

RNS Number : 1619J
Totally PLC
28 March 2018

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Totally PLC
("Totally", "the Company" or "the Group")

Interim results for the 12 months ended 31 December 2017

Totally (AIM: TLY), the provider of a range of services to the healthcare sector, is pleased to announce its unaudited interim results for the twelve months ended 31 December 2017.

Operational highlights

- Totally continues to make significant progress against its progressive buy and build growth strategy
- Transformational acquisition of Vocare Limited, one of the leading UK specialist providers of urgent care services, successfully completed on 24 October 2017
- Implemented a number of structural and operational changes to enhance Vocare and progress its integration into the enlarged Group
- Group subsidiaries continuing to secure new business and renew existing contracts:
 - Vocare:
 - Awarded the NHS 111 service for Wiltshire, worth £13,125,000 over 5 years and due to launch on the 1st May 2018
 - Successfully mobilised the NHS 111 service for Cornwall and the Scilly Isles, a 5 year contract worth £10,248,000 over the contract period
 - Awarded a two-year extension to deliver GP Out-of-Hours for the Vale of York with an annual value of £3,000,000
 - Secured a one-year extension at £2,998,000 per annum for GP Out-of-Hours services for prisons operating under NHS South Staffordshire Clinical Commissioning Groups
 - Contract extensions worth a total value of circa £4.1m for urgent care services to be provided to NHS Sunderland and NHS East Leicestershire CCGs and Dental Triage service in North of Tyne and Tees
 - 12 month extension for the provision of GP Out-of-Hours service for East Staffordshire, delivered in partnership with Virgin Healthcare at a value of £900,000
 - About Health, Premier Physical Healthcare, Totally Health and Optimum Healthcare Solutions:
 - Premier Physical Healthcare have secured the extensions of all current AQP contracts that were due to expire on 31st March 2018 plus various additional extensions and new business wins working with Care UK, NE Hants MSK, and Oxleas Podiatry services.
 - About Health have secured contract extensions for both its Referral Management Services and Community Dermatology Services valued at circa £1,000,000
 - Joint work between Optimum Healthcare Solutions, Premier Physical Healthcare and Totally Health, led by Optimum, continues at pace with new work secured with Innovate, Speed Medical Examinations, and Pinnacle.
- Totally's pipeline of business opportunities remains strong as it continues to focus on growth and maximising efficiency across the enlarged Group
- Totally continues to evaluate value accretive acquisition opportunities focused on consolidating the UK NHS outsourced healthcare services market, estimated to be worth in excess of £20 billion¹ per year

Financial overview

- Group turnover £21,351,000 (Year Ended 31 December 2016: £3,977,000)

- Gross profit £5,628,000 (Year Ended 31 December 2016: £1,377,000)
- Cash at Bank £11,307,000 (31 December 2016: £998,000)
- EBITDA profit before exceptional costs £15,000 (Year Ended 31 December 2016: EBITDA loss £1,159,000)
- EBITDA loss including exceptional costs £1,053,000 (Year Ended 31 December 2016: EBITDA loss £1,653,000)

¹ Centre for Health and the Public Interest: The contracting NHS - can the NHS handle the outsourcing of clinical services? (2015)

Change of Accounting Year End

As previously announced, Totally's Board resolved to change the Group's accounting reference date to 31 March. This change aligns the Group's accounting reference period with that of Vocare and the NHS and will allow comparability of Group reporting across future periods.

Following on from the publication of the interim results for the six months ended 30 June 2017 on 29 September 2017, the interim results published today incorporate the unaudited interim results for the six months ended 31 December 2017 and include the impact of the acquisition of Vocare Limited in the period from 24 October 2017, being the date of completion of the acquisition.

As a result of this change the Group's future reporting calendar is as follows:

- publication of audited accounts for the 15 month period to 31 March 2018 by 30 September 2018. This financial information will include the impact of the Acquisition in the period from the date of completion of the transaction; and
- publication of unaudited interim accounts for the six months ended 30 September 2018 by 31 December 2018.

Thereafter annual and interim reports will be published each year for the 12 months to 31 March and the six months to 30 September, respectively.

Chairman's Statement

I am pleased to present interim results for what has been a transformational period for the Group. We delivered on our intention to complete a major strategic acquisition as part of our buy and build strategy to consolidate the fragmented out of hospital healthcare market. The oversubscribed placing and open offer which raised approximately £18m in March 2017 was intended to secure this acquisition target before the half year, however, notwithstanding some frustration due to delays in the acquisition and the due diligence process, we completed the transaction on 24 October 2017.

