

TOTALLY COMMUNICATIONS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Daniel Assor Adam Becker Steven Burns Andrew Margolis Benjamin Gritz (Appointed 23 November 2005) |
| Secretary | Adam Becker |
| Company number | 3879646 |
| Registered office | Unit 611 Highgate Studios 53-79 Highgate Road Kentish Town London NW5 1TL |
| Auditors | Royce Peeling Green Limited The Copper Room, Deva Centre Trinity Way Manchester M3 7BG |



TOTALLY COMMUNICATIONS LIMITED

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TOTALLY COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities

The company's principal activity has continued to be the provision of technical services and consultancy to new and existing clients. In addition to this, the company engaged in marketing services to new and existing clients.

Directors

The following directors have held office since 1 January 2005:

| | |
|-----------------|------------------------------|
| Daniel Assor | |
| Adam Becker | |
| Steven Burns | |
| Daniel Levitt | (Resigned 23 November 2005) |
| Andrew Margolis | |
| Daniel Whiteman | (Resigned 23 November 2005) |
| Benjamin Gritz | (Appointed 23 November 2005) |

Directors' interests

The directors' interests in the shares of the company were as stated below:

| | Ordinary shares of 1p each | |
|-----------------|----------------------------|----------------|
| | 31 December 2005 | 1 January 2005 |
| Daniel Assor | - | - |
| Adam Becker | - | - |
| Steven Burns | - | - |
| Andrew Margolis | - | - |
| Benjamin Gritz | - | - |

No directors had any disclosable interests in the shares of the company. All the directors other than Daniel Whiteman, Adam Becker and Benjamin Gritz were also directors of Totally Plc, the company's parent company, during the year and details of their interests in the shares of that company are detailed in its accounts.

At 31 December 2005 and 31 December 2004, Daniel Whiteman held 2,569,811 ordinary shares of 1p, 759,745 warrants at 5p and 325,000 options with an exercise price of 1.5p. The vesting period is from 21 November 2003 until 21 November 2011.

At 31 December 2004, Adam Becker held 325,000 options with exercise prices between 1.5p and 3.62p. On 17 November 2005 he was issued with 200,000 further options with an exercise price of 2.38p. The vesting periods are from 1 September 2005 until 23 November 2015.

At 31st December 2005 Benjamin Gritz held 800,000 options with exercise prices between 1.5p and 3.62p. The vesting periods are from 24 December 2002 to 23 November 2015. He also held 166,667 warrants at 5p.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Royce Peeling Green Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

TOTALLY COMMUNICATIONS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 proper accounting records which 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 Companies Act 1985. 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Adam Becker

Secretary

24 May 2006

TOTALLY COMMUNICATIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TOTALLY COMMUNICATIONS LIMITED

We have audited the financial statements of Totally Communications Limited for the year ended 31 December 2005 set out on pages 5 to 11. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

TOTALLY COMMUNICATIONS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF TOTALLY COMMUNICATIONS LIMITED

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Emphasis of matter

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the reliance on the company's parent undertaking, Totally Plc, for continued financial support and the uncertainty as to the ability of that company to continue providing this support. In view of the significance of the uncertainty inherent in this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Royce Peeling Green Limited

24 May 2006

Chartered Accountants
Registered Auditor

The Copper Room, Deva Centre
Trinity Way
Manchester M3 7BG

TOTALLY COMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

| | Notes | 2005 £ | 2004 £ |
|--|----------|-----------|-----------|
| Turnover | | 702,936 | 596,328 |
| Cost of sales | | (212,813) | (140,154) |
| Gross profit | | 490,123 | 456,174 |
| Administrative expenses | | (354,212) | (368,094) |
| Operating profit | 2 | 135,911 | 88,080 |
| Release of provision against intra-group loan | | - | 54,885 |
| Interest payable and similar charges | | (2,667) | (4,222) |
| Profit on ordinary activities before taxation | | 133,244 | 138,743 |
| Tax on profit on ordinary activities | 3 | - | - |
| Profit on ordinary activities after taxation | 8 | 133,244 | 138,743 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

