | 3,353 |
| Retained earnings | 18 | | (6,107) | | (6,102) |
| **Equity Shareholders Deficit** | 20 | | ( 1,630) | | (1,625) |

These financial statements were approved by the Board of Directors on and were signed on its behalf by,

**Dan Assor**
Director

12 April 2010

The accompanying notes on pages 20 to 40 form part of the financial statements

# Consolidated cash flow statement

for the year ended 31 December 2009

| | Note | 2009 £000 | 2008 as restated £000 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating Profit / (Loss) from continuing operations | | **144** | (59) |
| Option and warrants charge | 18 | **12** | 18 |
| Amortisation and depreciation | 11/12 | **29** | 31 |
| Decrease in inventories | | **-** | 1 |
| Decrease in trade and other receivables | | **24** | 64 |
| Decrease in trade and other payables | | **(65)** | (32) |
| **Cash Flow from continuing operations** | | **144** | **23** |
| Loss before taxation from discontinued operations | | **-** | (43) |
| Depreciation | | **-** | 3 |
| Movement in working capital from discontinued operations | | **-** | 32 |
| **Cash Flow from discontinued operations** | 21 | **-** | **(8)** |
| R&D tax credit | 9 | **16** | 18 |
| Foreign tax on subsidiary profit | 6 | **-** | (5) |
| **Net Cash Flow from operating activities** | | **160** | **28** |
| **Investing activities** | | | |
| Purchase of intangible fixed assets | 11 | **(33)** | - |
| Purchase of property, plant and equipment | 12 | **(2)** | (8) |
| Cash disposed with subsidiary | | **-** | (35) |
| Costs on disposal of subsidiary | 21 | **-** | (44) |
| **Net Cash Flow from investing activities** | | **(35)** | **(87)** |
| **Cash Flow / (Outflow) before financing** | | **125** | (59) |
| **Financing activities** | | | |
| Interest paid | | **(19)** | (40) |
| **Net cash utilised in financing activities** | | **(19)** | (40) |
| **Net Increase / (Decrease) in cash and cash equivalents** | | **106** | **(99)** |
| Cash and cash equivalents at beginning of year | | **(547)** | (448) |
| **Cash and cash equivalents at end of year** | | **(441)** | **(547)** |
| **Cash and cash equivalents comprise:-** | | | |
| Cash and short term deposits | | **-** | 14 |
| Bank overdrafts | 16 | **(441)** | (561) |
| | | **(441)** | **(547)** |

The accompanying notes on pages 20 to 40 form part of the financial statements

# Notes to the financial statements

for the year ended 31 December 2009

**1. General information**

Totally Plc is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 1985 (registration number 3870101). The Company is domiciled in the United Kingdom and its registered address is Unit 611 Highgate Studios, 53-79 Highgate Road, London NW5 1TL. The Company's Ordinary Shares are traded on the AIM Market of the London Stock Exchange ("AIM")

The Group's principal activities have been publishing and the provision of internet and communication services. 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 Company's financial statements for the period ended 31 December 2009 were authorised for issue by the Board of Directors and the balance sheet was signed on the Board's behalf by D Assor on 9 April 2010.

The Company's financial statements have been prepared with IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as endorsed by the European Union, and with those parts of the Companies Act 1985 and 2006 applicable to companies reporting under IFRS. The Company's financial statements have been prepared on the same basis and as permitted by Section 408 of the Companies Act 2006 no income statement is presented for the Company. The Company incurred a loss of £17,000 for the year ended 31 December 2009 (2008: loss £1,317,000).

**3. Basis of preparation**

The financial year represents the 365 days to 31 December 2009, and the prior financial year, 366 days to 31 December 2008. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounting policies set out in note 4 have been applied consistently to all periods presented in these consolidated financial statements.

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons. The Group currently meets its day to day working capital requirements through two overdraft facilities which are repayable on demand.

The Group has confirmed the availability of a facility of £700,000 with Bank Hapoalim which was renewed on 8 July 2009 until 30 June 2010. As security for the facility, the bank has obtained the unlimited Joint and Several Guarantees of Dr. Michael J. Sinclair (non-executive Chairman), and Mr Leo Noe.

In addition, a working capital facility of £50,000 has been agreed with NatWest which is secured on the Group's debtor book. This facility is due for renewal on 31 March 2010.

The Directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements.

On the basis of cash flow forecasts and discussions with the Group's bankers, the Directors consider that the Group will be able to operate within the facilities currently agreed.
Inherently, there can be no certainty in relation to these matters, but the Directors believe that the going concern basis of preparation continues to be appropriate.

# Notes to the financial statements

(continued)

## 4. Accounting policies

**Basis of consolidation**
The Group's financial statements include the results of the Company and all its subsidiaries, together with the Group's share of the post-tax results of its joint ventures 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 power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The results of subsidiaries are included in the Group income statement from the date of acquisition until the date that such control ceases. Intercompany transactions and balances between Group companies are eliminated upon consolidation. The results of The Jewish Advocate Publishing Corporation have been included to 1 September 2008.

**Joint ventures**
Joint ventures are jointly controlled entities in which the Group has an interest. The Group's share of the results of its joint ventures is included in the Group income statement using the equity method of accounting.
Investments in joint ventures is carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity, less any impairment in value.
Investments in subsidiaries and joint ventures are carried at cost less any impairment loss in the financial statements of the Company.