The acquisition of Vocare brings significant scale and diversity to Totally and, with the release of the new Integrated Urgent Care requirements by NHS England, offers a significant opportunity for the enlarged Group. We now enter a period of consolidation and operational focus to enable the continued delivery of earnings enhancing milestones. Whilst the acquisition of Vocare has not been without its challenges, we remain committed to building a profitable platform for growth and our vision of establishing Totally as the leading out of hospital services provider and in turn delivering value to our shareholders. Our overall cash management has been excellent and we closed the year to 31 December 2017 with £11.3m cash in the bank.

Our existing core business has performed well with encouraging new contract wins. We remain confident that the new platform for business that we have created will deliver significant opportunities to support the NHS in the provision of improved out of hospital care.

I would like to take this opportunity to thank all members of the Board and stakeholders for their continued support over the last twelve months which have been pivotal in positioning the Group for future growth. Our strategy going forward remains unchanged and we will continue to focus on both organic growth and, where appropriate, acquisitions which will complement

our existing businesses and service offering. We look forward to updating the market in due course with further developments and progress within the Group.

Bob Holt
Chairman
28 March 2018

Operational Review

Over the course of the year we have focused a great deal of effort on strengthening the positioning of the Group in order to be well-placed to take significant market share of the urgent care space, working in partnership with the NHS. This is an area of strategic importance in the healthcare sector, particularly following the Integrated Urgent Care Service specification published by the NHS in August 2017². The NHS is now completely reviewing its approach to urgent care with the aim to provide care closer to people's homes and help tackle the rising pressures on all urgent care services (primary and hospital) and emergency admissions.

With this in mind, myself and the Board were thrilled that during the second half of the year we were able to realise a transformational acquisition which has brought into the Group one of the biggest providers of integrated urgent care in the UK and with it, clear strategic and financial benefits. I am very pleased with the progress we have made on integrating Vocare into the enlarged Group and the efforts made across the business in implementing a number of planned structural and operational changes to ensure it is best positioned for growth.

Our existing businesses have performed well, winning a number of new and renewed contracts demonstrating their continued commitment to service delivery and their strong relationships with our partners in both the public and private sector health care markets.

Across the Group, our priority remains securing high-quality contracts with clear and sustainable margins and ensuring we provide a first-class service. As the outsourced healthcare market continues to evolve I am confident that our enhanced service offering and national footprint places us in a strong position to benefit and capitalise on the opportunities we begin to see emerging.

Finally, I would like to thank our shareholders for their ongoing support and all our employees who are dedicated and committed not only to our Group vision but also, most importantly, to delivering a quality service that meets the standards and requirements of our customers and patients.

Wendy Lawrence
Chief Executive Officer
28 March 2018

² <https://www.england.nhs.uk/wp-content/uploads/2014/06/Integrated-Urgent-Care-Service-Specification.pdf>

Financial Review

During 2017 the Group continued to progress with the integration of acquired businesses to support and sustain our continued growth. We are focused on creating a robust platform for future growth and unlocking the potential of the combined businesses.

The anticipated and significant acquisition of Vocare Limited was completed in the final quarter of 2017. The acquisition provides the platform for significant future opportunities in urgent care. Our portfolio companies have combined business development resources to deliver integrated and collaborative bids. In addition, we continue to realise synergies across the business, for example Totally Health's clinical coaching resource has been used in other parts of the business to support employees return to work, Premier and Optimum have combined forces to deliver services and optimise use of resource.

The consolidation of the subsidiaries is delivering access to many opportunities to reduce cost and unlock value through better use of resource. During the next twelve to eighteen months the organisational structures will be improved, systems and processes will continue to be developed and resource will be consolidated.

The accounting reference date was changed to March to align with the NHS financial year. In addition, most of our acquired companies have a financial year end of March. As such, the financial accounts below, although showing twelve months' worth of figures, are unaudited and not the Company's final year end. The Company will report on the 15 months to 31 March 2018 before 30 September 2018.

The twelve month period showed turnover of £21,351,000 (2016: £3,977,000) and a loss of £2,061,000 (Year ended 31 December 2016: £1,516,000). The loss for the period includes £1,176,000 of acquisition related costs and £292,000 in connection with a fair value adjustment of deferred consideration on previous acquisitions made. The loss before tax to 31 December 2017 includes an amortisation charge of £494,000 relating to intangible assets (Year ended 31 December 2016: £645,000).

