



FINANCIAL STATEMENTS

For the year ended 31 December 2011



Totally Communications
Web design & technology specialists

Annual report and financial statements

for the year ended 31 December 2011

Contents

Company information	2
Performance highlights	3
Chairman's statement	4
Business review	5
Directors' report	9
Board report on Corporate Governance	15
Statement of Directors' Responsibilities	17
Independent auditors' report to the members of Totally plc	18
Consolidated income statement	20
Consolidated statement of changes in equity	21
Consolidated statement of financial position	22
Company statement of financial position	23
Consolidated cash flow statement	24
Notes to the financial statements	25
Notice of Annual General Meeting	48

Company information

Directors Dr. Michael Sinclair (Non Exec Chairman)
Clare Thompson (CEO)
Daniel Assor (executive director)
Andrew Margolis (executive director)

Company secretary Paul Stacey

Registered Office Unit 800 Highgate Studios
53 -79 Highgate Road
London NW5 1TL

Registration Number 03780101 (England and Wales)

Auditors Royce Peeling Green Limited
15 Buckingham Gate
London
SW1E 6LB

Nominated Adviser and Broker Merchant Securities Limited
51-55 Gresham Street
London
EC2V 7HQ

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

Bank Hapoalim B.M.
25 Savile Row
London
W1S 2ES

Registrars Share Registrars Ltd
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey
GU9 7LL

Performance highlights

- Revenues from continuing operations £1.85m -2 per cent yr/yr (2010: £1.88m).
- Gross Profit from continuing operations £1.46m + 1 per cent yr/yr (2010: £1.45m)
- Operating Loss from continuing operations before tax £-0.13m (2010: £0.11m)
- EBITDA from continuing operations £-0.11m (2010: £0.15m).
- Operating profit from continuing operations before tax and head office charges £0.08m (2010: £0.39m).
- EBITDA from continuing operations before head office charges was £0.11m (2010: £0.43m).
- Cash (utilised)/generated from operating activities £-0.001m (2010: £0.07m).
- Basic earnings per share -0.1p (2010: 0.1p) per share
- Post year-end sale of the UK publishing business

Chairman's statement

I am pleased to present the results for the year ended 31 December 2011.

2011 proved a difficult year for the Groups' publishing business with revenues suffering a 15% decline. This is attributable to the on-going turbulence in the economy and continued shift of advertising budgets away from traditional print advertising.

In comparison the Groups' digital business, Totally Communications saw revenues increase by 20% year on year due to a number of significant new business wins including a contract with Crisis, the national charity for single homeless people. Totally Communications developed the "Crisis at Christmas" volunteer portal; a web-based volunteer management application which automated the volunteering process for over 8,000 volunteers across 9 centres.

In the second half of 2011 a new subsidiary, Totally Health Limited, was launched under the stewardship of Clare Thompson, previously the Managing Director of Bupa Health Dialog. Its mission is to develop digital systems for the healthcare sector and in November Totally announced a contract with the NHS to develop shared decision making aids for web and mobile applications and to provide backup health coaching. The contract duration is twelve months and is worth £1.6m, the revenues from this contract are expected to impact in the Group's financial results in the year to 31 December 2012. The contract was recently mentioned on page 59 in the Department of Health's new information strategy published in May 2012.

The Group's strategy is to build on the success of this contract award and to concentrate on exploiting digital applications, systems integration, online marketing and web and mobile technology developed through its subsidiary company, Totally Communications Limited.

Post balance sheet events

The Company has announced the sale of the Group's UK publishing business, The Jewish News Media Group, for a consideration of £350,000.

Dr Michael Sinclair
Non-Executive Chairman

Business review

Business review

The Business Review should be read in conjunction with the Chairman's Statement which includes information about the Group's business performance during the year and an indication of the Group's future prospects. A review of the Group's financial position is included in the Directors' report.

Digital Marketing: Totally Communications

2011 saw another strong year of top lines sales with year on year growth of 20% per cent. despite an uncertain market with continuing recessionary pressures.

Performance Highlights

- Revenues £871,000 (2010: £723,000)
- EBITDA £112,000 (2010: £228,000)
- Operating Profit £90,000 (2010: £214,000)

During the period under review, there was sustainable organic growth in two of Totally Communications' core business activities of website & bespoke software development and online marketing, whilst the third core business activity of hosting maintenance & support maintained a steady level.

In 2011 Totally Communications moved into a substantially larger office which allowed the team to be expanded. Additional investment was made into the enterprise website management system, Pelorous, which enables development and subsequent implementation of large scale web-based propositions expediently without compromising quality or robustness. Pelorous is a result of a number of years of development and reduces the requirement for client testing of new websites and online propositions by approximately 30 per cent.

Particularly strong growth was achieved developing websites and bespoke web-enabled software for clients in both the private and not-for-profit sectors; new clients secured during the period under review included:

- Following a multi-agency pitch Totally Communications was awarded a contract with the charity Crisis to construct an extensive web-enabled volunteer management system. This project was delivered successfully in time for the Charity's high profile Crisis at Christmas campaign.
- A contract was secured with the charity Parenting UK to re-develop its website and create an integrated CRM system.
- An extensive new online proposition was delivered to the Chartered Accountants Benevolent Association (CABA) which included a new website, integrated CRM system and a Membership Management System.
- A contract with Free Legal Advice Centres of Ireland (FLAC), an independent human rights organisation, was secured to construct an extensive online resource centre for their Public Interest Law Association; this was successfully delivered and a subsequent database project was secured and is under construction.
- Children's Legal Centre, part of the Coram group of charities, awarded a contract to Totally Communications to create a new online proposition and resource centre.
- Totally Communications delivered an online booking system for Linked In.

Business review

(continued)

During 2011, a number of new significant projects were delivered to Totally Communications' existing long-term clients, including: Solar Century (leading solar energy company); The Clear Company (specialist recruiter for companies such as E.O.N and B.T.); Health Foundation (a not-for-profit organisation dedicated to clinical excellence in the UK); Employers Forum on Disability, delivering an extensive project to bring online a self-help tool to allow organisations to monitor their compliance with their legal requirements covering disability; The Holocaust Explained; an educational portal dedicated to Key Stage 3 of the national curriculum, sponsored by Deutsche Bank and the London Grid, resulting in a high profile launch at the Foreign Office by Secretary of State for Education, Michael Gove in January 2011.