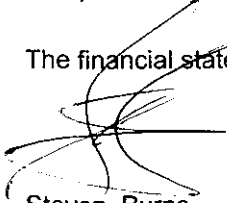
TOTALLY COMMUNICATIONS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

| | | 2005 | | 2004 | |
|---|-------|-----------------|----------------|------------------|----------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 4 | | 3,965 | | 2,548 |
| Current assets | | | | | |
| Debtors | 5 | 330,234 | | 255,844 | |
| Cash at bank and in hand | | 154,990 | | 159,908 | |
| | | <u>485,224</u> | | <u>415,752</u> | |
| Creditors: amounts falling due within one year | 6 | <u>(90,505)</u> | | <u>(152,860)</u> | |
| Net current assets | | | 394,719 | | 262,892 |
| Total assets less current liabilities | | | <u>398,684</u> | | <u>265,440</u> |
| Capital and reserves | | | | | |
| Called up share capital | 7 | | 100 | | 100 |
| Share premium account | 8 | | 155,230 | | 155,230 |
| Profit and loss account | 8 | | 243,354 | | 110,110 |
| Shareholders' funds - equity interests | 9 | | <u>398,684</u> | | <u>265,440</u> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 24 May 2006


Steven Burns
Director

TOTALLY COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are prepared on a going concern basis which the directors believe to be appropriate.

The company participates in group funding arrangements with its parent company Totally plc and fellow subsidiary undertakings. If these funding arrangements were to cease it is likely that this company would be unable to continue to trade. Totally Plc has indicated that for at least 12 months from the date of approval of these financial statements, it anticipates that these funding arrangements will remain in place. This should enable the company to continue in operational existence for the foreseeable future. However, the ability of Totally Plc to secure funding is in turn dependent upon Totally Plc and its group continuing to operate as a going concern for the foreseeable future.

Inherently, there can be no certainty in relation to these matters. However, the directors of Totally Communications Limited have no reason to believe that Totally Plc and its group will not be able to continue to secure funding and therefore believe that the going concern basis of preparation continues to be appropriate. The financial statements do not include any adjustments that would result from a withdrawal of this support.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents the amounts receivable (excluding value added tax) derived from marketing and technical services.

Revenue is recognised in the profit and loss account on the accruals basis. The directors are of the opinion that the company's turnover and results before tax are derived from its core activity, substantially all of which takes place in the UK. Accordingly, no segmental analysis is presented.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|-------------------|
| Computer equipment | Over 2 to 3 years |
| Fixtures, fittings & equipment | Over 2 to 3 years |

TOTALLY COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

(continued)

1.5 Deferred taxation

In accordance with Financial Reporting Standard 19 'Accounting for deferred tax', deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse.

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more than likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1.6 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Operating profit

| | 2005 | 2004 |
|--|---------|-------|
| | £ | £ |
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 2,616 | 745 |
| Auditors' remuneration | 4,000 | 4,000 |
| and after crediting: | | |
| Profit on foreign exchange transactions | (1,716) | - |

The directors emoluments are paid directly by a fellow subsidiary undertaking, TotallyJewish.com Limited. The company is recharged a proportion of shared costs. Details of total directors emoluments are contained in the accounts of TotallyJewish.com Limited.