Lisa Barter
Finance Director
28 March 2018

For further information please contact:

Totally plc 020 3866 3335

Wendy Lawrence, Chief Executive
Bob Holt, Chairman

Allenby Capital Limited (Nominated Adviser & Joint Corporate Broker) 020 3328 5656

Nick Athanas
Virginia Bull
Liz Kirchner

Cenkos Securities Plc (Joint Corporate Broker) 020 7397 8900

Bobbie Hilliam

Yellow Jersey PR

Georgia Colkin 07769 325 254
Joe Burgess
Henry Wilkinson

Interim Consolidated Income Statement
For the twelve months ended 31 December 2017

* The Group's 2017 unaudited interim results include the impact of Vocare Limited from the date of the completion of the acquisition, being 24 October 2017, and the financial performance from the other operating subsidiaries for the full period.

Note	Twelve months ended to 31 December 2017*	Year ended 31 December 2016**
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		(Unaudited)	(Audited)
		£000	£000
Revenue		21,351	3,977
Cost of sales		(15,723)	(2,600)
Gross profit		5,628	1,377
Administrative expenses		(5,613)	(2,536)
Exceptional items		(1,068)	(494)
Loss before interest, tax and depreciation		(1,053)	(1,653)
Depreciation		(243)	(24)
Amortisation		(494)	(645)
Operating loss		(1,790)	(2,322)
Finance income	5	-	830
Finance costs	5	(292)	-
Loss before taxation		(2,082)	(1,492)
Income tax		21	(24)
Loss from continuing operations		(2,061)	(1,516)
Loss attributable to the equity shareholders of the parent company		(2,061)	(1,516)
<u>Earnings per share (Note 2)</u>			
Basic and diluted: Pence			
Continuing operations		(5)	(8)

** The Group's 2016 annual financial results include the financial performance of Totally plc and Totally Health for the full year, the nine months from April to December 2016 for Premier Physical Healthcare Limited and six and half months from mid-June to December 2016 for About Health Limited.

The accompanying notes form part of the unaudited interim report.

	Share capital	Share premium account	Profit and loss account	Equity shareholders' funds
	£000	£000	£000	£000
At 1 January 2016 (Audited)	3,055	4,534	(7,097)	492
Comprehensive loss for the year (Audited)	-	-	(1,516)	(1,516)
Issue of share capital (Audited)	1,002	5,120	-	6,122
Credit on issue of warrants and options (Audited)	-	-	25	25
Deferred shares buy-back (Audited)	(2,055)	-	2,055	-
Share premium cancellation (Audited)	-	(9,645)	9,645	-
At 31 December 2016 (Audited)	2,002	9	3,112	5,123
At 1 January 2017 (Audited)	2,002	9	3,112	5,123
Comprehensive loss for the year (Unaudited)	-	-	(2,061)	(2,061)
Issue of share capital (Unaudited)	3,977	16,399	-	20,376
Credit on issue of warrants and options (Unaudited)	-	-	33	33
At 31 December 2017 (Unaudited)	5,979	16,408	1,084	23,471

The accompanying notes form part of the unaudited interim report

Interim Consolidated Statement of Financial Position
As at 31 December 2017

	31 December 2017	31 December 2016
	(Unaudited)	(Audited)
	£000	£000
Non-Current Assets		
Intangible fixed assets	27,547	12,669

Fixed assets	1,674	95
	29,221	12,764
Current Assets		
Inventory	101	6
Trade and other receivables	9,752	2,047
Cash and cash equivalent	11,307	998
	21,160	3,051
Total Assets	50,381	15,815
Current Liabilities		
Trade and other payables	(17,244)	(922)
Corporation tax	(390)	-
Borrowings / Invoice discounting	(67)	(62)
Deferred acquisition consideration	(1,714)	(1,641)
	(19,415)	(2,625)
Long Term Liabilities		
Deferred acquisition consideration	(7,440)	(8,018)
Borrowings	(15)	(15)
Other payables	(26)	(25)
Deferred tax	(14)	(9)
	(7,495)	(8,067)
Total Liabilities	(26,910)	(10,692)
Net Current Assets	1,745	426
Net Assets	23,471	5,123
Shareholders' Equity		
Share capital	5,979	2002
Share premium account	16,408	9
Retained earnings	1,084	3,112
Equity shareholders' funds	23,471	5,123

The accompanying notes form part of the unaudited interim report

Interim Consolidated Cash Flow Statement

For the twelve months ended 31 December 2017

	Note	Year ended 31 December 2017	Year ended 31 December 2016
		(Unaudited)	(Audited)
		£000	£000
Cash flow from operating activities:			
Loss for the period		(2,061)	(1,516)
<i>Adjustments for:</i>			
Options and warrants charge		33	25
Amortisation and depreciation		737	669
Tax (income) / expense recognised in profit or loss		(21)	24
Gain on derecognition of contingent consideration		(154)	-
Fair value adjustments		(153)	-
Finance income	5	-	(830)
Finance costs	5	289	-
<i>Movements in working capital:</i>			
Movement in inventory		(1)	-
Movement in trade and other receivables		657	(503)
Movement in trade and other payables		(2,465)	(25)
Cash generated from operations		(3,139)	(2,156)
Income tax paid		(18)	(51)
Net cash flows from operating activities		(3,157)	(2,207)
Cash flow from investing activities:			
Purchase of property, plant and equipment		(181)	(34)
Development of intangible assets		(64)	(495)
Deferred consideration payment		(2,062)	-
Accrued preference shares interest paid		(18)	-