**Revenue recognition**
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue represents the amounts, excluding valued added tax derived from advertising, marketing and technical services. Revenue is recognised in the profit and loss account on the accruals basis.

Revenue from advertising is recognised on the date of the specific publication to which the advert is included.

Revenue from technical services is recognised as contract activity progresses to the extent that revenue can be reliably measured. Hosting and maintenance income within technical services is spread on a straight line basis over the period to which the hosting and maintenance period relates.

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

**Intangible assets**
Computer software is carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised at the costs incurred to acquire and bring into use the specific software. These assets are considered to have finite useful lives and are amortised on a straight line basis over the estimated useful economic lives of each of the assets, considered to be between three and five years. Computer software is carried at cost less accumulated amortisation and any impairment loss. Costs relating to development of computer software are capitalised once the recognition criteria are met. When the software is available for its intended use, these costs are amortised over the estimated useful life of the software.

The carrying values of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

# Notes to the financial statements
(continued)

**4. Accounting policies** (continued)

**Property, plant and equipment**
Furniture and equipment is carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid to acquire asset 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 item of furniture and equipment 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.

**Impairment of assets**
At each balance sheet date, the Company reviews amounts of its tangible fixed assets 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 assets, 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 tangible and intangible 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 on 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 in the balance sheet 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 the Company's cash management are included as components of cash and cash equivalents for the purposes of the cash flow statement.

# Notes to the financial statements
(continued)

**4. Accounting policies** (continued)

**Foreign currencies**
a) Foreign operations
On consolidation, assets and liabilities of foreign operations are translated into sterling at year-end exchange rates. The results of foreign operations are translated into sterling at average rates of exchange for the year. The average US dollar to sterling exchange rate for the period to 1 September 2008 was 1.97. Exchange differences arising from the retranslation at year-end exchange rates of the net investment in foreign operations are taken to equity and are reported in the statement of recognised income and expense.

b) Foreign currency 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 balance sheet date 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 Company 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.

**Internally generated intangible assets – research and development expenditure**
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's technology development is recognised only if all of the following conditions are met:
• An asset is created that can be identified;
• It is probable that the asset created will generate future economic benefits; and
• The development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful economic lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

**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.

# Notes to the financial statements
(continued)

**4. Accounting policies** (continued)

**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 balance sheet 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 applying the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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, affects 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.

**Use of assumptions and estimates**
The Company makes judgements, estimates and assumptions that affect 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 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 affects both current and future periods.

The estimates and assumption that have a significant effect on the amounts recognised in the financial statements are those related to establishing depreciation and amortisation periods for the Company and the estimates in relation to future cash flows and discount rates utilised in impairment testing.

**Change in accounting policies**

**a) Change in revenue recognition policy**
There has been a change in the revenue recognition policy in the year, and consequently the results of the previous year have been restated. The board has reviewed the accounting policy specifically with reference to publications, where advertising revenue is generated both via magazine advertising (print media) and online advertising. The past policy was to recognise revenue on the earliest publication date, whether this was online or as published via print media. The new policy is to recognise revenue on the latest publication date, whether this is online or published via print media. The change in policy reflects the uncertainty and subjectivity in dividing advertising income between online and print media. The new policy provides more relevant and reliable financial information.

The impact of the prior year adjustment on the Consolidated Statement of Comprehensive Income has been to increase the revenue reported in 2008 by £4,000 and to reduce cost of sales by £1,000. There has been no impact on the tax credit. The impact on the Statement of Financial Position is to increase accruals and deferred income at 31 December 2008 by £48,000 to £137,000, and by £53,000 to £161,000 at 1 January 2008.

In accordance with IAS1(revised) a balance sheet as at the date of the beginning of the earliest comparative period (1 January 2008) has been presented. Other than the disclosures in note 15 the change in accounting policy has not affected any other balance sheet notes.

# Notes to the financial statements
(continued)

**4. Accounting policies** (continued)

**b) New standards and interpretations effective from 1 January 2009**
During the year the Group has adopted IAS 1, "Presentation of Financial Statements (revised 2007)".

IAS 1, Presentation of Financial Statements (revised 2007) includes the requirement to present a Statement of Changes in Equity as a primary statement and introduces the possibility of either a single Statement of Comprehensive Income (combining the Income Statement and a Statement of Comprehensive Income) or to retain the Income Statement with a supplementary Statement of Comprehensive Income. The first option has been adopted by Totally Plc. As this standard is concerned with presentation only it does not have any impact on the results or net assets of the Group.

None of the other new standards, interpretations and amendments, also effective for the first time from 1 January 2009, have had a material effect on the financial statements.

IFRS 8 Operating Segments is also mandatory for periods beginning on or after 1 January 2009 however the Group elected to apply the standard early in its financial statements for the year ended 31 December 2008.

**c) Standards, amendments and interpretations to published standards not yet effective**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning after 1 January 2009 and which the group has decided not to adopt early.
Those likely to affect the Group:

Revised IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 July 2009. This revision was endorsed by the EU on 15 June 2009. This revision requires prospective application and may result in acquisition costs being recognised immediately in the Consolidated Statement of Comprehensive Income, intangible assets being recognised even when it cannot be reliably measured, and the option to gross up the balance sheet for goodwill attributable to minority interests. This will be applicable in the future if the Group were to make any further acquisitions, which is not currently anticipated.