Additionally, Rise Digital, launched in 2010 as a dedicated Online Marketing division, saw significant growth in revenues of just under 65%. Rise Digital specialises in the delivery of Search Engine Optimisation, Pay per Click and Social Media campaigns, and revenues now represent over 15% of Totally Communications' annual revenues. Long-term contracts for SME's, charities and corporate organisations were secured including contract wins with Ingersoll Rand (international commercial manufacturer), Homesun (solar power), Art You Grew Up With, Celebrity Group, Paulie Clothing, Advice Solutions, Stuart Niels and Get Paid.

Post Reporting Period Events

During the post reporting period; Totally Communications has worked extensively with Totally PLC's new subsidiary Totally Health to deliver the technology part of the recent NHS contract win.

Andy Margolis
Managing Director
Totally Communications Limited

Business review

(continued)

Jewish News and Media Group

The Jewish News & Media Group is the umbrella brand for the Group's publishing business which includes two trading subsidiaries, the Jewish News Limited and TotallyJewish.com Limited.

The Group publishes on and offline media and hosts exhibitions for the UK's Jewish community including:

- A weekly newspaper, "Jewish News"
- A quarterly lifestyle magazine, "Pulse"
- An annual celebrations magazine, "TJ Simchas"
- A community portal, www.TotallyJewish.com
- An annual Wedding exhibition, "TotallyJewishSimchas Live!"
- An annual lifestyle exhibition, "Jewish Living Expo"

Performance Highlights

Revenues £974,000 (2011: £1,146,000)

EBITDA (loss)/profit £-3,000 (2011: £204,000)

Operating (loss)/profit £-8,000 (2010: £177,000)

The on-going turbulence in the wider economy combined with the reduction in traditional classified advertising has had an adverse effect on the division in 2011. The strategy is to reduce the reliance on advertising revenues by growing new revenue streams including exhibitions and events.

Post Event Reporting Period

In March 2012 Jewish Living Expo exhibition was staged at Wembley Stadium. It was attended by 9,000 people from the community and included live performances, seminars and 200 exhibitors. The event generated £310,000 gross revenues from entrance fees, sponsorship and exhibitors and produced a gross profit of £130,000.

Dan Assor
Director

Business review

(continued)

Totally Health

In August 2011, Totally PLC bid for an NHS Tender for Shared Decision Making offered by the NHS Midlands and East. This is an evidenced-based method to empower people to take control of their healthcare decisions. The concept is written into the Health and Social Care Bill currently going through parliament and aims to empower patients to take control of decisions involved in their long-term health. Since many of these decisions are based within the management of long-term conditions, this is seen as a key part of the strategy to aid the £20bn reduction of NHS costs over the next five years.

Other bidders included Capita, KPMG, Healthwise and NHS Direct.

The tender outlined an opportunity to develop a website, mobile applications and a health coaching team for the management of thirty-six long-term conditions. The NHS commissioning board sees this bid as a precursor to rolling the technology out nationally in 2013.

Totally PLC decided to complement the activity currently taking place in Totally Communications by setting up a subsidiary, Totally Health, headed by Chief Executive Officer Clare Thompson and staffed by a management team with a combined total of 100 years health care management experience, many of whom have previously worked at Bupa Health Dialog.

On 16 November 2011, Totally announced that it had been appointed the preferred bidder for Lot 1 of the bid, worth £1.595m, with a contract initiation date of February 2012. This was subject to the satisfactory conclusion of a standstill period.

Totally Health intends to use the resources and assets developed for this contract as a springboard for the 2013 national contract and for other tenders involving the management of long-term conditions.

Post Event Reporting Period

On 7 February 2012 Totally PLC was officially awarded the Shared Decision Making contract by NHS Midlands and East.

Clare Thompson
CEO
Totally Health

Directors' report

The Directors present their report and the financial statements for the year to 31 December 2011.

Principal activities

The Group's principal activities are the provision of digital marketing services to SMEs, corporate and charitable organisations as well as the provision of hi-tec solutions to the challenges of healthcare including shared decision making, health coaching and risk stratification.

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

Totally Health Limited principal activity is the provision of Bespoke Healthcare Solutions. The company's bid to develop a website, mobile applications and a health coaching team for the management of thirty-six long-term conditions as part of the NHS Shared Decision Making was preferred by the NHS Midlands and East. This is an evidenced-based method to empower people to take control of their healthcare decisions. The concept is written into the Health and Social Care Bill currently going through parliament and aims to empower patients to take control of decisions involved in their long-term health. Since many of these decisions are based within the management of long-term conditions, this is seen as a key part of the strategy to aid the £20bn reduction of NHS costs over the next five years. The NHS commissioning board sees this bid as a precursor to rolling the technology out nationally in 2013.

Business review and future developments

The review of the year's operations, trading outlook and future developments is contained in the Chairman's statement and the Business Review on page 4 and page 4 to 8 respectively.

Post balance sheet events

On the 15 May, Totally PLC announced the sale of its UK publishing business to JN News and Media Group Limited, a private limited company set up for the purposes of the sale. The consideration amounted to £350,000 in cash and was subject to agreed post completion adjustments. The proceeds of the sale were used to reduce the Group's indebtedness and for working capital generally.

Results and dividends

The results for the year are set out on page 19. 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 17 to the financial statements.

Directors' report

(continued)

Financial Summary

Group turnover from continuing operations in the year to December 2011 fell year on year by 2 per cent. to £1.85 million (2010: £1.88 million).

Group EBITDA from continuing operations for the period before head office costs was £0.11 million (2010: £0.43 million).

Group operating profit from continuing operations for the period before head office charges was £0.11 million (2010: £0.39 million).

Cash flow and net debt

During the year, the Group has utilised operating cash flows from continuing operations of £1k (2010: £68k generated). Total capital expenditure on intangible and tangible fixed assets has increased to £37k from £19k in the previous year. Other significant cash flows in the year include a research and development tax refund of £9k (2010: £10k), and interest paid of £25k (2010: £20k). The Group's net debt at 31 December 2011 was £456k, an increase of £54k from the previous year.

Liquidity and Funding

At 31 December 2011 the Group had net current liabilities of £508k up from £363k in the prior year. The Group maintains liquidity through the use of overdraft facilities, which are secured by a charge over the assets of the Group and by personal guarantees from two shareholders, Dr Michael Sinclair and Mr Leo Noe.

