



Total Systems Annual Report 2008



Your Company

Total Systems provides cost effective flexible software systems together with support and expertise for the financial services industry, primarily in the insurance and warranty sectors. The Company has a full listing on the London Stock Exchange.

We continue to make extensive investment to ensure that Ultima, our flagship product for the insurance and warranty sectors, is the most modern & comprehensive product of its kind available. Ultima is available on a Service Oriented Architecture basis so that the individual functions of Ultima can more readily be integrated into a customers' environment. Web technology is fully utilised in Ultima and it can interface with any other software system and/or hardware platform. Specialist insurance consultancy, business intelligence, management information systems, compliance advice and document retention assistance can be supplied.

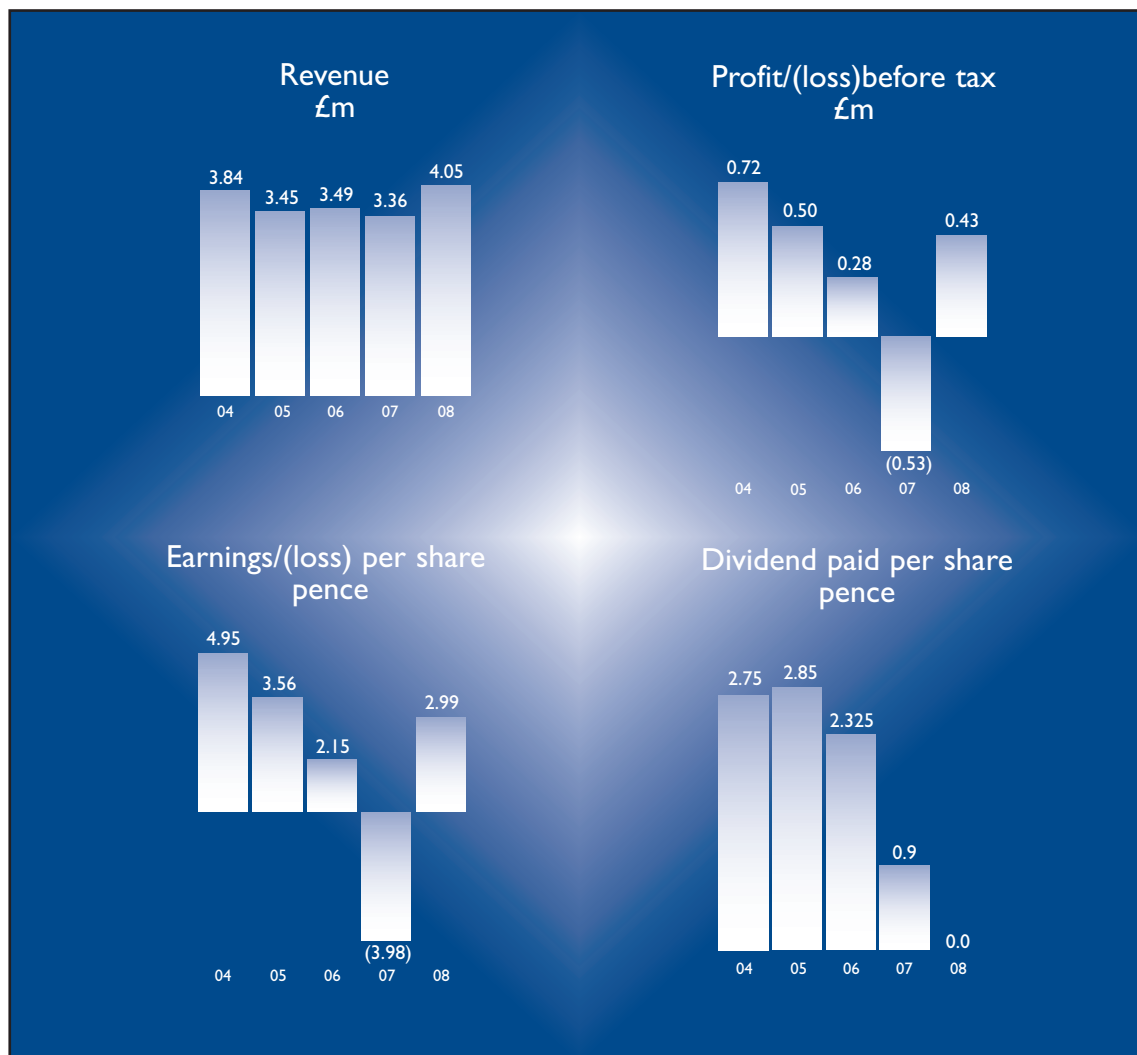
The Company offers a full range of business support, consultancy and system integration services and acts as a value added reseller for related applications to provide the best possible support for our customers. A hosted service is available for those companies who wish to use Ultima's business functionality without investing in IT infrastructure.

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Financial Highlights

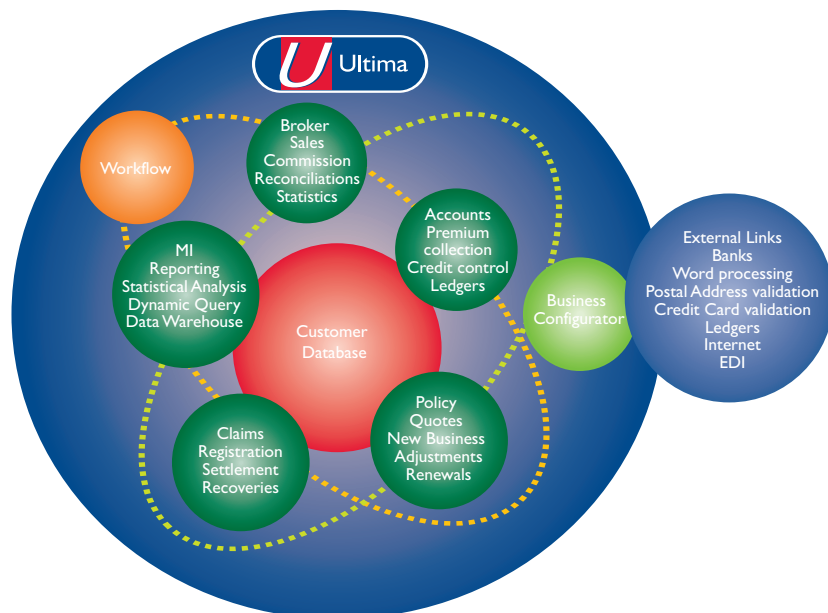
	2008	2007
	£	£
Revenue	4,048,015	3,357,988
Operating profit/(loss): continuing operations	301,412	(670,349)
Profit/(loss) before tax	430,590	(530,006)
Basic earnings/(loss) per ordinary share	2.99p	(3.98)p
Dividends paid per ordinary share	-	0.90p
Return on capital employed	10.58%	(14.21)%
Cash per share	22.90p	22.62p
Net assets per share	38.68p	35.45p



Total Systems at a Glance

Total was initially focused on software services provision to the insurance industry. In the 1990's the Company developed the first generation Ultima as a character based policy administration system which covered virtually all lines of general insurance. The latest version of Ultima was launched in 2006. Total recognised that the product needed to support the web environment for customers, brokers, affinity groups and trading partners. The Company also saw the threat from low cost off-shore software vendors who could provide programming resource at a price well below that of the UK. A key design criteria was that the new Ultima would need minimal, or no, programming effort to deliver and implement. This was achieved and resulted in rapid implementation timescales for new customers and a high degree of self-sufficiency after initial installation. The Company continues to make significant investment in research and development to ensure that Ultima remains the most up to date and functionally rich product in the marketplace.

Ultima is a customer oriented, flexible and cost-effective policy management solution for the general insurance and warranty sectors. The Ultima solution delivers all aspects of policy administration including quotations, underwriting, claims, accounting, broker maintenance and management information. The system can be delivered as a single packaged solution or as individual components within a customer's own environment.



Designed to support broad lines of business, some of Ultima's key differentiators include:

- Low cost of ownership – From initial implementation to ongoing maintenance, Ultima delivers a low cost of ownership. The solution can be implemented quickly and efficiently by a small team and does not require armies of programmers to maintain. These cost saving benefits are continually realised as Ultima's flexibility supports future changes in the business.
- Integrated solution – Ultima uses a single platform to deliver benefits across the entire business from premium quotations to claims management. The single platform allows improved customer service and potential reduction in churn.

Total Systems at a Glance

- Business Configurator – Ultima provides comprehensive functionality 'out of the box' which is a key contributor to the swift implementation of the solution. However, in recognition of the need of organisations to refine their processes to suit their specific needs, Total has developed a powerful graphical process building and maintenance tool. This tool allows users to make rapid changes to all aspects of their processes from developing capture screens through to the complete introduction of new lines of business. Business Configurator also allows customers to quickly introduce innovative new products without disruption to existing business streams.
- Supporting components – In addition to the core Ultima capabilities, a series of supporting components have been developed to further enhance the benefits the solution delivers. These include:
 - Rating Engine – An extensive rating solution that can support rating demands from the very complex to the very high volume.
 - Workflow – Integrated to work with Ultima, it provides organisations with a further level of process control and management and enhances the benefits Ultima can provide.
 - Dynamic Query – Providing configurable access to any data contained within Ultima. It allows users to define exactly what data they would like to view and the format in which it is presented and distributed. This offers exceptional value from a management information perspective.