Amendment to IAS 27 Consolidated and Separate Financial Statements (effective for periods beginning on or after 1 July 2009). This amendment was endorsed by the EU on 15 June 2009. This amendment requires prospective application and could result in a change in differences where acquisitions or disposals of subsidiaries are made in stages. This could be applicable if the company made piecemeal acquisitions or disposals in the future, which is not anticipated,

None of the other standards are considered likely to have a material affect on the group's financial statements.

# Notes to the financial statements
(continued)

**5. Segmental analysis**

**Primary reporting format – business segments**
The table below sets out information for the group's business segments for the years ended 31 December 2009 and 2008. 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 Business Review.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**Analysis by business segment 2009**

| | **Head Office £000** | **UK Publishing £000** | **Digital marketing £000** | **Total Continued Operations £000** |
|---|---|---|---|---|
| Revenue | - | 1,130 | 628 | 1,758 |
| EBITDA | (289) | 252 | 210 | 173 |
| Depreciation | - | - | (5) | (5) |
| Amortisation | - | (24) | - | (24) |
| Operating (Loss) / Profit | (289) | 228 | 205 | 144 |
| Finance costs | (19) | - | - | (19) |
| (Loss) / Profit before tax | (308) | 228 | 205 | 125 |
| Income tax | - | 16 | - | 16 |
| (Loss) / Profit after tax | (308) | 244 | 205 | 141 |
| Segment assets | 54 | 129 | 147 | 330 |
| Segment liabilities | (549) | (121) | (92) | (762) |
| Other segment information: | | | | |
| Capital expenditure | | | | |
| Property, plant and equipment | - | 2 | - | 2 |
| Goodwill | - | - | - | - |
| Other intangible assets | - | - | 33 | 33 |

# Notes to the financial statements
(continued)

**5. Segmental analysis** (continued)

**Analysis by business segment 2008 as restated**

| | Head Office £000 | UK Publishing £000 | Digital marketing £000 | Total Continued Operations £000 | Discontinued Operations £000 | Total £000 |
|---|---|---|---|---|---|---|
| Revenue | - | 1,080 | 608 | 1,688 | 471 | 2,159 |
| EBITDA | (322) | 106 | 188 | (28) | (40) | (68) |
| Depreciation | - | (6) | (3) | (9) | (3) | (12) |
| Amortisation | - | (22) | - | (22) | - | (22) |
| Operating (Loss) / Profit | (322) | 78 | 185 | (59) | (43) | (102) |
| Loss on disposal of subsidiary | - | - | - | - | (968) | (968) |
| Share of joint venture loss | - | - | - | - | (10) | (10) |
| Profit on disposal of joint venture | | - | - | - | 21 | 21 |
| Finance costs | (40) | - | - | (40) | - | (40) |
| Loss / (Profit) before tax | (362) | 78 | 185 | (99) | (1,000) | (1,099) |
| Income tax | - | 18 | - | 18 | - | 18 |
| Loss / (Profit) after tax | ( 362) | 96 | 185 | (81) | (1,000) | (1,081) |
| Segment assets | 115 | 129 | 118 | 362 | - | 362 |
| Segment liabilities | (598) | (230) | (119) | (947) | - | (947) |
| Other segment information: | | | | | | |
| Capital expenditure | | | | | | |
| Property, plant and equipment | - | 5 | 3 | 8 | - | 8 |
| Goodwill | - | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - | - |

Segment revenue by geographical segment represents revenue from external customers based upon the geographical location of the customer. The analyses of segment assets and capital expenditure are based upon the location of the assets.

# Notes to the financial statements
(continued)

**5. Segmental analysis** (continued)

**Secondary reporting format – Geographical segments**
**Analysis by geographical segment**

| | UK operations | | US operations | | Total | |
|---|---|---|---|---|---|---|
| | **2009** **£000** | **2008 as restated £000** | **2009** **£000** | **2008 as restated £000** | **2009** **£000** | **2008 as restated £000** |
| Revenue | **1,758** | 1,688 | **-** | 471 | **1,758** | 2,159 |
| Segment assets | **330** | 362 | **-** | - | **297** | 362 |
| Other segment information: | | | | | | |
| Capital expenditure | | | | | | |
| Property, plant and equipment | **2** | 8 | **-** | - | **2** | 8 |
| Goodwill | **-** | - | **-** | - | **-** | - |
| Other intangible assets | **33** | - | **-** | - | **33** | - |

Segment revenue by geographical segment represents revenue from external customers based upon the geographical location of the customer. The analyses of segment assets and capital expenditure are based upon the location of the assets.

**6. Discontinued operations**

Discontinued operations during 2008 comprise the sale of The Jewish Advocate Publishing Corporation to The Zvhil-Mezbuz Rebbe, Grand Rabbi Y.A Korff of Boston ("the Rebbe") on 1 September 2008. In consideration for the sale, 20,500,000 1p Ordinary Shares held by the "Rebbe" were redesignated as Deferred Shares.

The Deferred Shares issued 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 totalling £1,000,000 per Ordinary Share.