As at 31 December 2011, the Group had available overdraft facilities of £600k, and therefore the Group had undrawn overdraft facilities of £144k as at 31 December 2011 (2010: £348k).

The overdraft facilities had formally expired on 30 June 2011, but have remained in place until 8 May 2012. The Group's overdraft balance had increased to £598k at 30 April 2012. Following the proposed sale of the UK publishing business, it is proposed that £300k of the overdraft will be repaid from the proceeds of the sale. The bank has confirmed to the Group that a £300k overdraft facility will remain in place. However it has been agreed that the overdraft will be repaid at the following dates:-

30 June 2012 - £50k
30 September 2012 - £150k
31 December 2012 - £100k

The Group is in discussions with other finance providers to ensure that the Group has sufficient funding to meet its' working capital requirements. As at the date of this announcement none of these facilities have yet to be confirmed.

The Directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements as part of a three year business plan. Some of the items of expenditure included within the forecasts are discretionary, and are under the control of the directors. Including these items of expenditure, the forecasts indicate that additional funding of approximately £900,000 will be required within the next twelve months to deliver the business plans and the Directors are in discussions with current and potential new investors to raise new equity to provide the necessary funding.

The Directors believe that the trading forecasts are realistic and that a fundraising will be able to be completed, and accordingly, the Financial Statements have been prepared on a going concern basis.

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.

Directors' report

(continued)

Overall the net liabilities position of the Group has increased by £135k during the year to a position of £456k at 31 December 2011.

Employee matters

Quality and integrity of personnel

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

Disabled persons

The Group is committed to equal opportunity of employment and all employment decisions are based on merit, qualifications and abilities. The Group is committed to providing a working environment that is free from all forms of discrimination and harassment. The group will employ disabled persons where they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. The number of disabled persons employed by the Group was Nil (2010: Nil).

Health and safety

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

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

Environmental matters

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

Directors' report

(continued)

Directors and their interests

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

	Warrants to subscribe for Ordinary shares of 1p each held 31 December 2011	Ordinary shares of 1p each held 31 December 2011	Warrants to subscribe for Ordinary shares of 1p each held 31 December 2010	Ordinary shares of 1p each held 31 December 2010
Daniel Assor	41,504,786	2,554,214	41,504,786	2,554,214
Dr Michael J Sinclair (non-executive Chairman)*	35,000,000	14,509,791	35,000,000	14,509,791
Robin Morgan (non executive) resigned 23/2/2011	-	-	-	-
Andy Margolis Appointed 1/2/2011	25,171,905	2,772,102	25,171,905	2,772,102

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

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:

	At start of year	Granted / (surrendered)	At end of year	Exercise Price Pence	Date from which Exercisable
Daniel Assor	5,450,000	-	5,450,000	1.0	27/07/2009
Robin Morgan	1,000,000	-	1,000,000	2.375	16/05/2008
Andy Margolis	5,125,000	-	5,125,000	1.0	08/10/2009

Substantial interests

The Company has been notified, as at 30 April 2012, of the following interests in 3 per cent or more of the 91,947,934 ordinary shares in issue:

	Ordinary shares	Percentage
Barclayshare Nominees Limited	11,123,830	12.10
Chase Nominees Limited	9,872,656	10.74
TD Direct Investing Nominees (Europe) Limited	7,090,738	7.71
Mr Leopold Noe	6,666,666	7.25
The Zvhil-Mezbuz Rebbe, Grand Rabbi Y.A. Korff of Boston	6,514,000	7.08
HSDL Nominees Limited	5,065,678	5.51
Andy Margolis	2,772,102	3.01

Directors' report

(continued)

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 2011 was 55 days (2010: 40 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.

Principal risks and uncertainties

The main risks arising from the Group's financial instruments are interest rate risk, supply risk, credit risk liquidity risk and cash flow 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.

Credit risk

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

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

Concentration of credit risk, with respect to trade receivables, is limited due to the Group's customer base being large and unrelated. The maximum credit risk associated with the Group's trade receivables is equal to their carrying values as set out in note 13.

Liquidity risk and cash flow risk

Cash balances and borrowings are managed so as to maximise interest earned and minimise interest paid, while maintaining the liquidity requirement of the business. When seeking borrowings, the directors' consider the commercial terms available and, in consultation with their advisors, consider whether such terms should be fixed or variable and are appropriate to the business. The Group would normally expect that sufficient cash is generated in the operating cycle to meet contractual cash flows through effective cash management. At 31 December 2011 the Group had borrowings in the form of bank overdrafts of £456K compared to available facilities of £600K, which can be accessed as considered necessary. These facilities are subject to annual renewal and any borrowings under them are repayable on demand.

Research and Development

Certain of the Company's subsidiary undertakings are engaged in ongoing research and development aimed at general website and software development.

Directors' report

(continued)

Post balance sheet events

On the 15 May, Totally PLC announced the sale of its UK publishing business to JN News and Media Group Limited, a private limited company set up for the purposes of the Disposal ("the Disposal"). The consideration is £350,000 in cash, subject to agreed post completion adjustments. The proceeds of the Disposal will be used to reduce the Group's indebtedness and for working capital generally.

Political and charitable contributions

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

Disclosure of information to the auditor

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

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

Board report on Corporate Governance

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 Dr Sinclair, the non-executive Chairman, Mr Assor, the Chief Executive, Mr Margolis, the managing director of Totally Communications, and one other non-executive Director. 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 17.

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 are comprised exclusively of the non-executive Chairman and Company Secretary. During the period they were as follows:

Dr Michael Sinclair
Paul 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 16.

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 2011 are set out in note 7 to the financial statements.

Contracts of service

The current executive directors, Daniel Assor and Andrew Margolis, have 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 the executive directors.

Share options

Details regarding share options are set out in notes 17 and 18 to the financial statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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.

Dan Assor
Director

Independent auditor's report to the members of Totally PLC^f

We have audited the financial statements of Totally PLC for the year ended 31 December 2011, which comprise the Consolidated income statement, the Consolidated statement of changes in equity, the Consolidated statement of financial position, the Company statement of financial position, the Consolidated statement of cash flows 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 and our engagement letter. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors responsibilities set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK GAAP and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the provisions of the Companies Act 2006.