Ultima offers organisations complete control of the technology that supports their business. It has been designed and developed to provide efficient deployment and ownership and, above all, as a platform to support the way businesses work and not just for today but, as customers change and innovate, for the challenges of tomorrow.

In addition to the core Ultima solution, Total has engaged in partnerships with Invu an organisation whose products are highly complementary to our proposition and whose cultures and ambitions closely match those of Total.



Invu

Recognising the constant battle the insurance industry has with the paper mountain, Total found a partner who could provide a market leading Electronic Document Management solution which, when coupled with our industry expertise, realises tangible efficiencies in respect of time, cost and storage. Using Invu, insurers and brokers can retrieve files instantaneously using highly sophisticated search tools. In an industry where maintaining an infallible audit trail is essential to meet regulatory requirements the Invu solution is a sound purchase that can demonstrate a fast return on investment.

Other information

Our offices are based in City Road, London and house our 52 members of staff, each of whom are highly experienced and the majority of whom have a practical and in-depth knowledge of the insurance industry.

Total is listed on the main LSE market and trades under the symbol TTS. The Company is a member of the British Standards Institute.



DSG International plc (“DSGi”) took the decision to replace its in-house warranty and service products system, Coverplan. They undertook a lengthy procurement process with the result that Total Systems plc software package ‘Ultima’ was selected.

DSGi now has over 1,400 stores in thirteen countries, and is Europe’s leading specialist retailer of consumer electronics, PCs, domestic appliances, photographic equipment and communications products. Their AS/400-based legacy system had been enhanced and maintained over a period of twenty years by the Group’s IT department but the system no longer reflected business processes. However, previous attempts to replace it had been unsuccessful. Although a vital part of a growing business, the system was struggling to meet the increasing demands being made of it.

Total Systems’ brief was to replace the customised AS/400 system that had been integrated with many other internal systems, with Ultima. Furthermore, this was to be achieved without loss of functionality or service. The new system had to be capable of supporting a multi-country, multi-currency operation on a 24x7 basis, and also had to provide the flexibility to meet future business challenges.

A joint DSGi and Total Systems Program team was assembled, comprising both business and IT personnel. This was a three year programme lead by the business and consisted of projects teams covering:- Testing, Interfaces, Conversion & Migration, Implementation, Training, Business Analysis (this included teams from Finance, Operations, Sales & Marketing), and Development. In order to tailor and implement the system, Total Systems had a project manager and a team of 6 staff on site, supported by a further 6 at Total Systems offices in London.

Coverplan products contain a number of key features that shape the business operation, and the data model that was implemented has Ultima available in Head Office, Customer Call Centres and Service Repair Centres among others. The system is interfaced with Stores System, External Repairers, BACS, Streamline Credit Card Services, Third Party Printers and more. Each Coverplan product includes a range of optional benefits each of which can be in force for a different period during the agreement lifecycle. Because the whole system is customer

centric, any authorised user can support the full range of services to which a customer is entitled as well as access a complete history of all activity for a customer across all countries.

Although the high data volumes and extensive interface requirements did require a significant amount of tailor-made processes, the complex on-line requirements were largely satisfied by the use of Ultima’s Business Configurator. This middleware solution also ensured that future changes could be developed on site without the need for extensive hard-coded and complex programming.

In addition, the solution provided a means by which over 25 million agreements, plus their full lifecycle history including claims, accounts, etc, were converted. The actual conversion of the data took 6 months to complete and was subject to much testing and integrity checking. As a result, it was highly successful. Similarly, all staff that used the existing system were going to need training in how to use the new system. This required careful planning and a large amount of new training material had to be developed. Whilst conversion was taking place, the training programme was running in parallel. Such was the success of these activities, the switch-over from the old system to the new was completed overnight. Ultima is the largest single customer centric system within DSGi and is regarded as a key strategic business system. Currently the application is being used to manage the expansion of the European operation. A key business operation within the Group now runs on a robust and scalable software platform, enabling strategic developments to be supported in a very competitive business environment.

Ultima is hosted on servers supported by DSG’s internal IT department, but the solution requires no dedicated IT/database support personnel, and is managed by a group of three business personnel.

Because the whole system is customer centric it has brought significant benefits to the customer service that DSGi is able to give. Speedier access, faster response times, user access from anywhere in the UK and the Republic of Ireland. It gives access to a complete history of all transactional activity for a customer across all countries. All this enables any authorised user to support the full range of services, and the benefits to which DSGi customers are entitled.



Case Study - Denplan



Denplan, part of the AXA PPP Group, is the UK's leading independent dental health plan provider, serving 1.3 million patients, 6,000 dentists, and over 900 corporations offering dental care benefits to their staff. The three stand-alone database, invoicing and claims applications systems, which handled Denplan's corporate business, were being put under increasing strain as the division's corporate customer base continued to grow. To address this issue, one single system had to be found to run all three applications, as part of a project that would involve the redesign of business rules and processes, as well as the conversion and merging of data relating to over 85,000 patients and 70,000 policies.

Chris Davies, Denplan's Corporate Customer Services Manager, explains, "We needed a single, flexible and cost-effective solution not only capable of replacing our three existing stand-alone systems, but also of supporting future business requirements in the Corporate Group's sector. Total Systems' Ultima was selected for the task, with the full backing of the AXA PPP Group, and the company appointed to help run the project.

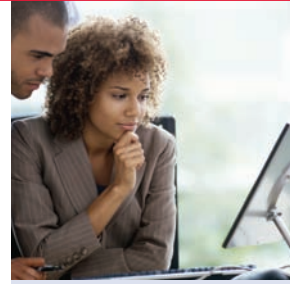
Detailed business analysis and a series of workshops were held to highlight the strengths and weaknesses of the existing systems and agree the requirements for the new solution. Processes and procedures were reviewed with the help of Total Systems, and the new processes and screen designs were documented and these were presented to the business users for comment and approval. Additionally, testing was completed throughout the development phase,

thereby providing the business users with a sense of ownership and allowing them the flexibility to introduce changes and process revisions if required.

Ultima was implemented and the efficiencies it has delivered have exceeded our expectations. Within 4 months of the system going live, productivity had increased by around 30% with further efficiencies to follow. Prior to the implementation of the Ultima system, 12-13 people in the claims team could handle 20-25 claims a day. Using Ultima, each of our staff can now process 60 claims a day. It is a flexible, intuitive and easy-to-use system, with a large number of business rules and validations incorporated within the processing. Key decisions are automated and user error is minimised.

Overnight and month-end processing is fully automated, requiring no intervention or interaction. The system is extremely stable and reliable and requires minimal IT support. It has greatly reduced the work effort for key processes such as claims processing and renewals, and has allowed us the freedom to focus on our overall service offering. The responses to customer satisfaction surveys speak for themselves."

Concludes Davies, "FSA regulations have hit the insurance market recently, and everything we do is touched by it in some way. The Ultima system enabled us to meet the requirements with minimal effort, and also fully supports multi-currency operation. We also feel confident that our system is ready to cater for the growth that is a key part of our future plans."



Board of Directors

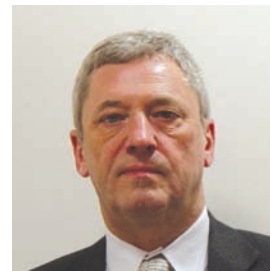
Terence Bourne - Chairman and Managing Director

Co-founder of the Company he has spent virtually his entire career in the computer industry. Following appointments with ICL and Ford Motor Company he was employed as a Computer Consultant with Rank Organisation, Scicon and subsequently with CAP.



Granville Harris - Finance Director

After qualifying as a chartered accountant with Binder Hamlyn he held a number of finance positions with a US healthcare multi national. He then moved to a UK computer group involved in distribution, service and manufacturing where initially he held the position of Group Chief Accountant and was subsequently appointed Finance Director of a subsidiary. He joined Total in 1993 as Financial Controller; was appointed Company Secretary in 1994 and Finance Director in 1998.



Clive Dutton - Operations Director

Having obtained a Degree in Metallurgy, he has spent his entire working life in the computer industry. His first 2 years were spent working for Triad Computing Systems, subsequently joining Total Systems as a Systems Designer in 1979. Promoted to Consultant and Project Manager, he has most recently held the position of Senior Project Manager. He was appointed Operations Director in 2003.



Arthur Weber - Technical Director

Originally joined Total Systems in 1977 as a programmer, progressing to analyst, systems designer and Project Manager. Joined Synon, a CASE tools supplier, in 1988, to manage and reorganise the CASE R&D division, followed by the applications R&D and contract divisions. Helped to set up Thenon Europe, a leading change management systems supplier, in the period 1991 to 1993. He returned to Total Systems in 1993 since when he has managed various projects and the development of Ultima as a Senior Project Manager. He was appointed Technical Director in 2003.