Therefore it is the opinion of the Board that the Deferred Shares are, for all practical purposes, valueless.

In addition warrants held by the Rebbe to subscribe for 4,394,350 Ordinary Shares were cancelled as part of the sale.

Furthermore under the terms of the agreement the Rebbe will pay additional consideration to the Company in the event of:-

1) a sale of the whole or a substantial number of the Jewish Advocate Shares; or
2) a sale of the whole or a substantial proportion of the business and assets of the Jewish Advocate.

This was 40 per cent of the difference between the consideration received by the Rebbe at the time of such sale and the value of the Consideration shares (20,500,000 1p Ordinary Shares) on 1 September 2008 if the sale is effected within one year or 33 per cent of the difference in the event that such sale is effected within two years.

The directors believe that the likelihood of such a disposal is not probable, and therefore no asset has been recognised in the financial statements.

# Notes to the financial statements

(continued)

**6. Discontinued operations** (continued)

The results of discontinued operations that have been included in the consolidated income statement are as follows. The 2009 results are for the full year to 31 December 2009, whilst 2008 results are to the date of disposal, 1 September 2008:-

| | **2009 £000** | **2008 £000** |
|---|---|---|
| Revenue | - | 471 |
| Cost of sales | - | (31) |
| Gross Profit | - | 440 |
| Administrative expenses | - | (480) |
| Loss before interest, tax, depreciation and amortisation | - | (40) |
| Depreciation | - | (3) |
| Operating Loss | - | (43) |
| Finance costs | - | - |
| Loss before taxation | - | (43) |
| Income tax | - | - |
| Loss for the period / year | - | (43) |

The net cash flows attributable to discontinued operations are as follows:-

| | **2009 £000** | **2008 £000** |
|---|---|---|
| Operating cash flows | - | (13) |
| Investing cash flows | - | (35) |
| Net cash outflow | - | (48) |

The basic earnings per share on discontinued operations is nil pence (2008: 0.9 pence earnings per share)

Details of the sale of The Jewish Advocate are analysed as follows:-

| | **£000** |
|---|---|
| Sales proceeds | - |
| Net assets disposed of: | |
| Goodwill | (941) |
| Property, plant and equipment | (17) |
| Cash at bank | (35) |
| Working capital – inventories, receivable and payables | 74 |
| Tax creditor | (5) |
| Costs of disposal | (44) |
| Loss on disposal | (968) |

# Notes to the financial statements
(continued)

## 7. Profit / (loss) on operating activities before taxation

| | 2009 £000 | 2008 £000 |
|---|---|---|
| **Profit / (loss) on ordinary activities before and after taxation is stated after charging:** | | |
| Auditors' remuneration for audit services | **26** | 21 |
| Auditors' remuneration for non-audit services- tax services | **3** | 3 |
| Operating lease charges- land and buildings | **46** | 75 |
| Operating lease charges- other assets | **5** | 7 |
| Depreciation | **5** | 12 |
| Amortisation | **24** | 22 |

Auditors' remuneration includes £6,000 (2008: £6,000) for the Company.

## 8. Employee information

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

| | Number of employees | |
|---|---|---|
| | **2009** | **2008** |
| Management | **2** | 3 |
| Technical and production | **8** | 10 |
| Editorial | **6** | 10 |
| Sales and marketing | **6** | 8 |
| Administrative | **1** | 2 |
| | **23** | 33 |

Staff costs for the above employees during the year amounted to:

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Wages and salaries | **638** | 1,015 |
| Social security costs | **84** | 110 |
| | **722** | 1,125 |

**Directors' emoluments**

| | 2009 £000 | 2008 £000 |
|---|---|---|
| Directors' emoluments | **148** | 125 |
| Gain made on exercise of share options | **-** | - |
| Number of directors entitled to share options | **2** | 3 |

# Notes to the financial statements
(continued)

**8. Employee information** (continued)

Not included in directors emoluments above is a service contract with The Jewish Advocate Publishing Corporation which entitles The Zvhil-Mezbuz Rebbe, Grand Rabbi Y.A. Korff of Boston to consultancy fees of $nil US Dollars per annum (2008: $166,667 US Dollars).

Included in wages and salaries is a total charge for share based payments of £12,000 (2008: £18,000) which arises wholly in both years from transactions accounted for as equity settled share based payment.

**9. Taxation**

| **a) Taxation charge** | **2009 £000** | **2008 £000** |
|---|---|---|
| Research and development tax credit | **(16)** | (18) |
| Total current income tax credit charged in the income statement | **(16)** | (18) |

**b) Taxation reconciliation**
The current income tax credit for the period is explained below:

| | **2009 £000** | **2008 £000** |
|---|---|---|
| Profit / (Loss) before tax | **125** | (1,086) |
| Taxation at the standard UK income tax rate of 28 per cent (2008: 28 per cent) | **35** | (304) |
| Research and Development tax credit | **(16)** | (18) |
| Deferred Tax movement not provided for | **35** | 304 |
| Total income tax credit charged in the income statement | **(16)** | (18) |

**c) Deferred tax**

Estimated tax losses of £3,699,000 (2008: £3,733,000) 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.

| **10. Finance costs** | **2009 £000** | **2008 £000** |
|---|---|---|
| On bank overdrafts | **19** | 40 |