Independent auditor's report to the members of Totally PLC

(continued)

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not modified, 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. The Group has identified a requirement to raise additional funds through the issue of new equity to existing and potential investors, the issue of which requires the Directors to successfully identify investors and complete a placing which will require the consent of shareholders in general meeting. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Paul Randall (Senior Statutory Auditor)
for and on behalf of Royce Peeling Green Limited
Chartered Accountants
Statutory Auditor
15 Buckingham Gate
London
SW1E 6LB

Consolidated income statement

for the year ended 31 December 2011

	Note	2011	2010
		£000	£000
Continuing operations			
Revenue	5	1,845	1,882
Cost of sales		(378)	(427)
Gross profit		1,467	1,455
Administrative expenses		(1,573)	(1,308)
(Loss)/profit before interest, tax, depreciation and amortisation		(106)	147
Depreciation	11	(9)	(1)
Amortisation	10	(18)	(40)
Operating (loss)/profit	6	(133)	106
Finance costs	9	(25)	(20)
(Loss)/profit before taxation		(158)	86
Income tax	8	9	10
(Loss)/profit for the year attributable to the equity shareholders of the parent company		(149)	96

All comprehensive income for the current and prior year is included in the income statement above.

Earnings per share		2011 Pence	2010 Pence
Basic			
Continuing operations	18	(0.1p)	0.1p
Diluted			
Continuing operations	18	(0.1p)	0.1p

The accompanying notes on page 25 to 47 form part of the financial statements

Consolidated statement of changes in equity

for the year ended 31 December 2011

	Share capital £000	Share premium account £000	Translation reserve £000	Profit and loss account £000	Equity shareholders' deficit £000
At 1 January 2010	1,124	3,353	-	(4,909)	(432)
Profit for the year	-	-	-	96	96
Credit on issue of share options	-	-	-	2	2
Credit on issue of warrants	-	-	-	13	13
At 1 January 2011	1,124	3,353	-	(4,798)	(321)
Loss for the year	-	-	-	(149)	(149)
Credit on issue of warrants	-	-	-	14	14
At 31 December 2011	1,124	3,353	-	(4,933)	(456)

The accompanying notes on page 25 to 47 form part of the financial statements

Consolidated statement of financial position

at 31 December 2011

	Note	2011		2010	
		£000	£000	£000	£000
Non current assets					
Intangible fixed assets	10	29		38	
Property, plant and equipment	11	<u>23</u>	52	<u>4</u>	42
Current assets					
Trade and other receivables	13	606		374	
Cash and cash equivalents		<u>134</u>		<u>-</u>	
			<u>740</u>		<u>374</u>
Current liabilities					
Trade and other payables	14		(658)		(335)
Financial liabilities	15		<u>(590)</u>		<u>(402)</u>
			(1,248)		(737)
Net current liabilities					
			<u>(508)</u>		<u>(363)</u>
Net liabilities					
			<u>(456)</u>		<u>(321)</u>
Shareholders' equity					
Called up share capital	17		1,124		1,124
Share premium account	17		3,353		3,353
Retained earnings	17		<u>(4,933)</u>		<u>(4,798)</u>
Equity shareholders' deficit					
			<u>(456)</u>		<u>(321)</u>

These financial statements were approved by the Board of Directors on 29 June 2012 and were signed on its behalf by:

Dan Assor
Director

Totally PLC
Company registration No: 3780101 (England and Wales)

The accompanying notes on page 25 to 47 form part of the financial statements

Company statement of financial position

at 31 December 2011

	Note	£000	2011 £000	£000	2010 £000
Non current assets					
Property, plant and equipment	10		1		1
Current assets					
Debtors	13	2		59	
Cash and cash equivalents		<u>22</u>		<u>-</u>	
			<u>24</u>		<u>59</u>
Current liabilities					
Trade and other payables	14		(1,580)		(1,345)
Short term borrowings	15		<u>(590)</u>		<u>(633)</u>
Total current liabilities			<u>(2,170)</u>		<u>(1,920)</u>
Net liabilities			<u>(2,145)</u>		<u>(1,919)</u>
Shareholders' equity					
Called up share capital	20		1,124		1,124
Share premium account	20		3,353		3,353
Retained earnings	20		<u>(6,622)</u>		<u>(6,396)</u>
Equity shareholders' deficit	20		<u>(2,145)</u>		<u>(1,919)</u>

These financial statements were approved by the Board of Directors on 29 June 2012 and were signed on its behalf by:

Dan Assor
Director

Totally PLC
Company registration No: 3780101 (England and Wales)

The accompanying notes on page 25 to 47 form part of the financial statements

Consolidated cash flow statement

for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Operating activities			
Operating (loss)/profit		(133)	106
Option and warrants charge	18	14	15
Amortisation and depreciation	10/11	27	41
Increase in trade and other receivables		(232)	(108)
Decrease in trade and other payables		<u>323</u>	<u>14</u>
Cash flow from operations		(1)	68
Taxation			
R&D tax credit	8	<u>9</u>	<u>10</u>
Net cash flows from operating activities		<u>8</u>	<u>78</u>
Investing activities			
Purchase of property, plant and equipment	11	<u>(37)</u>	<u>(19)</u>
Net cash flows from investing activities		(37)	(19)
Cash (outflow)/inflow before financing		(29)	59
Financing activities			
Interest paid		(25)	(20)
Net (decrease)/increase in cash and cash equivalents		(54)	39
Cash and cash equivalents at beginning of year		<u>(402)</u>	<u>(441)</u>
Cash and cash equivalents at end of year	15	<u>(456)</u>	<u>(402)</u>
Cash and cash equivalents comprise:-			
Cash at bank		134	-
Bank overdrafts		<u>(590)</u>	<u>(402)</u>
		<u>(456)</u>	<u>(402)</u>

The accompanying notes on page 25 to 47 form part of the financial statements

Notes to the financial statements

for the year ended 31 December 2011

1. General information

Totally PLC is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 2006 (registration number 3870101). The Company is domiciled in the United Kingdom and its registered address is Unit 800 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 niche community media and the provision of software development and digital marketing 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 Group's financial statements for the period ended 31 December 2011 were authorised for issue by the Board of Directors and the balance sheets were signed on the Board's behalf by Daniel Assor on 29th June 2012.

The Group'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 2006 applicable to companies reporting under IFRS. The Company's financial statements have been prepared under UK GAAP and as permitted by Section 408 of the Companies Act 2006 no income statement or cash flow statement is presented for the Company. The Company incurred a loss of £240,000 for the year ended 31 December 2011 (2010: loss £304,000).