Directors and Advisers

Directors	T. P. Bourne (Chairman) C. N. Dutton BSc (Hons) G.W. Harris BA (Hons) A.C.A. A.P.Weber BSc (Hons) C.S.R Fox (Hons) (Oxon) (Resigned 4 July 2007)		
Secretary	G.W. Harris BA (Hons) A.C.A.		
Registered office	394 City Road London EC1V 2QA		
Registered number	1024277		
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD		
Solicitors	Taylor Wessing LLP Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0DX	Blake Laphorn Tarlo Lyons Watchmaker Court 33 St John's Lane London EC1M 4DB	Bird & Bird 15 Fetter Lane London EC4A 1JP
Bankers	Lloyds TSB Bank plc 19 Upper Street Islington London NI 0PJ		
Registrars and transfer office	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA		
Stockbrokers	Brewin Dolphin Securities Ltd PO Box 512 National House 36 St Ann Street Manchester M60 2EP		

Chairman's Statement

SUMMARY

This has been a successful year in the development of Total Systems. We have continued to enhance software applications and add new services for existing users. The previously announced commitment from Capita to adopt Ultima as their general insurance platform has started to bear fruit with a positive impact on results for the year. Together we are delighted to be playing a part in bringing Sharia compliant insurance products to the UK market. Capita's "Software as a Service" (SaaS) model for the insurance industry and Total's flexible systems are highly complementary and this relationship should provide an excellent base to grow our revenues in the future.

I am pleased by the insurance industry's reception to the recent launch of insureTrac, Total System's telematics based insurance solution. The UK's leading actuarial consultancy is contributing to this solution, as is a household name in global telecoms and this is extremely encouraging. Early signs are that this product offering will take your Company into market areas not previously penetrated.

RESULTS

Revenue for the financial year 2008 was £4,048,015 (2007: £3,357,988) and the profit before tax was £430,590 (2007: loss £530,006) resulting in a profit per share of 2.99p (2007: loss per share 3.98p).

FINANCIAL

Zero gearing and net assets of 38.68p per share (2007: 35.45p), of which 22.90p per share is represented by cash (2007: 22.62p), demonstrates our financial strength. Our return on capital employed is 10.58% (2007: (14.21)%).

DIVIDEND

No dividend is proposed or payable.

STRATEGY

Our strategy is to provide software, support and expertise to help management in financial services companies achieve their objectives of becoming more efficient and profitable. To this end we offer flexible licensing models including "per policy" charging.

The Ultima product has been enhanced and the Company has plans for further development over the coming year. Research and Development spending was £380,584 (2007: £528,984).

The Company is monitoring the market for complementary products to sell in order to give the sales and marketing team more touch points with existing and potential customers. In the longer term this will enhance sales and earnings and potentially lead the Company into new areas.

MARKET PLACE

There are a number of companies using outdated systems and running inefficient databases across disparate systems that would gain significantly from an integrated system. The insurance industry is also changing due to the influence of aggregators, new entrants and consolidation in the broking sector; but the influence of these changes should create further opportunities. Customer service is more important than ever as is the ability to differentiate and bring new and innovative products to market quickly.

The benefits of Ultima far outweigh any advantages offered from developing alternatives overseas or moving processing offshore. Ultima reduces IT costs and its integrated approach enhances customer service operations. The Business Configurator tool offers a fast route to market for new offerings. In addition, the emergence of large scale affinity relationships demands a system that can be flexible while coping with enormous amounts of interdependent data. Ultima, with Business Configurator, meets these demands.

The Capita relationship with its integration skills and leverage opens up an opportunity for a key market presence.



Chairman's Statement

ENVIRONMENTAL AND SOCIAL

The Company operates from a single site in premises it owns in central London. Every care is taken to ensure that the Company operates in an environmentally friendly way within the limitations imposed by our location and the nature of our operations. In regard to its employees and the local community the Company allows employees time to take part in their own social responsibilities as necessary.

OPERATIONS

Our customers have continued to enhance and develop their systems during the year and your Company has provided full support to all aspects of their requirements. Combined with the Capita business coming on stream the Company has been able to achieve a 20.6% increase in revenue. The relationship with Capita is developing extremely well and in relation to our involvement with the Sharia compliant insurance product there appear to be a number of areas for future productive partnerships.

PERSONNEL

I would like to express my gratitude to staff who have shown their professionalism and dedication to the Company. Our average length of service is over nine years which demonstrates the effectiveness of the retention policies in place.

We encourage open communications to stimulate creative and innovative thinking. This combined with the wealth of experience of our staff ensures that we have a pool of very skilled and versatile employees capable of handling a wide range of challenges within our market.

CURRENT TRADING AND OUTLOOK

At a time of considerable economic and financial uncertainty your Company is in good shape with current trading running at a satisfactory level. The sales and marketing team are proactively seeking new opportunities in our market place. We are seeing interest in all our products and the Company is stable and starting to grow its revenues. The launch of insureTrac has generated huge interest with our clients and sales prospects but there have been no orders at the time of writing. Although it is difficult to forecast in the present climate, on current trends we anticipate turnover for the year ending 31 March 2009 will be similar to the year ended 31 March 2008. The Board believes that the Company's strategy will bear fruit over the medium term.

Terence Bourne
Chairman

30 June 2008

Directors' Report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2008.

Results and dividend

The Group profit on ordinary activities for the year before taxation amounted to £430,590 compared with a loss of £530,006 the previous year. Taxation of £115,793 is charged against the profit (2007: credit £111,133) leaving a profit for the year after tax of £314,797 (2007: loss £418,873).

The Directors do not propose to pay a dividend in respect of the year ended 31 March 2008. In the previous year a final dividend in respect of the year ended 31 March 2006 of 0.90p per share costing £94,676 was paid.

Business review

The Group's principal activities during the year were the writing and supply of its computer software and supply of third party software, both with related support services. Further analysis of the development and performance of the business is contained in the Chairman's Statement under the heading "Summary" and "Operations". A review of the principal risks and uncertainties facing the group is contained in the Chairman's Statement under the headings "Market Place" and "Strategy". The section of the Chairman's statement headed "Environment and Social" should also be read in regard to the business review.

Key performance indicators (KPI's)

The Company uses a variety of KPI's in order to monitor business performance. The level of chargeable hours as a percentage of total available chargeable hours for all potential chargeable staff gives an indication of the level of efficiency being achieved. Efficiency was 46.2% for the year (2007: 30.3%). Further the level of product development effort is monitored as a percentage of total available chargeable hours for all potential available staff giving an indication of the effort placed on product development. The Company achieved 21.5% in the year (2007: 31.4%). Taking both KPI's together a productivity percentage of 67.7% was achieved (2007: 61.7%).

In addition the Company completes a traditional management accounts package every month which includes a profit and loss statement with forecasts for the next reporting period.

Given the nature of the business the Board believes that these KPI's are sufficient to ensure that appropriate action can be taken as necessary.

Future prospects

Comment on the future prospects for the group is contained in the Chairman's statement under the heading "Current Trading and Outlook".

Directors and Directors' interests

The names of the Directors who served during the year are set out on page 7.

The interests of the Directors in the share capital of the Company were:

	31 March 2008		31 March 2007	
	Ordinary shares	Options	Ordinary shares	Options
T P Bourne	5,200,000	-	5,200,000	-
A P Weber	6,910	286,658	6,910	286,658
C N Dutton	17,210	267,332	17,210	267,332
C S R Fox	-	-	-	586,658
G W Harris	11,419	267,332	11,419	267,332
	5,235,539	821,322	5,235,539	1,407,980

No Directors are required to retire by rotation at the forthcoming Annual General Meeting in accordance with the Articles of Association of the Company. Brief biographical information of all Directors can be found on page 6.

There have been no changes in Directors' share interests and options since the year end.

Share capital and control structure

The information in this section is given pursuant to section 992 of the Companies Act 2006 and is correct as at 31 March 2008.

The Company's authorised share capital was £5,000,000 divided into 100,000,000 ordinary shares of 5p each and there were 10,519,553 ordinary shares in issue. The ordinary shares are listed on the London Stock Exchange and can be held in certificated or uncertificated form.

The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association, a copy of which can be obtained by writing to the Company Secretary, or from Companies House in the UK. The holders of ordinary shares are entitled to receive the Company's report and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. Changes to the Company's Articles must be approved by special resolution of the Company. In the event of change of control of the Company as the result of a takeover bid, options under the Company's share schemes may become exercisable immediately.

The Board is responsible for the management of the business of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes and the Company's Memorandum and Articles of Association. There are no known arrangements under which

Directors' Report

financial rights are held by a person other than the holder of the Company's shares. Shares to be acquired through the Company's share plans rank equally with the shares in issue and have no special rights. As far as the Company is aware, there are no persons with significant direct or indirect holdings of voting rights in the Company other than as set out in the paragraphs entitled "Directors and Director's interests" (page 10) and "Substantial holdings" (page 11).

Contracts of significance

There were no contracts of significance during or at the end of the year under review, in which a Director is, or was, materially interested.

Substantial holdings

The Directors have been informed of the following substantial holdings, other than the Directors, in the capital of the Company as at 30 June 2008:

19.65%	by P J Delaney (of which 425,000 representing 4.04% are non-beneficial)
3.80%	by C H Bourne
3.80%	by J L Bourne

Options

Full details of the present position in regard to options are given in Note 17 to the financial statements.

International financial reporting standards ("IFRS")

The Group's financial statements are prepared using IFRS.

Payment of suppliers

The Group's policy is to agree payment terms with individual suppliers and to abide by such terms. The number of days outstanding between receipt of invoices and date of payment, calculated by reference to the amount owed to suppliers at the year end as a proportion of the amounts invoiced by suppliers during the year, was 24 days for the Group (2007: 20 days). The method for calculating creditor days does not take into account the pattern of purchases during the year.