# Notes to the financial statements
(continued)

## 11. Intangible fixed assets

| Group | Software £000 | Total £000 |
|---|---|---|
| **Cost** | | |
| At 1 January 2009 | 460 | 460 |
| Additions | 33 | 33 |
| At 31 December 2009 | 493 | 493 |
| **Amortisation** | | |
| At 1 January 2009 | 409 | 409 |
| Amortisation during the year | 24 | 24 |
| At 31 December 2009 | 433 | 433 |
| **Net carrying value** | | |
| At 31 December 2009 | 60 | 60 |
| At 31 December 2008 | 51 | 51 |

| Company | Software £000 | Total £000 |
|---|---|---|
| **Cost** | | |
| At 1 January 2009 | 5 | 5 |
| Additions | - | - |
| At 31 December 2009 | 5 | 5 |
| **Amortisation** | | |
| At 1 January 2009 | 5 | 5 |
| Provided for the year | - | - |
| At 31 December 2009 | 5 | 5 |
| **Net carrying value** | | |
| At 31 December 2009 | - | - |
| At 31 December 2008 | - | - |

# Notes to the financial statements
(continued)

## 12. Property, plant and equipment

| Group | Short leasehold property £000 | Computer equipment £000 | Fixtures and fittings £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2009 | 54 | 130 | 51 | 235 |
| Additions | - | 2 | - | 2 |
| Disposals | - | - | - | - |
| At 31 December 2009 | 54 | 132 | 51 | 237 |
| **Depreciation** | | | | |
| At 1 January 2009 | 54 | 129 | 45 | 228 |
| Provided for year | - | - | 5 | 5 |
| Disposals | - | - | - | - |
| At 31 December 2009 | 54 | 129 | 50 | 233 |
| **Net book value** | | | | |
| At 31 December 2009 | - | 3 | 1 | 4 |
| At 31 December 2008 | - | 1 | 6 | 7 |

| Company | Short leasehold property £000 | Computer equipment £000 | Fixtures and fittings £000 | Total £000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January and 31 December 2009 | 54 | 7 | 11 | 72 |
| **Depreciation** | | | | |
| At 1 January and 31 December 2009 | 54 | 7 | 11 | 72 |
| **Net book value** | | | | |
| At 31 December 2009 | - | - | - | - |
| At 31 December 2008 | - | - | - | - |

# Notes to the financial statements
(continued)

### 13. Investments

**Company**

| Investments in share capital of wholly owned subsidiaries | Total £000 |
|---|---|
| **Cost** | |
| At beginning of year | - |
| Disposals | - |
| At end of year | - |

The subsidiary companies, all of which have been consolidated at 31 December 2009 are as follows:

| | Country of incorporation | Percentage of equity capital Held | Nature of business |
|---|---|---|---|
| **Subsidiary undertakings held directly** | | | |
| Totally Jewish.com Limited | England | 100 | Online media |
| The Jewish News Limited | England | 100 | Print media |
| Totally Communications Limited | England | 100 | Technical and marketing services |
| London Jewish News Limited | England | 100 | Dormant |

### 14. Trade and other receivables

| | Group 2009 £000 | Group 2008 £000 | Company 2009 £000 | Company 2008 £000 |
|---|---|---|---|---|
| Trade receivables | **199** | 192 | **-** | - |
| Amounts due from group undertakings | **-** | - | **170** | - |
| Other debtors | **10** | 65 | **10** | 9 |
| Other taxation and social security | **-** | - | **-** | 56 |
| Prepayments and accrued income | **57** | 33 | **44** | 11 |
| | **266** | 290 | **224** | 76 |

### 15. Trade and other payables

| | Group 2009 £000 | Group 2008 as restated £000 | Group as at 1 January 2008 as restated £000 | Company 2009 £000 | Company 2008 £000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Trade payables | **114** | 122 | 271 | **11** | 28 |
| Amounts owed to group undertakings | **-** | - | - | **723** | 1,142 |
| Other taxes and social security | **62** | 127 | 96 | **38** | - |
| Other creditors | **10** | - | - | **-** | - |
| Accruals and deferred income | **135** | 137 | 161 | **61** | 9 |
| | **321** | 386 | 528 | **833** | 1,179 |

# Notes to the financial statements
(continued)

## 16. Financial liabilities – Borrowings

| | Group 2009 £000 | Group 2008 £000 | Company 2009 £000 | Company 2008 £000 |
|---|---|---|---|---|
| **Current** | | | | |
| Bank overdrafts | **441** | 561 | **1,021** | 561 |

**Secured liabilities**
The Group's financial liabilities during the year ended 31 December 2009 were represented by two overdraft facilities, both repayable in less than one year.

One overdraft is secured by a debenture over the Group's trade debtors aged under 90 days, with a limit of £50,000 charging interest at 3.75 per cent above bank base rate per annum.

The second facility has a limit of £700,000 charging interest at 2 per cent above bank base rate per annum. As security for the second facility, the bank has obtained the unlimited Joint and Several Guarantees of Dr Michael J. Sinclair (non-executive Chairman), and Mr Leo Noe.

At 31 December 2009 there was no difference between the book and fair value of the Group's financial liabilities. There were no fixed rate liabilities during the year.