3. Basis of preparation

The financial year represents the 365 days to 31 December 2011, and the prior financial year, 365 days to 31 December 2010. 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 maintains liquidity through the use of overdraft facilities, which are secured by a charge over the assets of the Group and by personal guarantees from two shareholders, Dr Michael Sinclair and Mr Leo Noé.

As at 31 December 2011, the Group had available overdraft facilities of £600,000, and therefore the Group had undrawn overdraft facilities of £144,000 as at 31 December 2011 (2010: £348,000).

The overdraft facilities had formally expired on 30 June 2011, but have remained in place until 8 May 2012. The Group's overdraft balance had increased to £598,000 at 30 April 2012. Following the proposed sale of the Jewish News Media Group, it is proposed that £300,000 of the overdraft will be repaid from the proceeds of the sale. The bank has confirmed to the Group that a £300,000 overdraft facility will remain in place. However it has been agreed that the overdraft will be repaid at the following dates:-

30 June 2012- £50,000
30 September 2012- £150,000
31 December 2012- £100,000

The Group is in discussions with other finance providers to ensure that the Group has sufficient funding to meet its working capital requirements. As at the date of this announcement none of these facilities have yet to be confirmed.

The Directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements as part of a three year business plan. Some of the items of expenditure included within the forecasts are discretionary, and hence the Directors can decide to avoid them if necessary. Including these items of expenditure, the forecasts indicate that total funding of approximately £900,000 will be required within the next twelve months to deliver the business plans and the Directors are in discussions with current and potential new investors to raise new equity to provide the necessary funding.

Notes to the financial statements

(continued)

The Directors believe that the trading forecasts are realistic and that a fundraising will be achievable, and accordingly, the Financial Statements have been prepared on a going concern basis.

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.

4. Accounting policies

Basis of consolidation

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

Subsidiaries

Subsidiaries are all entities over which the Group has the 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.

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.

Where advertising revenue is generated both via magazine advertising (print media) and online advertising, the accounting policy is to recognise revenue on the latest publication date, whether this is online or published via print media.

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 or maintenance period relates.

Finance costs

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

Intangible fixed 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.

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

Notes to the financial statements

(continued)

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 non current assets

At each balance sheet date, the Company reviews amounts of its intangible fixed assets and property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the 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 non current assets excluding goodwill, the CGU is deemed to be cash generating asset or the trading company whichever is the smaller CGU. For goodwill, the CGU is deemed to be the business acquired.

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

Trade and other receivables

Trade receivables, which are generally received 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.

Trade and other payables

Trade and other payables are recognised at original cost.

Foreign currencies transactions

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the 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.

Notes to the financial statements

(continued)

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.

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 apply during 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 affects 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 the impairment testing of intangible and tangible fixed assets.

Notes to the financial statements

(continued)

Change in accounting policies

a) New standards and interpretations effective from 1 January 2011

The accounting policies adopted are consistent with those of the previous financial year except for the adoption from 1 January 2011 of the following revised and improved IASs, IFRSs and IFRIC interpretations.

- Improvements to IFRS issued May 2010;
- IFRS 1 First-time Adoption of IFRSs – Revaluation as deemed cost & use of deemed cost for rate regulated operations;
- IFRS 7 Financial Instruments: Disclosures – Amendments to disclosures;
- IAS 1 Presentation of Financial Statements – Presentation of statement of changes in equity;
- IAS 24 (Revised 2009) 'Related Party Disclosures';
- Amendment to IAS 32 'Classification of Rights Issues';
- IAS 34 Interim Financial Reporting – Significant events and transactions;
- IFRIC 13 Customer Loyalty Programmes – Fair value of award credit;
- Amendments to IFRIC 14 'Prepayments of a Minimum Funding Requirement'; and
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'.

The adoption of the above standards did not have a material effect on Totally PLC consolidated financial statements.

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

The following IASs and IFRICs have been issued but are not effective for the year ended 31 December 2011 and are not expected to impact the Group's financial statements upon adoption:-

- Amendments to IAS 1 – Presentation of Other Comprehensive Income;
- IFRS 9 'Financial Instruments' (effective 1 January 2013);
- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets' (effective 1 July 2011);
- Amendments to IAS 12 Income Taxes – Deferred tax - Recovery of Underlying Assets (effective 1 January 2012);
- Amendments to IFRS 1 'Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – First-time Adoption of International Financial Reporting Standards' (effective 1 July 2011);
- IFRS 13 Fair Value Movements (effective 1 January 2013);
- Amendments to IAS 27 Separate Financial Statements (effective 1 January 2013);
- Amendments to IAS 28 Investment in Associates and Joint Ventures (effective 1 January 2013);
- Amendments to IAS 19 Employee Benefits (effective 1 January 2013);
- IFRIC 20 Stripping costs in the production phase of a surface mine (effective 1 January 2013);
- Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2013);
- Amendments to IAS 32 – Disclosures – Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014); and
- IFRS 9 Financial instruments (effective 1 January 2015).

5. Segmental analysis – Operating segments

The chief operating decision maker ("CODM") for the purpose of IFRS 8 is the executive management team – The Group Chief Executive Officer and the Directors of subsidiary undertakings. The Group operates in a number of different markets and considers that the presentation of financial results on a goods and services basis is the most appropriate way to demonstrate the performance of the Group. For the purpose of resource allocation and assessment of performance, the CODM regularly reviews information based on the goods and services at a revenue and EBITDA level. There have been no changes to the reportable operating segments in 2011 and 2010.

The Group considers there to be three reportable operating segments organised around goods and services:-

Head office costs- these are central costs that are offset by internal cost recoveries from the Group's operating businesses and by sundry income which is not attributable to any of the Group's operations.

UK publishing- consists of the Jewish News & Media Group which publishes on and offline media for the UK's Jewish

Notes to the financial statements

(continued)

community including a weekly newspaper 'Jewish News', quarterly lifestyle and Celebrations magazines, 'Pulse' and 'TotallyJewishSimchas, a community portal, 'www.TotallyJewish.com' and an annual Wedding exhibition, TotallyJewishSimchas Live.

Digital marketing - consists of Totally Communications' activities which have three main service sectors being website and software design & development, consultancy & systems integration and online marketing.

No operating segments have been aggregated to form the above reportable segments. The Group's management reporting and controlling systems use the accounting policies that are the same as those referred to in Note 4.