Indemnities

Throughout the year and as at the date of this report, the Articles of Association contained a provision for the benefit of Directors and officers of the Group indemnifying them out of the assets of the Company to the full extent allowed by law against liabilities incurred by them in the course of carrying out their duties.

Directors' responsibility statement pursuant to DTR4

The Directors confirm that, to the best of their knowledge:

- the Group and Company financial statements in this report, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRIC interpretations and those parts of the Companies Act 1985 applicable to companies reporting under IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Group taken as a whole; and
- the business review and key performance indicators contained in this report and the Chairman's Statement includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

Close company

The Company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

Employees

The Company continues to employ people of various races and religions. Within existing legislation, all persons, including those who are disabled, are treated similarly in matters of employment, training, career progression and promotion.

Audit information

The Directors are satisfied that: (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors

Kingston Smith LLP have indicated their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board

G W Harris
Secretary
30 June 2008

Corporate governance

This statement describes how the principles set out in section I of the Combined Code on Corporate Governance published by the Financial Reporting Council in June 2006 are applied by the Company. The Directors support the principles of openness, integrity and accountability advocated by the Combined Code although they are concerned about the possible cost burden on small quoted companies of full compliance. An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been in place during the financial year up to the approval date of the Annual Report and Accounts. That process is regularly reviewed by the Board and accords with the Internal Control Guidance for Directors on the Combined Code. Except as detailed below, the Board considers that the Company has complied with the provisions set out in section I of the Combined Code throughout the year.

The Board of Directors

The Board of Directors currently comprises four executive directors, but does not include any non-executive Directors. The Directors are of the opinion that the present size of Total Systems plc does not justify the appointment of a separate Chairman and Chief Executive, or of non-executive Directors, but they will keep this policy under review. Biographies of the Board members appear on page 6. These indicate the high level and broad range of experience that they possess. The Board leads and controls the Company by taking responsibility for overall strategy, reviewing potential acquisitions and commercial partnership arrangements, approving major capital expenditure projects and giving consideration to significant financing matters. It reviews strategic direction, rolling annual budgets, progress against rolling half year and full year forecasts and long term strategies. The Board exercises tight management control and it has always been the philosophy of the Group that all significant decisions affecting the operations or financing of the business are taken by the whole Board. Evaluation of Directors performance is undertaken by the Board. In view of the size of the Board a more formal evaluation process is not considered necessary.

The Board has a standing agenda and a formal schedule of matters specifically reserved to it for decision.

Monthly management accounts are supplied to the Board, including rolling forecasts, key performance indicators and comparison with the previous year's performance. The Board papers will normally also include other documents which relate to matters included in the agenda in order to ensure that members of the Board are given the fullest opportunity for consideration of matters to be debated at meetings.

Scheduled monthly Board Meetings are held throughout the year with others as required. One scheduled meeting was not held. Five other meetings were held and Mr. Dutton did not attend four; Mr Harris did not attend one and Mr Weber did not attend three of those meetings.

Candidates for appointment to the Board are interviewed by the whole Board. Any appointments to the Board require unanimous approval of Directors in attendance at a formal Board Meeting. There is no Nominations Committee for appointments to the Board.

Any Director who at the date of the Annual General Meeting will have been in office for three years or more has to offer themselves for re-election.

There is no formal procedure for Directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense, but any Director is free to seek such advice as appropriate.

Directors' remuneration

Details of the Company's remuneration policy are contained in the Directors' Remuneration Report.

Relations with shareholders

Since the major interest in the Company is from small private investors a section of the Company's website is devoted to investor relations. A copy of the financial statements is placed on the Company's website www.totalsystems.co.uk. The Directors would welcome the opportunity to make presentations to institutions. The Annual General Meeting is used to provide investors with an update on the Group's strategy and progress. Shareholders are encouraged to attend the Annual General Meeting when members of the Board are always very pleased to answer questions.

Accountability and audit

The Board seeks to ensure that its Annual Report and Accounts and other public financial statements provide a clear assessment of the Group's position.

The need for an internal audit function has been reviewed by the Directors. It was decided that the current size of the Company combined with the tight financial and management control exercised by the Directors on a day to day basis negates such a need. The policy will be kept under review.

Audit and Remuneration Committees

It has not been the practice of Total Systems plc to have either an Audit Committee or a Remuneration Committee. The Directors consider remuneration levels to have been maintained at a modest level. The Directors consider that the small size of the Board is appropriate to a Group such as Total Systems plc and the Board as a whole has the appropriate experience and expertise to provide effective corporate governance in these areas.

External auditors

The appointment and re-appointment of external auditors requires unanimous approval of the Directors at a formal Board Meeting. The Board assesses annually the effectiveness of the external audit process. The external auditors did not provide any non-audit services in the year.

Compliance with the provisions of the Combined Code

Having reviewed the Group's corporate governance practices, the Directors consider that during the year they have complied throughout the accounting period with the code provisions set out in Section I of the Combined Code except for the following matters:

The role of Chairman and Chief Executive is combined.

There are no non-executive Directors.

There is no Audit, Remuneration or Nomination Committee.

There is no formal process for evaluation of Board members.

Going concern

The Directors confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Internal controls

The Directors are responsible for the Group's system of financial control. Although no system of internal financial control can provide absolute assurance of meeting internal control objectives, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. Channels of communication are available to enable staff to raise, in confidence, any concerns over financial reporting or other matters.

As might be expected in a Group of this size a key control procedure during the financial year was the day to day supervision of the business by the Directors. Internal control issues are reviewed at monthly Board Meetings.

T.P. Bourne
Chairman
30 June 2008

Directors' Remuneration Report

This report provides information on Directors' remuneration in accordance with the Directors' Remuneration Report Regulation's 2002 and to comply with provisions of the Combined Code. The auditors are required to report on some of the information in this report. Sections that are audited are identified within the report.

Directors' service contracts

All such contracts are rolling contracts and stipulate that either party must give not less than six months notice in writing. These contracts do not contain any further provision regarding compensation payable upon early termination of the contract. It is not the Company's policy to enter into fixed term Director's Service Contracts. Although there is no contractual entitlement to termination payments these are determined by the Board depending on the circumstances surrounding the termination and taking into account length of service and current remuneration where appropriate.

Directors' remuneration (Audited)

Year ended	T P Bourne	*C S R Fox	G W Harris	A P Weber	C N Dutton	Total
31 March 2008	£	£	£	£	£	£
Salary	110,000	79,323	100,000	100,000	100,000	489,323
Discretionary bonus	275	150	275	275	275	1,250
Private medical insurance	4,158	1,147	2,169	2,169	2,169	11,812
Life assurance	-	232	363	361	307	1,263
Pension contributions	-	7,423	-	-	-	7,423
Total	114,433	88,275	102,807	102,805	102,751	511,071

Year ended

31 March 2007

Total	117,695	101,960	103,036	103,036	102,802	528,529
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*C.S.R. Fox resigned on 4 July 2007. Under the terms of his service contract remuneration includes £50,000 salary and the cost of his benefits for the period subsequent to his resignation.

Remuneration policy

The Group's policy on executive Directors' remuneration is based on Directors' service contracts and the ability to supplement basic remuneration and benefits from profits earned. The Company seeks to ensure, and believes, that the remuneration packages it offers its executive Directors are fair and reasonable. The remuneration packages offered are competitive and are designed to motivate and retain executive Directors. In determining remuneration packages consideration is given to such packages that are offered by similar sized companies in our industry sector and the performance of the individual. Discretionary bonuses may be awarded dependent on Company performance. The Board believes that this provides a suitable balance between basic and enhanced remuneration. It is the Company's policy not to allow executive Directors' to accept appointments and retain payments from sources outside the Company.

Pension scheme

The pension contribution relates to a salary sacrifice arrangement to a personal Self Invested Pension Plan ("SIPP").

Long term incentives

It is the Company's policy to grant share options from time to time to the eligible members of the Board. The grant of the options, when made, is dependent on the performance of the individuals concerned, their length of service and current remuneration, the market value of the Company's shares at that time, and the need to retain their enthusiasm, support and future services. It is the policy of the Company not to grant any options at a price less than the market price of the shares when the grant is made. No change in that policy has been made or is currently anticipated. Option grants made during the year are shown in the following table.