All monetary assets and liabilities at the balance sheet date are held in Sterling, the Group's functional currency.

## 17. Financial instruments

The Group's financial instruments comprise cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operation.

Fair values of financial instruments
For the following financial assets and liabilities: long-term borrowings, short-term borrowings, 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 instrument bearing interest at market rates and/or the short-term nature of the instrument.

| **Maturity of financial liabilities** | Group 2009 £000 | Group 2008 £000 | Company 2009 £000 | Company 2008 £000 |
|---|---|---|---|---|
| Amounts payable within one year | **441** | 561 | **1,021** | 561 |

# Notes to the financial statements
(continued)

| 18. Share capital and reserves | 31 December 2009 £000 | 31 December 2008 £000 |
|---|---|---|
| **Authorised** | | |
| 125,000,000 ordinary shares of 1p each (2008: 125,000,000) | **1,250** | 1,250 |
| 20,500,000 deferred shares of 1p each (2008: 2,050,000) | **205** | 205 |
| **Allotted, called up and fully paid** | | |
| 91,947,934 ordinary shares of 1p each (2008: 91,947,934) | **919** | 919 |
| 20,500,000 deferred shares of 1p each (2008: 20,500,000) | **205** | 205 |
| **Total called up share capital** | **1,124** | 1,124 |

**Issue of deferred shares**
On 30 September 2008 20,500,000 1p Ordinary Shares were redesignated as Deferred Shares.

The Deferred Shares issued carry 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 totalling £1,000,000 per Ordinary Share.

**Earnings per share**
The calculation of the basic earnings / (losses) per share is based on the profit of £141,000 (2008 as restated: loss of £1,081,000) and on 91,947,934 (2008: 107,322,909) ordinary shares being the weighted average number of shares in issue during the period. The diluted loss per share for 2009 is based on a profit of £141,000 and 91,947,934 ordinary shares, 16,943,333 outstanding options and 100,213,012 outstanding warrants. The diluted earnings per share in 2008 is the same as the basic earnings per share. In accordance with IAS 33 which prescribes that potential ordinary shares should only be used as dilutive when, and only when, their conversion to ordinary shares would decrease net profit or increase net loss per share from continuing operations.

**Share options**
On 27 July 2009 7,575,000 share options at an exercise price ranging between 1.5 pence and 4.38 pence per share were surrendered and 10,575,000 new options were issued at an exercise price of 1 pence per share. The options are exercisable from the date of issue up to 27 July 2019.

On 8 October 2009, 1,050,000 share options at an exercise price ranging between 1.5 pence and 3.62 pence per share were surrendered and a further 3,050,000 share options were issued at an exercise price of 1 pence per ordinary share. The options are exercisable from the date of issue up to 8 October 2019.

In summary at 31 December 2009, there are 16,943,333 options still in issue.

**Warrants currently in issue**
On 21 May 2002, in conjunction with a share placing, subscribers to the placing shares were issued 4,583,329 warrants (one warrant for every four shares subscribed). The warrants are exercisable at 5 pence per ordinary share. The warrants are exercisable in the 45 day periods following either publication of the Company's half year results or adoption of the Company's annual accounts. The last exercise period is the earliest of either the 45 day period following the adoption of the Company's accounts for the year ended 31 December 2008 or, subject to certain exceptions, on a winding up of the Company where there is a surplus payable to the ordinary share holders.

# Notes to the financial statements
(continued)

**18. Share capital and reserves** (continued)
On 18 June 2004, 10,000,000 warrants were issued at an exercise price of 5 pence per ordinary share and 4,394,350 warrants were issued at an exercise price of 4.375 pence per ordinary share. The warrants are exercisable from the date of issue up to 18 June 2011. The 4,394,350 warrants have been cancelled on 30 September 2008 as part of the disposal of The Jewish Advocate Publishing Corporation (see note 6).

On 30 September 2008 70,000,000 warrants were issued at an exercise price of 1 pence per ordinary share. The warrants are exercisable from the date of issue and have no fixed expiry date.

On 27 July 2009, 6,752,538 warrants at an exercise price ranging between 1.5 pence and 4.38 pence were surrendered and 16,752,538 new warrants were issued at an exercise price of 1 pence share. The warrants are exercisable from the date of issue up to 27 July 2019.

On 8 October 2009 166,666 warrants were issued at an exercise price of 1 pence per ordinary share. The warrants are exercisable from the date of issue up to 8 October 2019.

In summary at 31 December 2009, there are 100,123,012 warrants still in issue.

**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.

**19. Share-based payment**

During the year ended ending 31 December 2009 the Group and Company had two share based payment arrangements as described below.