Segmental analysis- Segment measures

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

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

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

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

With respect to geographical regions, revenue is generally allocated to countries based on the location where the goods and services are provided. Non-current assets are disclosed according to the location of the businesses to which the assets relate. In 2011 and 2010, all segments operated solely in the UK, and as a result no secondary format is provided in the financial statements.

Primary reporting format – business segments

The table below sets out information for the group's business segments for the years ended 31 December 2011 and 2010. Segment revenue represents revenue from external customers arising from the sale of goods and services.

Notes to the financial statements

(continued)

The type of products sold by each segment is detailed in the Business Review.

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

Analysis by business segment 2011

	Head Office	UK Publishing	Digital marketing	Total
	£000	£000	£000	£000
Revenue	-	974	871	1,845
EBITDA	(215)	(3)	112	(106)
Depreciation	-	(5)	(4)	(9)
Amortisation	-	-	(18)	(18)
Operating (loss)/profit	(215)	(8)	90	(133)
Finance costs	(25)	-	-	(25)
(Loss)/profit before tax	(240)	(8)	90	(158)
Income tax	-	9	-	9
(Loss)/profit after tax	(3240)	1	90	(149)
Segment assets	47	485	282	792
Segment liabilities	(759)	(367)	(144)	(1,248)

Notes to the financial statements

(continued)

5. Segmental analysis (continued)

Analysis by business segment 2010

	Head Office	UK Publishing	Digital marketing	Total
	£000	£000	£000	£000
Revenue	13	1,146	723	1,882
EBITDA	(285)	204	228	147
Depreciation	-	(1)	-	(1)
Amortisation	-	(26)	(14)	(40)
Operating (loss)/profit	(285)	177	214	106
Finance costs	(20)	-	-	(20)
(Loss)/profit before tax	(305)	(177)	214	86
Income tax	-	10	-	10
(Loss)/profit after tax	(305)	187	214	96
Segment assets	59	288	311	658
Segment liabilities	(717)	(127)	(134)	(978)

6. (Loss)/profit on operating activities before taxation

(Loss)/profit on ordinary activities before and after taxation is stated after charging:

	2011 £000	2010 £000
Auditors' remuneration for audit services	21	21
Auditors' remuneration for non-audit services - tax services	-	-
Directors and employees share-based payments	13	15
Impairment charge/(credit) for provisions in relation to irrecoverability of trade receivables	6	7
Operating lease charges - land and buildings	52	52
Operating lease charges - other assets	8	5
Depreciation	4	1
Amortisation	23	40

Auditors' remuneration includes fees of £6,000 (2010: £6,000) for the Company.

Notes to the financial statements

(continued)

7. Employee information

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

	Number of employees	
	2011	2010
Management	2	2
Technical and production	9	9
Editorial	5	6
Sales and marketing	5	5
Administrative	1	1
	24	23

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

	2011	2010
	£000	£000
Wages and salaries	1,061	797
Social security costs	100	93
	1,161	890

Directors' emoluments

	2011	2010
	£000	£000
Directors' remuneration and benefits in kind	217	124
Bonuses	15	19
	242	143
Remuneration disclosed above include the following amounts paid to the highest paid director	2011	2010
	£000	£000
Directors' remuneration and benefits in kind	125	124
Bonuses	-	19
	125	143

During the year no warrants (2010: 32,424,153) and no share options (2010: Nil) were issued to directors (2010: D Assor).

There was no charge in the year by the Sinclair Montrose Trust Ltd (2010: £25,000) of which Dr M J Sinclair and his immediate family have a controlling interest.

Other remuneration and benefits in kind for the year for the non-executive Directors amounted to £Nil (2010: £Nil).

Notes to the financial statements

(continued)

7. Employee information (continued)

Employee Benefits

Share Based Compensation

The Group operates an equity-settled share based compensation plan for Directors and executives. In accordance with IFRS 1, the Group has elected to implement the measurement requirements of IFRS 2 in respect of only those equity-settled share options that were granted after 7 November 2002 and that had not vested as at 1 January 2005. The fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date. At each balance sheet date, the Group revises its estimate of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Statement of Consolidated Income, and a corresponding adjustment to equity over the remaining vesting period. When share options are cancelled the Group accounts for the cancellation as an acceleration of vesting and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The fair value of share options has been assessed using the Black Scholes Model.

Termination Benefits

Termination benefits are payable when employment is terminated before normal retirement date, or whenever an employee is expected to accept voluntary redundancy in exchange for these benefits. The Group recognises these benefits when it is demonstrably committed to terminating the employment of current employees in line with a formal plan, or providing termination benefits as a result of the expected take up of an offer for voluntary redundancy.

Included in wages and salaries is a total charge for share based payments of £14,000 (2010: £15,000) which in both years arises wholly from transactions accounted for as equity settled share based payment.

Notes to the financial statements

(continued)

8. Taxation

a) Taxation charge

	2011	2010
	£000	£000
Research and development tax credit	(9)	(10)
Total current income tax credit charged in the income statement	(9)	(10)

b) Taxation reconciliation

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

	2011	2010
	£000	£000
(Loss)/profit before tax	(148)	86
Taxation at the standard UK income tax rate of 26.5 per cent (2010: 28 per cent)	(39)	24
Research and Development tax credit	(9)	(10)
Utilisation of brought forward tax losses	-	(24)
Losses carried forward	39	-
Total income tax credited in the income statement	(9)	(10)

b) Deferred tax

Estimated tax losses of approximately £3,600,000 (2010: £3,600,000) are available to relieve future profits of the Group. A deferred tax asset has not been recognised in respect of these losses due to uncertainty as to the timing and tax rate at which these losses will be utilised against future taxable profit streams.

9. Finance costs

	2011	2010
	£000	£000
On bank overdrafts	25	20

Notes to the financial statements

(continued)

9. Intangible fixed assets

Group

	Software	Total
	£000	£000
Cost		
At 1 January 2011	511	511
Additions	7	7
At 31 December 2011	518	518
Amortisation		
At 1 January 2011	473	473
Provided in the year	16	16
At 31 December 2010	489	489
Net carrying value		
At 31 December 2011	29	29
At 31 December 2010	38	38

Notes to the financial statements

(continued)

10. Property, plant and equipment Group

	Short leasehold property £000	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January 2011	54	132	52	238
Additions	9	-	21	30
Disposals	-	-	-	-
At 31 December 2011	63	132	73	268
Depreciation				
At 1 January 2011	54	130	50	234
Provided in the year	4	2	5	11
Disposals	-	-	-	-
At 31 December 2011	58	132	50	245
Net book value				
At 31 December 2011	5	-	18	23
At 31 December 2010	-	2	2	4

All property, plant and equipment have been pledged as security for the group's overdraft facilities.