Directors' Remuneration Report

Share options (Audited)

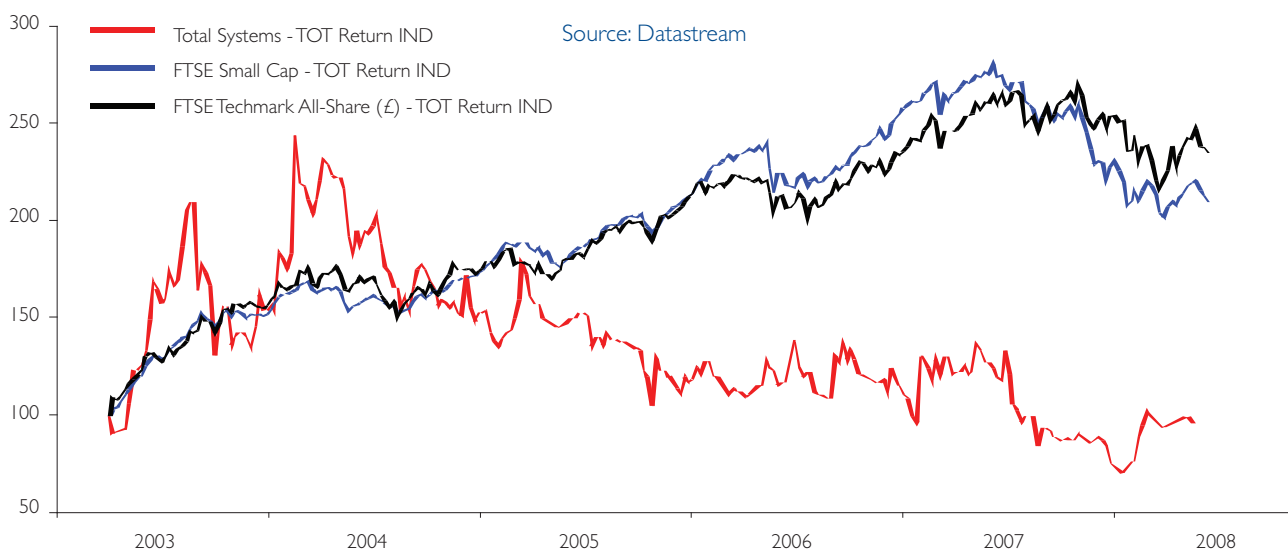
Details of options held by Directors in ordinary shares of Total Systems plc as at 31 March 2008 and movements during the period are shown below.

	Number of options				At 31 March 2008	Exercise price (p)	Date of Exercise	Date first Exercisable	Expiry Date
	At 1 April 2007	Granted	Exercised	Surrendered/ Lapsed					
G W Harris	240,960	-	-	-	240,960	41.5	-	11 Oct 08	11 Oct 15
	26,732	-	-	-	26,372	35.833	-	01 Mar 10	01 Sep 10
Total	267,332	-	-	-	267,332				
A P Weber	240,960	-	-	-	240,960	41.5	-	11 Oct 08	11 Oct 15
	45,698	-	-	-	45,698	35.833	-	01 Mar 12	01 Sep 12
Total	286,658	-	-	-	286,658				
C N Dutton	240,960	-	-	-	240,960	41.5	-	11 Oct 08	11 Oct 15
	26,372	-	-	-	26,372	35.833	-	01 Mar 10	01 Sep 10
Total	267,332	-	-	-	267,332				
C Fox	540,960	-	-	(540,960)	-				
	45,698	-	-	(45,698)	-				
Total	586,658	-	-	(586,658)	-				
Grand Total	1,407,980	-	-	(586,658)	821,322				

The market price of the ordinary shares at 31 March 2008 was 31.0p (2007: 40.0p), and the range during the year to that date was 23.5p to 44.5p (2007: 31.5p to 48.0p).

Total shareholder return

The graph below shows the total shareholder return for the five years to 31 March 2008 for Total Systems plc as compared to the FTSE TechMark Allshare index and the FTSE Small Cap index. These indices were chosen as the most appropriate comparative indices that have been available for the full five year period.



Approved by the Board of Directors and signed on behalf of the Board

G W Harris
Director and Secretary
30 June 2008

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Report of the Auditors, is made with a view to distinguishing for the shareholders the respective responsibilities of the Directors and Auditors in relation to the financial statements.

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare those financial statements in accordance with International Financial Reporting Standards ("IFRS") and have elected to prepare financial statements for the Company in accordance with IFRS. Company law requires the Directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

IAS 1: Presentation of Financial Statements requires that financial statements present fairly, for each financial year, the Group and the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses as set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances a fair presentation will be achieved by compliance with all applicable IFRS's.

In preparing those financial statements, the Directors are also required to:

- properly select and apply suitable accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions or other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group. They are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of the Directors Report and the Directors Remuneration Report which comply with the Companies Act 1985.

Financial information is published on the Company's website. The maintenance and integrity of the website is the responsibility of the Directors and the work carried out by the Auditors does not include consideration of these matters.

Approved by the Board of Directors on 30 June 2008

Signed on behalf of the Board of Directors

T P Bourne
Director

Independent Auditors' Report

Independent Auditors' Report to the members of Total Systems plc

We have audited the Group and Company's financial statements of Total Systems plc for the year ended 31 March 2008 which comprise the Consolidated Income Statement, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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 Directors and Auditors

As described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. They are also responsible for the preparation of the other information contained in the Annual Report including the Directors' Remuneration Report.

Our responsibility is to audit the financial statements and the parts of the Directors' Remuneration Report described as having been audited 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 whether the financial statements and the parts of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, 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 other transactions is not disclosed.

We review whether the Corporate Governance statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Financial Highlights, Chairman's Statement and the unaudited parts of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 and the parts of the Directors' Remuneration Report described as having been audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, 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 and the parts of the Directors' Remuneration Report described as having been audited 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 and the parts of the Directors' Remuneration Report described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with IFRS as adopted by the European Union of the state of affairs of the Group and Company as at 31 March 2008 and of the profit of the Group and Company for the year then ended;
- the financial statements and the parts of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985 and, as regards to the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Kingston Smith LLP
Chartered Accountants and Registered Auditors
London

30 June 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Note	2008 £	2007 £
Continuing operations			
Revenue	2	4,048,015	3,357,988
External charges		(130,525)	(354,257)
Staff costs	3	(3,025,664)	(3,022,274)
Depreciation		(142,055)	(117,906)
Share based payments		(25,423)	(28,560)
Other operating charges		(422,936)	(505,340)
Operating profit/(loss)	4	301,412	(670,349)
Interest receivable and similar income		129,178	140,626
Interest payable and similar charges		-	(283)
Profit/(loss) before taxation		430,590	(530,006)
Tax (payable)/credit	5	(115,793)	111,133
Profit/(loss) after taxation for the year		314,797	(418,873)
Basic earnings/(loss) per ordinary share	7	2.99p	(3.98)p
Diluted earnings/(loss) per ordinary share	7	2.99p	(3.98)p

There are no recognised income or expenses for the current and prior year other than as stated above. As a consequence a statement of recognised income and expenses is not presented.

All the Group's operations are undertaken by the Company. A separate Income Statement for the Company has not been presented as all the Group's income and expenses relate to the Company.

Consolidated Balance Sheet

At 31 March 2008

	Note	2008 £	2007 £
ASSETS			
Non-current assets			
Property, plant and equipment	8	921,181	1,040,102
Deferred tax assets	13	-	53,022
Total non-current assets		921,181	1,093,124
Current assets			
Trade and other receivables	10	1,627,666	845,810
Cash and cash equivalents	11	2,409,436	2,380,016
Total current assets		4,037,102	3,225,826
TOTAL ASSETS		4,958,283	4,318,950
LIABILITIES			
Current liabilities			
Trade and other payables	12	(826,369)	(590,027)
Current tax liabilities	5	(54,122)	-
Total current liabilities		(880,491)	(590,027)
Non-current liabilities			
Deferred tax liabilities	13	(8,649)	-
TOTAL LIABILITIES		(889,140)	(590,027)
NET ASSETS		4,069,143	3,728,923
SHAREHOLDERS EQUITY			
Issued share capital	16	525,978	525,978
Share premium	18	83,010	83,010
Retained earnings	18	3,407,337	3,077,875
Stock option reserve	18	52,818	42,060
TOTAL EQUITY	18	4,069,143	3,728,923

These financial statements were approved by the Board of Directors and authorised for issue on 30 June 2008

Signed on behalf of the Board of Directors

T P Bourne

G W Harris
Directors

Company Balance Sheet

At 31 March 2008

	Note	2008 £	2007 £
ASSETS			
Non-current assets			
Property, furniture and equipment	8	921,181	1,040,102
Investments	9	1,205	1,205
Deferred tax assets	13	-	53,022
Total non-current assets		922,386	1,094,329
Current assets			
Trade and other receivables	10	1,627,666	845,810
Cash at bank and in hand	11	2,409,436	2,380,016
Total current assets		4,037,102	3,225,826
TOTAL ASSETS		4,959,488	4,320,155
LIABILITIES			
Current liabilities			
Trade and other payables	12	(827,574)	(591,232)
Current tax liabilities	5	(54,122)	-
Total current liabilities		(881,696)	(591,232)
Non current liabilities			
Deferred tax liabilities	13	(8,649)	-
TOTAL LIABILITIES		(890,345)	(591,232)
NET ASSETS		4,069,143	3,728,923
SHAREHOLDERS EQUITY			
Issued share capital	16	525,978	525,978
Share premium	18	83,010	83,010
Retained earnings	18	3,407,337	3,077,875
Stock option reserve	18	52,818	42,060
TOTAL EQUITY	18	4,069,143	3,728,923

These financial statements were approved by the Board of Directors and authorised for issue on 30 June 2008

Signed on behalf of the Board of Directors

T P Bourne

G W Harris
Directors

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Note	2008		2007	
		£	£	£	£
Operating activities					
Cash received from customers		4,149,475		4,101,042	
Cash payments to suppliers		(833,114)		(987,877)	
Cash payments to employees		(1,705,056)		(1,787,743)	
Cash paid for PAYE and National Insurance		(1,084,266)		(1,118,556)	
Cash paid for VAT		(620,886)		(663,419)	
Other business payments		(33,940)		(45,869)	
Cash outflow from operating activities	15		(127,787)		(502,422)
Income taxes received/(paid)			52,567		(52,567)
Net cash outflow from operating activities			(75,220)		(554,989)
Cash flows from investing activities					
Interest received		129,178		140,626	
Receipts on sale of assets		-		327	
Purchase of plant and equipment		(24,538)		(335,934)	
Net cash inflow/(outflow) from investing activities			104,640		(194,981)
Cash flows from financing activities					
Interest paid		-		(283)	
Equity dividends paid		-		(94,676)	
Net cash outflow from financing activities			-		(94,959)
Net change in cash and cash equivalents			29,420		(844,929)
Opening cash and cash equivalents			2,380,016		3,224,945
Closing cash and cash equivalents			2,409,436		2,380,016

All the Group's operations are undertaken by the Company. A separate cash flow statement for the Company has not been presented as the Consolidated Cash Flow Statement relates entirely to the activities of the Company.