**a) Employee Share Options**

**Totally plc Enterprise Management Incentive Plan**

The estimated fair value of each option has been calculated using the Black Scholes option pricing model for different options granted between 17 December 2002 and 8 October 2009. The estimated fair value of options varies between 0.9 pence and 0.04 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. It has been estimated that 21% of options granted will be forfeited due to employees leaving during the three year vesting period. The actual contractual life of 10 years has been used in the calculation. A reconciliation of option movements over the year is shown below:

# Notes to the financial statements
(continued)

**19. Share-based payment** (continued)

| | Number '000s | 2009 Weighted average price Pence | Number '000s | 2008 Weighted average price Pence |
|---|---|---|---|---|
| Outstanding at 1 January 2009 | **12,243** | **2.59** | 13,867 | 2.89 |
| Granted | **13,625** | **1.00** | 1,000 | 1.00 |
| Surrendered | **(8,625)** | **2.93** | (2,624) | 3.33 |
| Exercised | **-** | **-** | - | - |
| Expired | **-** | **-** | - | - |
| Outstanding at 31 December 2009 | **16,943** | **1.18** | 12,243 | 2.59 |
| Exercisable | **16,943** | **1.67** | 13,467 | 2.95 |

| a) Employee Share Options | 2009 | 2008 |
|---|---|---|
| Range of exercise price (Pence) | **1.00 – 3.62** | 2.70 – 4.00 |
| Weighted average exercise price (Pence) | **1.18** | 2.89 |
| Number of shares - 000's | **16,943** | 12,243 |
| Weighted average remaining life years – Expected | **10** | 3 |
| Weighted average remaining life years – Contractual | **10** | 3 |

**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 18. The estimated fair value of warrants varies between 0.8 pence and 0.01 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 three year contractual life has been used to reflect the non-tradability of the warrants compared to the actual contractual life of seven years. The full cost of the warrants is recognised at the date of grant.

Expenses charged to the profit and loss in the year in respect of share based payments are as follows for the Group and Company:

| | 2009 | 2008 |
|---|---|---|
| Expense arising from share option plans | **5** | 12 |
| Expense arising from issue of share option warrants | **7** | 6 |

**20. Company changes in equity**

| Company | Share Capital Ordinary Shares £000 | Share Capital Deferred Shares £000 | Share premium account £000 | Profit and loss account £000 | Equity share holders' deficit £000 |
|---|---|---|---|---|---|
| At 1 January 2009 | 919 | 205 | 3,353 | (6,102) | (1,625) |
| Share transfer | - | - | - | - | - |
| Loss for the year | - | - | - | (17) | (17) |
| Credit on issue of share options | - | - | - | 5 | 5 |
| Credit on issue of warrants | - | - | - | 7 | 7 |
| At 31 December 2009 | 919 | 205 | 3,353 | (6,107) | (1,630) |

# Notes to the financial statements
(continued)

**21. Notes to the cash flow statement**

| (i) Cash flows relating to discontinued operations | 2009 £000 | 2008 £000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Loss before taxation from discontinued operations | - | (43) |
| Depreciation | - | 3 |
| Decrease in inventories | - | 6 |
| Decrease in trade and other receivables | - | 28 |
| Increase in trade and other payables | - | (2) |
| | - | (8) |
| Foreign tax on subsidiary profit | - | (5) |
| **Net cash utilised by operating activities** | - | (13) |
| **Cash flows from investing activities** | | |
| Purchase of non current assets | - | - |
| Cash disposed with subsidiary | - | (35) |
| **Net cash utilised by investing activities** | - | (35) |
| **Cash flow before financing** | - | (48) |
| **Cash flows from financing activities** | | |
| Interest received | - | - |
| **Net cash from financing activities** | - | - |
| **Net decrease in cash and cash equivalents** | - | (48) |
| Cash and cash equivalents at beginning of year | - | 48 |
| **Cash and cash equivalents at 31 December 2009** | - | - |

**22. Commitments**

**a) Capital expenditure commitments**
At 31 December 2009 the Group had no capital commitments.

**b) Operating leases agreements**
At 31 December 2009 the Group had the following annual commitments under non-cancellable operating leases:

| | Land and buildings 2008 £000 | Other Assets 2008 £000 | Total 2009 £000 | Total 2008 £000 |
|---|---|---|---|---|
| Commitments which expire: | | | | |
| Within 1 year | **-** | 2 | **2** | 14 |
| Between 1 and 2 years | **28** | 4 | **32** | - |
| Between 2 and 5 years | **-** | - | **-** | 3 |
| | **28** | 6 | **34** | 17 |

# Notes to the financial statements
(continued)

**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 with its subsidiary undertakings.

The following related party transactions have been carried out at arms length and are required to be disclosed in accordance with IAS24.

As set out in note 1, Dr Michael Sinclair, and Mr Leo Noe have provided guarantees in respect of the Group’s current overdraft facility.

In 2009, purchases of £2,000 (2008: £4,000), on an arm’s length basis were made from J Margolis, mother of A Margolis who is a director of Totallyjewish.com Limited. A balance of £nil (2008: £1,000) is included in trade creditors at the year end.

Included in trade debtors is an amount of £15,000 (2008: £30,000) due from Totally Jewish Travel Inc., a company in which the Group had a joint venture interest, that was sold during 2008. Sales of £5,000 (2008: £54,000) relating to system support have been made in the year. Balances of £nil due from Totally Jewish Travel Inc. (2008: £18,000) have been written off during the year.

During 2009, 9,080,633 warrants (2008: nil) and 5,450,000 options (2008: nil) have been granted to D Assor. The exercise prices are 1 pence per option and per warrant.

During 2009, 7,671,905 warrants (2008: nil) and 5,125,000 options (2008: nil) have been granted to A Margolis. The exercise prices are 1 pence per option and per warrant.

During 2009, no warrants (2008: 35,000,000) have been granted to Dr M Sinclair. The exercise price is 1 pence per warrant.