TOTALLY COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| | | | | |
|---|--|--------------------------------|---|--------------------------|
| 3 | Taxation | 2005 | 2004 | |
| | Current tax charge | - | - | |
| | | <u><u> </u></u> | <u><u> </u></u> | |
| | Factors affecting the tax charge for the year | | | |
| | Profit on ordinary activities before taxation | 133,244 | 138,743 | |
| | | <u><u> </u></u> | <u><u> </u></u> | |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%) | 39,973 | 41,623 | |
| | | <u> </u> | <u> </u> | |
| | Effects of: | | | |
| | Tax losses utilised | (39,973) | (41,623) | |
| | | <u> </u> | <u> </u> | |
| | | (39,973) | (41,623) | |
| | | <u> </u> | <u> </u> | |
| | Current tax charge | - | - | |
| | | <u><u> </u></u> | <u><u> </u></u> | |
| 4 | Tangible fixed assets | | | |
| | | Plant and machinery | Fixtures, fittings & equipment | Total |
| | | £ | £ | £ |
| | Cost | | | |
| | At 1 January 2005 | 740 | 2,553 | 3,293 |
| | Additions | 4,033 | - | 4,033 |
| | | <u> </u> | <u> </u> | <u> </u> |
| | At 31 December 2005 | 4,773 | 2,553 | 7,326 |
| | | <u> </u> | <u> </u> | <u> </u> |
| | Depreciation | | | |
| | At 1 January 2005 | - | 745 | 745 |
| | Charge for the year | 1,340 | 1,276 | 2,616 |
| | | <u> </u> | <u> </u> | <u> </u> |
| | At 31 December 2005 | 1,340 | 2,021 | 3,361 |
| | | <u> </u> | <u> </u> | <u> </u> |
| | Net book value | | | |
| | At 31 December 2005 | 3,433 | 532 | 3,965 |
| | | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |
| | At 31 December 2004 | 740 | 1,808 | 2,548 |

TOTALLY COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| | | |
|---|------------------------------|--------------------------------|
| 5 Debtors | 2005 | 2004 |
| | £ | £ |
| Trade debtors | 125,078 | 90,787 |
| Amounts owed by parent and fellow subsidiary undertakings | 142,340 | 80,520 |
| Prepayments and accrued income | 62,816 | 84,537 |
| | <u>330,234</u> | <u>255,844</u> |
| | | |
| 6 Creditors: amounts falling due within one year | 2005 | 2004 |
| | £ | £ |
| Trade creditors | 52,690 | 53,139 |
| Taxes and social security costs | - | 19,637 |
| Accruals and deferred income | 37,815 | 80,084 |
| | <u>90,505</u> | <u>152,860</u> |
| | | |
| 7 Share capital | 2005 | 2004 |
| | £ | £ |
| Authorised | | |
| 10,000 Ordinary shares of 1p each | <u>100</u> | <u>100</u> |
| | | |
| Allotted, called up and fully paid | | |
| 10,000 Ordinary shares of 1p each | <u>100</u> | <u>100</u> |
| | | |
| 8 Statement of movements on reserves | | |
| | Share premium account | Profit and loss account |
| | £ | £ |
| Balance at 1 January 2005 | 155,230 | 110,110 |
| Retained profit for the year | - | 133,244 |
| | <u>155,230</u> | <u>243,354</u> |

TOTALLY COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

| 9 | Reconciliation of movements in shareholders' funds | 2005 £ | 2004 £ |
|---|--|-----------|-----------|
| | Profit for the financial year | 133,244 | 138,743 |
| | Opening shareholders' funds | 265,440 | 126,697 |
| | | <hr/> | <hr/> |
| | Closing shareholders' funds | 398,684 | 265,440 |
| | | <hr/> | <hr/> |

10 Contingent liabilities

The company has a contingent liability in respect of a cross guarantee given to the Natwest Bank plc covering all amounts outstanding to the bank from the Totally plc group. At the year end date the total balance outstanding was £106,541.

11 Control

On 31 December 2005 the company's ultimate parent company was Totally Plc, a company incorporated in Great Britain, and registered in England and Wales.

Copies of the group financial statements of Totally Plc may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

12 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

In 2005, sales of £Nil (2004 - £4,100) were made on an arm's length basis to Six13 Restaurant a business owned by Dr M Sinclair, who is a board member of Totally plc, the ultimate parent company.