Notes to the financial statements

(continued)

11. Property, plant and equipment (continued)

Company

	Short leasehold property £000	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost				
At 1 January and 31 December 2011	54	7	12	73
Depreciation				
At 1 January and 31 December 2011	54	7	12	73
Net book value				
At 31 December 2011	-	-	1	1
At 31 December 2010	-	-	1	1

12. Investments

Company

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

The subsidiary companies, all of which have been consolidated at 31 December 2011 are as follows. All shares are held directly by the company.

Subsidiary undertakings held directly	Country of incorporation	Percentage of equity capital Held	Nature of business
Totally Jewish.com Limited	England and Wales	100%	Online media
The Jewish News Limited	England and Wales	100%	Print media
Totally Communications Limited	England and Wales	100%	Technical and marketing services
London Jewish News Limited	England and Wales	100%	Dormant
Totally Health Limited	England and Wales	100%	Bespoke IT healthcare solutions

Notes to the financial statements

(continued)

13. Trade and other receivables

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Trade receivables	443	282	-	-
Less: provision for impairment on receivables	(6)	(7)	-	-
Trade receivables -net	437	275	-	-
Amount due from group undertakings	-	-	-	170
Other debtors	10	10	-	10
Prepayments and accrued income	169	89	2	43
	606	374	2	59

Movement on the Group and Company provision for impairment of trade receivables are as follows:-

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
At 1 January 2011	7	1	-	-
Receivables written off during the year as uncollectable	(7)	(1)	-	-
Provisions made in the year	6	7	-	-
At 31 December 2011	6	7	-	-

The creation of provision for impaired trade receivables has been included in administration costs in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. There is no provision for other receivables.

As of 31 December 2010 the following trade receivables were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:-

	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Under three months	322	249	-	-
Three to six months	89	26	-	-
Over six months	26	-	-	-
	437	275	-	-

The group holds no collateral against these receivables at the balance sheet date and does not charge interest on its overdue receivables.

The other classes within trade and other receivables do not contain impaired assets.

Notes to the financial statements

(continued)

14. Trade and other payables

Current	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Trade payables	176	107	20	31
Amounts owed to group undertakings	-	-	1,433	1,260
Other taxes and social security	152	92	91	-
Other creditors	6	7	-	-
Accruals and deferred income	324	129	36	54
	658	335	1,580	1,345

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

15. Financial liabilities – Borrowings

	Group 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Repayable within one year:	590	402	590	633
Secured borrowings	590	402	590	633

Undrawn facilities

The undrawn facility available to the Group at the year end in respect of which all conditions precedent have been met at that date were as follows:

	2011 £000	2010 £000
Expiring in less than one year	10	348

Secured liabilities

The Group's financial liabilities during the year ended 31 December 2011 were represented by two overdraft facilities, both repayable in less than one year.

One overdraft was secured by a debenture over the Group's trade debtors aged below 90 days, with a limit of £50,000 charging interest at 3.75 per cent above bank base rate per annum. This facility has expired during the year.

The second facility has a limit of £600,000 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 2011 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. This facility has formally expired on 30 June 2011, but has remained in place until May 2012 when £300,000 was repaid following the sale of The Jewish News Media Group. See note 3 for further information.

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

Notes to the financial statements

(continued)

16. 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 2011 £000	Group 2010 £000	Company 2011 £000	Company 2010 £000
Amounts payable:				
Within one year	590	402	590	633

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

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments should be undertaken.

Capital management risk

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

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to holders of the parent, comprising issued share capital, reserves and retained earnings. Consistent with others in the industry, the Group reviews the gearing ratio to monitor the capital. This ratio is calculated as the net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity (including capital, reserves and retained earnings). This gearing ratio will be considered in the wider macroeconomic environment. With the current restraints on availability of finance and economic pressures the Group has lowered its gearing ratio expectations and has continued to reduce its debt in the year to 31 December 2011.

Notes to the financial statements
For the year ended 31 December 2011

Interest rate risk

The Group and Company's interest rate exposure arises mainly from the interest bearing borrowings as disclosed in note 15. Currently all of the Group's facilities are at floating rates, which expose the entity to cash flow risk.

Notes to the financial statements

(continued)

Foreign exchange risk

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

Credit risk

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

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

Concentration of credit risk, with respect to trade receivables, is limited due to the Group's customer base being large and unrelated. The maximum credit risk associated with the Group's trade receivables is equal to their carrying values as set out in note 13.

Liquidity risk

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

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows through effective cash management. At 31 December 2011 the group had borrowings in the form of bank overdrafts of £590K compared to available facilities of £600K, which can be accessed as considered necessary. This facility is subject to annual renewal and any borrowings under it are repayable on demand.

Notes to the financial statements

(continued)

17. Share capital and reserves

	31 December 2011	31 December 2010
	£000	£000
Authorised		
125,000,000 ordinary shares of 1p each (2010: 125,000,000)	1,250	1,250
20,500,000 deferred shares of 1p each (2010: 20,500,000)	205	205
Allotted, called up and fully paid		
91,947,934 ordinary shares of 1p each (2010: 91,947,934)	919	919
20,500,000 deferred shares of 1p each (2010: 20,500,000)	205	205
	1,124	1,124

The Deferred Shares 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

		2011	2010
			£000
Basic and diluted earnings	£000	(158)	86
Weighted average number of shares used in basic and diluted earnings per share calculations	000	91,948	91,948
Basic earnings per share	Pence	0.1	0.1
Diluted earnings per share	Pence	0.1	0.2

None of the share options or warrants in issue had a dilutive effect on earnings per share in 2011 and 2010.

Notes to the financial statements

(continued)

Share options

Details of all options in issue at 31 December 2011 are as follows:

Grant date	Exercise price	Outstanding at start of year	Issued in year	Surrendered in year	Residual at 31 December 2010
17 December 2002	1.5p	10,000	-	-	10,000
22 December 2004	2.88p	25,000	-	-	25,000
16 May 2005	2.375p	1,000,000	-	-	1,000,000
1 January 2006	2.38p	150,000	-	-	150,000
29 March 2007	2.25p	1,033,333	-	-	1,033,333
10 April 2007	2.88p	100,000	-	-	100,000
1 January 2008	1p	1,000,000	-	-	1,000,000
27 July 2009	1p	10,575,000	-	-	10,575,000
8 October 2009	1p	3,050,000	-	-	3,050,000
22 April 2010	1p	500,000	-	-	500,000
		17,443,333			17,443,333

All options granted and outstanding as shown above may be exercised from the date of grant for a period of 10 years.