**24. Contingent liabilities**

The company is party to a group banking arrangement with NatWest Bank Plc which includes a debenture, unlimited corporate guarantee and letters of offset between Totally Plc, Totally Communications Limited, The Jewish News Limited and TotallyJewish.com Limited. Totally Plc has a contingent liability in respect of these borrowings which at 31 December 2009 amounted to £nil (2008: £nil).

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Totally plc will be held at the offices of Totally plc, Unit 611 Highgate Studios, 53-79 Highgate Road, Kentish Town, London NW5 1TL on 12 May 2010 at 12:00 p.m. for the transaction of the following business:

**As Ordinary Business** to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the report of the directors of the Company and the audited accounts for the Company for the year ended 31 December 2009;

2. To re-appoint Dr M Sinclair as director of the Company, who retires in accordance with Article 14 of the Company's Articles of Association;

3. To re-appoint Royce Peeling Green Limited as auditors of the Company and to authorise the directors to fix their remunerations.

**As Special Business** to consider and, if thought fit, pass the following resolutions of which Resolution 4 will be proposed as an Ordinary Resolution and Resolution 5 will be proposed as a special Resolution:

4. That for the purpose of section 551 of the Companies Act 2006 (the "Act") the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") during the period exploring at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution provided that such power be limited to:

   (a) the allotment of up to 100,123,012 Ordinary Shares pursuant to or in connection with warrant instruments entered into on or prior to the date of this resolution

   (b) the allotment of up to 16,943,333 Ordinary Shares pursuant to or in connection with share options granted on or prior to the date of this resolution; and

   (c) the allotment of relevant securities (other then pursuant to paragraphs (a) and (b) above) up to an aggregate nominal amount of £900,000, to such person or persons and on such terms as they think fit;

and that the Company be and is hereby authorised to make prior to the expiry of such period referred to in this Resolution 4 any offer or agreement which would or might require shares to be alloted or Rights to be granted after the expiry of the said period and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this Resolution, provided that this resolution shall not affect the right of the Directors to allot shares or grant Rights in pursuance of any offer or agreement entered into prior to the date hereof.

5. That subject to the passing of Resolution 4 set out above the Directors be and are empowered in accordance with Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by that Resolution, as if Section 561 (1) of the Act did not apply to such allotment provided that the power conferred by this Resolution shall be limited to:

   (a) the allotment of up to 100,123,012 Ordinary Shares pursuant to or in connection with warrant instruments entered into on or prior to the date of this resolution

   (b) the allotment of up to 16,943,333 Ordinary Shares pursuant to or in connection with share options granted on or prior to the date of this resolution; and

   (c) the allotment of relevant securities (other then pursuant to paragraphs (a) and (b) above) up to an aggregate nominal amount of £900,000, to such person or persons and on such terms as they think fit;

# Notice of Annual General Meeting
(continued)

and that this power, unless renewed, shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the conferred hereby had not expired.

By order of the Board

**Paul Stacey**
Company Secretary

Registered Office:
Unit 611, Highgate Studios
53-79 Highgate Road
London NW5 1TL

Dated: 12 April 2010

Notes:
1. Please indicate how you wish your votes to be cast in respect of the resolutions to be proposed at the said meeting. If you do not indicate how you wish your proxy to use your votes, the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting. Your proxy will have the authority to vote at his discretion on any amendment or other motion proposed at the meeting, including any motion to adjourn the meeting.

2. If you prefer to appoint some other person or persons as your proxy, strike out the words “the Chairman of the Meeting, or” and insert in the blank space the name or names preferred and initial the alteration. A proxy need not be a member of the Company. Completion of a form of proxy will not preclude a member from attending and voting in person.

3. In the case of joint holders, the signiture of the holder whose name stands first in the relevant register of members will suffice as the vote of such holder and shall be accepted to the exclusion of the votes of the other joint holders. The names of all joint holders should, however, be shown.

4. If a member is a corporation, this form must be executed either under its common seal or under the hand of an officer or agent duly authorised in writing. In the case of an individual the proxy must be signed by the appointor or his agent, duly authorised in writing.

This form of proxy has been sent to you by post, it may be returned by post or courier or by hand to the Company’s Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. CREST members should use the CREST electronic proxy appointment service and refer to note 5 below in reletion to the submission of a proxy appointment via CREST.

In each case the proxy appointment must be received not less than 48 hours before the time for the holding of the meeting or adjourned meeting together (exept in the case of appointments made electronically) with any authority(or a notarially certified copy of such authority) under which it is signed.

5. CREST members who wish to appoint a proxy or proxies throgh the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsered members who have appointed a voting service provider(S), who will be able to take the appropriate action on their behalf.

# Notice of Annual General Meeting

(continued)

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time (S) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or votint service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

6. Pursuant to regulation 41 (1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) the Company has specified that only those members registered on the register of members of the Company at 12pm on 10 May 2010 shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at the time. Changes to the register of members after 12pm on 10 May 2010 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

totally plc

Unit 611 Highgate Studios
53-79 Highgate Road
Kentish Town
London NW5 1TL

T: 020 7692 6929
F: 020 7692 6689

www.totallyplc.com
www.totallycommunications.com
www.risedigital.com
www.thejngroup.com