Acquisition of subsidiary	(12,676)	(2,978)
Cash acquired on acquisition of subsidiary	11,816	222
Net cash flows from investing activities	(3,185)	(3,285)
Cash outflow before financing	(6,342)	(5,492)
Cash flow from financing activities:		
Issue of share capital, net	16,646	6,122
Borrowings/invoice discounting increase	11	19
Finance lease payments	(6)	(10)
Net cash flow from financing activities	16,651	6,131
Net increase in cash and cash equivalents	10,309	639
Cash and cash equivalents at beginning of the period	998	359
Cash and cash equivalents at end of the period	11,307	998

The accompanying notes form part of the unaudited interim report

Notes to the Interim

Results

1. Basis of preparation

Totally plc is a public limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number: 3870101). The Company's ordinary shares are admitted to trading on the AIM market of the London Stock Exchange ("AIM").

The Group's principal activities in the period under review have been the provision of innovative and consolidatory solutions to the healthcare sector, which are provided by the Group's wholly owned subsidiaries, Totally Health Limited, Premier Physical Healthcare Limited, About Health Limited, Optimum Sports Performance Centre Limited and Vocare Limited.

In November 2017 the Company changed its accounting reference date from 31 December to 31 March.

The Group's interim report and accounts for the twelve months ended 31 December 2017 have been prepared using the recognition and measurement principles of International Financial Reporting Standards and Interpretations as endorsed by the European Union (collectively "Adopted IFRS").

These condensed consolidated interim financial statements for the twelve months ended 31 December 2017 have been prepared in accordance with the AIM Rules for Companies and should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS as adopted by the European Union. The interim report and accounts do not include all the information and disclosures required in the annual financial statements.

The interim report and accounts have been prepared on the basis of the accounting policies set out in the Group's December 2016 Annual Report and Accounts and on the basis of the principal accounting policies that the Group expects to apply in its financial statements for the period ending 31 March 2018.

The interim report and accounts do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. These condensed consolidated interim financial statements were approved by the Board of Directors on 27 March 2018. The results for the twelve months to 31 December 2017 are unaudited and the comparative results of the year ended 31 December 2016 are audited. The comparative figures for the year ended 31 December 2016 do not constitute the statutory financial statements for that year.

As at 31 December 2017 net current assets totalled £1.7m (31 December 2016: £0.4m) comprised of cash balances of £11.3m, trade and other receivables of £9.7m and inventory of £0.1m less current liabilities of £19.4m. The current liabilities include deferred contingent consideration of £1.7m for the acquisition of Vocare Limited.

Cash generation by the Group over the next year is expected to contribute to covering future liabilities. The Directors believe that a combination of the Group's current cash, projected revenues from existing and future contracts and continued shareholder support will enable the Group to meet its obligations and to implement its business plan in full. Inherently, there can be no certainty in these matters, but the Directors believe that the Group's internal trading forecasts are realistic and that the going concern basis of preparation continues to be appropriate.

2. Earnings per share

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

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

	Twelve months ended 31 December 2017	Year ended 31 December 2016
	(Unaudited)	(Audited)
Loss (continuing operations) (£000)	(2,061)	(1,516)
Weighted average number of shares used in basic and diluted earnings ('000)	46,782	17,973
Basic and diluted earnings per share (continuing operations) (Pence)	(5)	(8)

3. Dividends

No dividend is proposed for the twelve months ended 31 December 2017.

4. Events after the reporting period

On 25 January 2018, the Company paid £263,000 to the former shareholders of Vocare Limited in relation to employee advances recovered.

5. Finance income and costs

Finance income and finance costs relate to income or costs related to the fair value adjustment of deferred consideration on previous acquisitions. The fair value adjustment is based on the net present value of the deferred consideration discounted at 3.5%.

6. Distribution of Interim Report

A copy of the interim report will be available shortly on the Company's website (www.totallyplc.com) in accordance with Rule 26 of the AIM Rules for Companies and copies will also be available from the Company's registered office located at Hamilton House, Mabledon Place, London WC1H 9BB.

This information is provided by RNS
The company news service from the London Stock Exchange

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