Warrants currently in issue

No warrants were issued in the year.

Details of all warrants in issue at 31 December 2011 are as follows:

Grant date	Exercise period	Exercise price	Outstanding at start of year	Issued in year	Surrendered in year	Residual at 31 December 2011
21 May 2002	Within 10 years from grant date	5p	1,916,665	-	-	1,916,665
18 June 2004	Within 7 years from grant date	5p	4,287,143	-	-	4,287,143
4 November 2005	Within 7 years from grant date	2p	2,500,000	-	-	2,500,000
2 July 2008	Within 10 years from grant date	1.25p	4,500,000	-	-	4,500,000
30 September 2008	No expiry date	1p	70,000,000	-	-	70,000,000
27 July 2009	Within 10 years from grant date	1p	16,752,538	-	-	16,752,538
8 October 2009	Within 10 years from grant date	1p	166,666	-	-	166,666
13 April 2010	Within 10 years from grant date	1p	32,424,153	-	-	32,424,153
22 April 2010	Within 10 years from grant date	1p	25,000,000	-	-	25,000,000
			157,547,165	-	-	157,547,165

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.

Notes to the financial statements

(continued)

18. Share-based payment

During the year ended ending 31 December 2011 the Group and Company had two share based payment arrangements as described below.

a) Employee Share Options

Totally PLC Enterprise Management Incentive Plan – 10 year limit

The estimated fair value of each option has been calculated using the Black Scholes option pricing model for different options granted between 17 December 2002 and 22 April 2010. The estimated fair value of options varies between 0.7 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. A reconciliation of option movements over the year is shown below.

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

	Number '000s	2011 Weighted average price Pence	Number '000s	2010 Weighted average price Pence
Outstanding at 1 January 2011	17,443	1.17	16,943	1.18
Granted	-	-	500	1.00
Surrendered	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at 31 December 2011	17,443	1.17	17,443	1.17

a) Employee Share Options

	2011	2010
Range of exercise price (Pence)	1.00 – 5.00	1.00 – 5.00
Weighted average exercise price (Pence)	1.17	1.17
Number of shares - '000's	17,443	17,443
Weighted average remaining life years – Expected	8	9
Weighted average remaining life years – Contractual	9	10

Notes to the financial statements

(continued)

18. Share-based payment (continued)

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:

	2011	2010
	£000	£000
Expense arising from share option plans – equity settled	-	2
Expense arising from issue of share option warrants – equity settled	14	13

19. Company changes in equity

Company	Share capital	Share premium account	Profit and loss account	Equity shareholders' funds
	£000	£000	£000	£000
At 1 January 2011	1,124	3,353	(6,396)	(1,919)
Loss for the year	-	-	(240)	(240)
Credit on issue of share options	-	-	-	-
Credit on issue of warrants	-	-	14	14
At 31 December 2011	1,124	3,353	(6,622)	(2,145)

20. Commitments

a) Capital expenditure commitments

At 31 December 2011 and 2010 the Group had no capital commitments.

b) Operating leases agreements

At 31 December 2011 the Group had the following aggregate minimum lease payments under non-cancellable operating lease rentals:

	Group	Group	Company	Company
	2010	2009	2010	2009
	£000	£000	£000	£000
Land and buildings				
Within one year	55	34	-	8
Between two and five years	94	49	-	-
After more than five years	-	-	-	-
	149	83	-	8
Other assets				
Within one year				
Between two and five years	8	8	-	-
After more than five years	3	16	-	-
	11	24	-	-

Notes to the financial statements

(continued)

21. Related party transactions

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

Included within current liabilities on the Company statement of financial position are amounts owed to 100% subsidiary undertakings of £1.43m (2010: £1.26m). The movement in the Company's balances with its subsidiaries reflects the Group's banking facilities and arrangements operating during the year.

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

As set out in note 3, Dr Michael Sinclair and Mr Leo Noe have provided guarantees in respect of the Group's current overdraft facility.

The company charged East Kings Ltd £Nil (2010: £12,500) for technical services provided. Dr M J Sinclair is a director of East Kings Ltd.

In 2011, purchases of £8,625 (2010: £Nil), on an arm's length basis were made from K Margolis, wife of A Margolis who is a director of both Totally Communications Limited and Totally PLC. A balance of £1,000 (2010: £Nil) is included in trade creditors at the year end.

During 2011, no warrants (2010: 32,424,153) and no options (2010: Nil) have been granted to D Assor. The exercise price was 1 pence per option and 1 pence per warrant.

During 2011, no warrants (2010: 17,500,000) and no options (2010: Nil) have been granted to A Margolis. The exercise price was 1 pence per option and 1 pence per warrant.

During 2011, no warrants (2010: 7,500,000) have been granted to B Gritz, who is a director of Totally Communications Limited. The exercise price was 1 pence per warrant.

22. Contingent liabilities

On the 15 May, Totally PLC announced the sale of its UK publishing business to JN News and Media Group Limited, a private limited company set up for the purposes of the Disposal ("the "Disposal"). The consideration is £350,000 in cash, subject to agreed post completion adjustments. The proceeds of the disposal will be used to reduce the Group's indebtedness and for working capital generally.

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 800 Highgate Studios, 53-79 Highgate Road, Kentish Town, London NW5 1TL on 25 July 2012 at 11 am 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 2011;
2. To re-appoint Dr Michael 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 157,547,165 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 17,443,333 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 than 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 allotted 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 157,547,165 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 17,443,333 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 than 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 800, Highgate Studios
53-79 Highgate Road
London NW5 1TL
25 July 2012

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 signature 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 appointer 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, Share Registrars, Suite E, 1st Floor, 9 Lion and Lamb yard, Farnham, Surrey, GU9 7LL.

CREST members should use the CREST electronic proxy appointment service and refer to note 5 below in relation 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 (except 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 through 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 sponsored 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 voting 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 4pm on 24 July 2012 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 4pm 24 July 2012 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

TOTALLY 

Unit 800 Highgate Studios
Highgate Road 53-79
Kentish Town
London NW5 1TL

T: 020 7284 9730

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