Notes to the Financial Statements

General information

Total Systems plc (the "Company") is incorporated and domiciled in the UK (registered number 1024277) and is listed on the London Stock Exchange. These consolidated financial statements include the Company and its subsidiaries (together the "Group").

I. Accounting policies

The principal accounting policies which have been applied are described below.

Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985. The financial statements are prepared under the historical cost convention. At the date of signing these financial statements there were a number of International Financial Reporting Standards and interpretations in issue but not yet effective. The Directors anticipate that the adoption of these standards and interpretations will have no material impact on the Group's financial statements or will not be relevant to the activities of the Group.

Revenue and profit recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and VAT. Provision is made for all foreseeable future losses.

The Group's main sources of income are recognized as follows:

Time & Materials

The revenue and profit of time and materials contracts for the supply of professional services at predetermined rates is recognised as and when the work is performed, irrespective of the duration of the contract. This policy applies to installation, consultancy, support and training which is chargeable on a time and materials basis.

Own software licenses and maintenance

The Group recognises revenue and profit from the sale of perpetual software licences when all the following conditions have been satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the licence;
- The Group retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the licences sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The revenue and profit for periodic software licences is recognised on a straight-line basis over the term of the contracted period.

The revenue and profit for transaction based software licences is recognised in the period during which the transaction took place.

With regard to Software Maintenance Agreements relating to Total's own software product revenue is recognised on a straight-line basis over the term of the maintenance agreement. Revenue not recognised in the Income Statement under this policy is classified as deferred income in the balance sheet.

Third party software licences & maintenance

Third party software licence revenue and profit is recognised on the same basis as own software licenses. With regard to Maintenance Agreements relating to third party software products revenue and profit are taken to the Income Statement when invoiced, providing that the start date of the contract falls within the financial year, since associated costs are not significant.

Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated to write off the cost of the individual asset, less estimated residual value, evenly over their estimated useful life, as follows:

Freehold land	Nil
Freehold buildings	2% per annum
Plant and equipment	10 to 20% per annum
Computer equipment	33% per annum

Notes to the Financial Statements

Deferred taxation

Deferred tax and assets are recognised using the liability method, in respect of all temporary timing differences between the tax base cost of the Group's assets and liabilities, and their carrying amounts in the financial statements that have originated but have not been reversed by the balance sheet date. The deferred tax is calculated using tax rates enacted or substantially enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset as they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current taxation

The taxation charge/credit for current tax is based on the results of the year, as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted by the balance sheet date.

Research & development

Research & development expenditure is expensed in the Income Statement as incurred.

Pensions

The Group operated a defined contribution pension scheme. Pension costs are expensed to the Income Statement as incurred. This scheme has now ceased.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all subsidiary undertakings ("subsidiaries") for the year ended 31 March 2008.

Trade and other receivables

Trade receivables are stated at original invoice amount less any allowances for uncollectable amounts. Bad debts are written off when identified. Other receivables are stated at cost.

Trade and other payables

Trade and other payables are stated at cost.

Interest income

Interest income is recognised as interest accrues.

Cash and cash equivalents

Cash and short term deposits at the balance sheet date comprise cash at bank and in hand and short term deposits with a maturity of three months or less. The Company does not hold short term deposits with a maturity date of more than one month.

Share based payments

Certain employees and Directors of the Group receive equity settled remuneration in the form of Company Share Options. The cost of equity settled transactions are measured by reference to the fair value at the date of grant of the option. Fair value is measured by the use of an appropriate model. The cost of equity settled transactions is expensed in the Income Statement on a straight line basis over the vesting period and is adjusted at each balance sheet date to take account of actual and expected level of vesting. The expensed amounts are credited to a Stock Option Reserve. Sums received in consideration for the options are credited to Share Premium.

Dividend payment

Dividends distributed to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which an interim dividend is declared and approved by the Board and the final declared dividend is approved by the Company's shareholders.

Key estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the year end and the reported amounts of revenue and expenses during the financial year. Actual results could differ from the original estimates and assumptions.

The Directors consider that there were no estimates and assumptions that have had a significant impact on the carrying value of assets and liabilities of the Group within the next financial year.

Notes to the Financial Statements

2. Segmental information

The revenue and profit are attributable to the provisions of the supply of computer software and supply of third party software, both with related support services. The origin and destination of revenue and profit are the same; wholly in the United Kingdom. A segmentation of major revenue streams is shown. All the Group's activities are undertaken from the same location and it is not possible to attribute some of the staff costs, other charges and property, plant and equipment to a particular revenue category. Accordingly, it is not practical to provide segmental information on operating profit and assets and liabilities.

	2008	2007
	£	£
Time & materials	3,368,243	2,507,853
Own software licences and maintenance	477,511	563,717
Third party software licences and maintenance	202,261	286,418
Total Revenue	4,048,015	3,357,988

3. Information regarding directors and employees

	2008	2007
	£	£
Directors' emoluments (excluding pension contributions)	503,648	523,330
Remuneration of the Highest Paid Director (excluding pension contributions)	114,433	112,496
	No.	No.
Number of Directors who are members of defined contribution schemes	0	1

The Chairman's pension contributions were £nil (2007: £5,199). No further contributions are payable under this scheme. Other pension contributions relate to a salary sacrifice arrangement to a personal Self Invested Pension Plan ("SIPP") for one Director. These contributions have now ceased. No pension contributions were made on behalf of the other Directors.

The disclosures on Directors' remuneration and share option schemes, as required by the Companies Act 1985 are set out in the Directors' Remuneration Report on pages 14 to 15 and form part of these audited financial statements.

Employees' costs during year:	2008	2007
	£	£
Wages and salaries	2,662,294	2,660,489
Social security costs	306,919	307,453
Pensions	7,423	5,199
Other employee benefit costs	49,028	49,133
	3,025,664	3,022,274

Average number of persons employed	No.	No.
Administration	4	4
Technical	42	43
Sales	6	8
	52	55

Notes to the Financial Statements

4. Operating profit/(loss)

	2008 £	2007 £
Operating profit/(loss) is after charging:		
Auditors' remuneration	11,800	11,500
Research and development	380,584	528,984
Depreciation of property, plant and equipment	142,055	117,906

The auditors did not receive any fees in respect of non audit services for the year ended 31 March 2008 (2007: £nil).

5. Taxation

	2008 £	2007 £
Current tax charge/(credit):		
Current tax charge/(credit) for the year	54,122	(52,567)
Deferred tax charge/(credit)	61,671	(58,566)
Total taxation charge/(credit)	115,793	(111,133)

Reconciliation of total tax charge/(credit) for the year

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30%. The current year tax charge for the year is less than 30% for the reasons set out in the following reconciliation.

	2008 £	2007 £
Profit/(loss) before tax	430,590	(530,006)
Tax on profit/(loss) at standard rate	129,177	(159,002)
Factors affecting charge/(credit):		
Small companies marginal relief	(27,061)	36,941
Disallowable expenses, including non-qualifying depreciation	20,182	10,928
Other timing differences	(6,505)	-
Total taxation charge/(credit)	115,793	(111,133)

Notes to the Financial Statements

6. Dividends

	2008 £	2007 £
Dividends paid	-	94,676

No dividend is proposed in respect of the financial year ended 31st March 2008.

7. Earnings/(loss) per ordinary share (“EPS”)

The calculation of basic earnings per ordinary share is based on a profit after taxation of £314,797 (2007: loss £418,873) and on 10,519,553 ordinary shares being the average weighted number in issue during the year ended 31 March 2008 (2007: 10,519,553). For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume issue of all dilutive potential ordinary shares being those share options granted to employees where the exercise price is less than the average fair value price of the Company's ordinary shares during the year.

	Profit (Numerator)		Shares (Denominator)		Per-share Amount Pence	
	2008 £	2007 £	2008 No.	2007 No.	2008	2007
Basic EPS						
Profit/(loss) attributable to ordinary shareholders	314,797	(418,873)	10,519,553	10,519,553	2.99p	(3.98)p
Effect of dilutive potential ordinary shares						
Options outstanding			1,347,593	1,982,810		
Less: Number of shares under option calculated at fair value			(1,347,593)	(1,982,810)		
Diluted EPS						
Profit/(loss) attributable to ordinary shareholders and assumed conversions	314,797	(418,873)	10,519,553	10,519,553	2.99p	(3.98)p

All potential ordinary shares at 31 March 2007 and 2008 were anti-dilutive.

Notes to the Financial Statements

8. Property, plant and equipment

Group & Company	Freehold property £	Plant and equipment £	Total £
Cost			
At 1 April 2006	742,271	821,856	1,564,127
Additions	-	335,934	335,934
Disposals	-	(201,829)	(201,829)
At 31 March 2007	742,271	955,961	1,698,232
Additions	-	24,538	24,538
Disposals	-	(25,429)	(25,429)
At 31 March 2008	742,271	955,070	1,697,341

Accumulated depreciation

At 1 April 2006	190,000	552,053	742,053
Charge for the year	10,000	107,906	117,906
Disposals	-	(201,829)	(201,829)
At 31 March 2007	200,000	458,130	658,130
Charge for the year	10,000	132,055	142,055
Disposals	-	(24,025)	(24,025)
At 31 March 2008	210,000	566,160	776,160

Carrying value

At 1 April 2006	552,271	269,803	822,074
At 31 March 2007	542,271	497,831	1,040,102
At 31 March 2008	532,271	388,910	921,181

Freehold land with a cost of £242,000 (2007: £242,000) is included in freehold property of the Group and Company.

Notes to the Financial Statements

9. Investments

The Company has the following investments in subsidiaries:	2008	2007
	£	£
Ordinary shares of £1 each at cost		
Total Systems (Western) Ltd (dormant)	1,000	1,000
Total Computing Ltd (dormant)	100	100
Total Selection Ltd (dormant)	2	2
Total Software Ltd (dormant)	100	100
Exsys Ltd (dormant)	3	3
Total	1,205	1,205

All are wholly owned subsidiaries incorporated in Great Britain and registered in England and Wales. At 31 March 2008, an amount of £1,205 was owed by the Company to the subsidiaries. This is included in the creditors of the Company disclosed in note 12.

10. Trade and other receivables

Group & Company	2008	2007
	£	£
Trade receivables	1,480,127	665,095
Other receivables	14,165	75,906
Prepayments	133,374	104,809
Total	1,627,666	845,810

No provision has been considered necessary for uncollectible receivables.

11. Financial instruments

The Company's funding policy is to finance itself solely through cash. The Company policy for the treatment of cash is to hold the majority in monthly money market deposits and a daily business call account with the remainder held in a normal bank current account to facilitate the day to day running of the business. The Company does not use derivatives. The fair value of the cash balance at the year end is equal to the book value in the financial statements. All cash is held in sterling. The Group has taken advantage of the permitted exemptions to exclude all disclosures relating to short term debtors and creditors. At 31 March 2008 £2,100,000 of bank balances were held in fixed interest deposits at current monthly money market rates (2007: £2,200,000). The remainder of bank balances were held in accounts which were subject to floating rates of interest.

12. Trade and other payables

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Other taxes and social security	214,459	149,114	214,459	149,114
Accruals and other creditors	236,444	195,104	237,649	196,309
Deferred income	375,466	245,809	375,466	245,809
Total	826,369	590,027	827,574	591,232

Notes to the Financial Statements

13. Deferred taxation

Group & Company

Deferred tax assets	Accelerated tax depreciation £	Tax losses £	Share based payments £	Total £
As at 1 April 2006	-	-	-	-
Transfer from deferred tax liabilities (Charged)/credited to income statement	(9,189) (20,881)	- 71,736	3,645 7,711	(5,544) 58,566
As at 31 March 2007	(30,070)	71,736	11,356	53,022
Transfer to deferred tax liabilities (Charged)/credited to income statement	30,070 -	- (71,736)	(11,356) -	18,714 (71,736)
At 31 March 2008	-	-	-	-

There are no deferred tax assets at 31 March 2008.

Deferred tax liabilities	Accelerated tax depreciation £	Share based payments £	Total £
As at 1st April 2006	9,189	(3,645)	5,544
Transfer to deferred tax assets	(9,189)	3,645	(5,544)
At 31 March 2007	-	-	-
Transfer from deferred tax assets Credited to income statement	30,070 (6,632)	(11,356) (3,433)	18,714 (10,065)
At 31 March 2008	23,438	(14,789)	8,649

14. Financial commitments

	2008 £	2007 £
Capital commitments contracted but not provided for	3,535	2,216

The Group does not have any operating lease commitments.

15. Notes to the cash flow statement

Reconciliation of operating profit/(loss) to net cash outflow from operating activities

	2008 £	2007 £
Operating profit/(loss)	301,412	(670,349)
Depreciation charges	142,055	117,906
(Increase)/decrease in receivables	(834,423)	60,509
Increase/(decrease) in payables	236,342	(38,721)
Loss/(profit) on sale of assets	1,404	(327)
Charge for share based payments	25,423	28,560
Net cash outflow from operating activities	(127,787)	(502,422)

Notes to the Financial Statements

16. Issued share capital

	2008 £	2007 £
Authorised - 100,000,000 ordinary shares of 5p each	5,000,000	5,000,000
Called up, allotted and fully paid 10,519,553 (2007: 10,519,553) ordinary shares of 5p each	525,978	525,978

17. Share option schemes

The Company operates various equity settled share option schemes for certain employees. No employee share options were exercised during the year. No share options were surrendered or exercised during the year. Options over 635,217 shares lapsed during the year.

Employee share option scheme

This scheme has now ceased and the options shown below in respect of the Company's ordinary shares have lapsed.

Date granted	Number of shares	Exercise price	Exercisable after
18 August 1997	27,463	58.5p	18 August 2000
Balance 1 April 2007	27,463		
Lapsed during the year	(27,463)		
Balance 31 March 2008	-		

Executive Management Incentive plan ("EMI")

The Company has granted the following options under its HMRC approved Executive Management Incentive Plan in respect of its ordinary shares which have not lapsed or been exercised.

The options granted under the EMI plan are exercisable not earlier than 3 years from date of grant and in the following proportions: 50% when the share price is greater than 150p, 75% when the share price is greater than 200p and 100% when the share price is greater than 250p. All options lapse on the tenth anniversary of the date of grant.

Date granted	Number of shares	Exercise price	Exercisable after
11 October 2005	1,204,800	41.5p	11 October 2008
Balance 1 April 2007	1,204,800		
Lapsed during the year	(240,960)		
Balance 31 March 2008	963,840		

Unapproved share option scheme

All options under the Company's Unapproved Share Option Scheme in respect of its ordinary shares have lapsed.

Date granted	Number of shares	Exercise price	Exercisable after
11 October 2005	300,000	41.5p	11 October 2008
Balance 1 April 2007	300,000		
Lapsed during the year	(300,000)		
Balance 31 March 2008	-		

The fair value of the EMI and the unapproved options was calculated using a trinomial barrier model based on the following assumptions:

	4 years	6 years	8 years
Expected life			
Volatility	40.6%	36.1%	37.7%
Interest rate	4.0%	4.0%	4.0%
Dividend yield	4.0%	4.0%	4.0%
Barrier	150p	200p	250p
Fair value	8.0p	11.0p	11.0p

Notes to the Financial Statements

17. Share option schemes - continued

The weighted average fair value of share options granted under the EMI and unapproved schemes was estimated at the date of grant as 9.56p per share.

The volatility is calculated on a statistical analysis of the daily share price over the corresponding previous periods.

Savings related share option (SAYE) scheme

The Company has granted the following options under its SAYE scheme in respect of its ordinary shares which have not lapsed or been exercised.

Options granted to Directors and employees under the SAYE Scheme are as follows:

Date granted	Number of shares	Exercise price	Exercisable after
29 January 2007	450,547	35.833p	1 March 2010
Balance 1 April 2007	450,547		
Lapsed during the year	(66,794)		
Balance 31 March 2008	383,753		

The options granted under the HMRC approved SAYE scheme are exercisable after 3 or 5 years. Employees enter into a contract to make monthly contributions to a savings plan over the relevant period. At the end of the period the value of the plan is used to fund the exercise of the option. The scheme is open to all employees.

The fair value of the options was calculated using a trinomial model based on the following assumptions:

Expected life	3 year exercise	5 year exercise
Volatility	24.3%	25.2%
Interest rate	5.5%	5.5%
Dividend yield	0%	0%
Fair value	8.6p	11.7p

The volatility is calculated on a statistical analysis of the daily share price over the corresponding previous periods.

The weighted fair value of share options during the year of grant was estimated at the date of grant as 7.65p per share.

Company Share Option Plan ("CSOP") 2008

Subsequent to the year end, the Company received HMRC approval to the Total Systems plc Company Share Option Plan ("CSOP") 2008. A summary of the principal features of this "CSOP" are produced in the notes to the Notice of Annual General Meeting which are attached to these financial statements. This "CSOP" is subject to shareholders' approval at the Annual General Meeting on 11 August 2008. At the date of the approval of these financial statements, the number of shares over which options have been accepted by employees under the Plan amounted to 490,000. The exercise price of these options is 32.17p.

18. Changes in Company and consolidated equity shareholders' funds

	Issued share capital £	Share premium £	Retained earnings £	Stock option reserve £	Total equity £
As at 1 April 2006	525,978	83,010	3,591,424	13,500	4,213,912
Loss after tax for the year	-	-	(418,873)	-	(418,873)
Final dividend paid	-	-	(94,676)	-	(94,676)
Share based payments	-	-	-	28,560	28,560
As at 31 March 2007	525,978	83,010	3,077,875	42,060	3,728,923
Profit after tax for the year	-	-	314,797	-	314,797
Share options lapsed	-	-	14,665	(14,665)	-
Share based payments	-	-	-	25,423	25,423
As at 31 March 2008	525,978	83,010	3,407,337	52,818	4,069,143

Notice of Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of TOTAL SYSTEMS plc will be held at 394 City Road, London EC1V 2QA on Monday 11 August 2008 at 10.00 a.m. for the following purposes:

1. To receive the Company's financial statements for the year ended 31 March 2008 together with the reports of the Directors and Auditors thereon.
2. To approve the Directors' Remuneration Report.
3. To re-appoint Kingston Smith LLP as Auditors and to authorise the Directors to fix their remuneration.
4. To unconditionally authorise the Board of Directors for the purposes of Section 80, Companies Act 1985, to allot shares up to the amount of 3,506,517 shares at any time or times during the period of five years from the date of this resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board of Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

As special business, to consider and, if thought fit, pass the following ordinary resolution, which will be proposed:

5. That the Company approves and authorises the Directors of the Company to adopt the Total Systems plc Company Share Option Plan 2008 (CSOP Scheme approved under Schedule 4 Income Tax (Earnings and Pensions) Act 2003) the rules of which are produced to the meeting and signed by the Chairman for the purposes of identification and a summary of which are set out in note 5, and authorises the Directors to make such modifications to the CSOP Scheme as they consider necessary in order to obtain the approval of the HMRC, to take account of listing rules or to obtain the best taxation treatment for the Company and their employees, and to do all such acts as are necessary and expedient to give effect to the CSOP Scheme and to such modifications.

As special business, to consider and, if thought fit, pass the following special resolutions, which will be proposed:

6. That subject to the passing of resolution 4 the Directors be and they are hereby empowered, during the period expiring on the earlier of 11th November 2009 and the date of the Company's Annual General Meeting to be held in 2009, to allot or make offers or agreements to allot equity securities (as defined in Section 94 of the Companies Act 1985 ("the Act")) pursuant to the authority for the purposes of Section 80 of the Act conferred by the said resolution as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the:
 - 6.1 allotment of equity securities having a nominal value up to £175,326 (representing 3,506,517 ordinary shares) in connection with a rights issue in favour of the holders of relevant shares and relevant employee shares, or in connection with any other form of issue of such securities in which such holders are offered the right to participate, in proportion (as nearly as may be) to their respective holdings but subject to such exclusions or other arrangements as the Directors consider necessary or expedient in connection with shares representing fractional entitlements or on account of either legal or practical problems arising in connection with the laws of any territory, or of the requirements of any generally recognised regulatory body or stock exchange in any territory; and
 - 6.2 allotment (otherwise than pursuant to sub-paragraph 6.1 above) of equity securities up to an aggregate nominal value of £26,299 representing 525,977 shares, equivalent to 5% of the issued share capital of the Company as at 31 March 2008.
7. That the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 to make market purchases (within the meaning of Section 163 of the Companies Act 1985) of shares in the capital of the Company ("shares") provided that:
 - 7.1 the maximum aggregate number of shares hereby authorised to be purchased is 1,051,955 representing 10% of the Company's Issued Ordinary Share Capital at the date of this Notice of Annual General Meeting.
 - 7.2 the maximum price which will be paid for a share is an amount equal to 105% of the average middle market quotation for a share (as derived from the London Stock Exchange Daily Official List) for the ten dealing days immediately preceding the day on which the share is purchased, exclusive of expenses.
 - 7.3 the minimum price which may be paid for a share is its nominal value, exclusive of expenses.
 - 7.4 the authority hereby conferred shall expire fifteen months after the date on which the resolution is passed, or if earlier, at the conclusion of the next Annual General Meeting of the Company, unless such authority is renewed prior to such time.
 - 7.5 the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority, which will or maybe executed wholly or partly after the expiry of such authority and may make a purchase of shares in pursuance of such a contract.

By order of the Board

G W Harris
Secretary

TOTAL SYSTEMS plc, 394 City Road, London, EC1V 2QA
30 June 2008

Notice of Annual General Meeting

NOTE

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2002, specifies that only those shareholders registered in the register of members of the Company as at 4.30 p.m. on Friday 8 August 2008 shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 4.30 p.m. on Friday 8 August 2008 shall be disregarded in determining the rights of any person to attend or vote at the meeting notwithstanding any provisions in any enactment, Articles of Association or other instrument to the contrary.
2. Any member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed. Completion and return of the form of proxy will not preclude a member from attending and voting in person.

A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by you may result in the appointment being invalid.

3. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in note 2 does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the Company.

4. Copies of Directors' service contracts will be available for inspection at the registered office of the Company, 394 City Road, London EC1V 2QA, during business hours on any weekday from the date of this notice until the conclusion of the Annual General Meeting.

5. Corporate representatives

In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the Annual General Meeting so that:

- (a) if a corporate member has appointed the Chairman of the Annual General Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Annual General Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote or withhold a vote as corporate representative in accordance with those directions; and
- (b) if more than one corporate representative for the same corporate member attends the Annual General Meeting but the corporate member has not appointed the Chairman of the Annual General Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - www.icsa.org.uk - for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (a) above. **The Institute of Chartered Secretaries and Administrators recommends the use of multiple proxies wherever possible in favour of corporate representatives.**

6. Resolutions 4, 5 and 6 are enabling resolutions. With the exception of shares to be issued in respect of share options exercised and, save in relation to any future acquisitions that the Company may effect, the Directors have no current intention of exercising such authority in relation to any of these resolutions.

Resolution 4 will provide for the Directors to be able to allot ordinary shares up to an aggregate nominal value of £175,326 representing 33.33% of the issued share capital as at 31 March 2008. The authority will expire in five years time on 11 August 2013.

Section 89 of the Companies Act 1985 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid up in cash, other than an allotment to employees under an employee share scheme) applies to the authorised but unissued and uncommitted share capital except to the extent disapplied by the Company in General Meeting by a special resolution. Resolution 5 contains such a disapplication and will allow the issue of equity securities having an aggregate nominal value of up to £175,326 (representing 3,506,517 ordinary shares), 33.33% of the issued share capital of the Company as at 31 March 2008 on rights issues and other issues pro rata to existing entitlements, and the issue for cash otherwise than pro rata to existing entitlement of equity securities having an aggregate nominal value of up to £26,299 (representing 525,977 ordinary shares, 5% of the issued share capital of the Company as at 31 March 2008). The authority given by the resolution expires on the day of the Company's Annual General Meeting in 2008 or, if earlier, 11 November 2008 (although the Directors may allot equity securities after the authority expires pursuant to an agreement or offer made before the expiry date).

Notice of Annual General Meeting

7. The following is a summary of the principal features of the CSOP Scheme.
- 7.1 Eligibility
Any Director of any Constituent Company who is required to devote to his duties not less than 25 hours per week (excluding meal breaks) or any employee (other than one who is a Director) of any Constituent Company, provided that the Director or employee is not precluded by paragraph 9 of Schedule 4 of The Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003) from participating in the Scheme.
- 7.2 Grant of Options
Not later than the twenty-first day following the issue of invitations the Board may grant to each applicant who is still an Eligible Employee an Option over the number of shares specified in his application.
As soon as possible after Options have been granted the Board shall issue an option certificate in respect of each Option.
No Option may be transferred, assigned or charged and any purported transfer, assignment or charge shall cause the Option to lapse forthwith. Each option certificate shall carry a statement to this effect.
- 7.3 Exercise Price
On any day the average of the middle market quotations of a share as derived from the Daily Official List of The Stock Exchange for the three immediately preceding Dealing Days to the date of the invitation to apply for options.
- 7.4 Limit on share capital
- 7.4.1 No Options shall be granted if such grant would result in the aggregate of:
- the number of shares over which Subsisting Options have been granted under this Scheme and
 - the number of shares which have been issued on the exercise of Options granted under this scheme and
 - the number of shares over which Subsisting Options have been granted under any other share option scheme during the period of 10 years ending on the relevant Date of Grant and
 - the number of shares which have been issued pursuant to any other employee share scheme (including a share option scheme) during the period of 10 years ending on the relevant Date of Grant exceeding 2,500,000 shares.
- 7.4.2 Any option granted to an Eligible Employee shall be limited and take effect so that the aggregate Market Value of shares subject to that Option, when aggregated with the Market Value of shares subject to Subsisting Options, shall not exceed £30,000.
- 7.4.3 For the purposes of 7.4.2 above Options shall include all Options granted under this Scheme and all options granted under any other scheme, not being a savings-related share option scheme, approved under Schedule 4 and established by the Company or any Associated Company thereof.
- 7.5 Exercise of options
Any Option which has not lapsed may be exercised in whole or in part at any time following the earliest of the following events:
- the third anniversary of the Date of Grant.
 - the death of the Option Holder.
 - the Option Holder ceasing to be a Director or employee of any Constituent Company by reason of injury, disability, redundancy within the meaning of the Employment Rights Act 1996 or retirement on or after reaching the Specified Age.
- 7.6 Lapse of options
An Option shall lapse on the earliest of the following events:
- the tenth anniversary of the Date of the Grant.
 - the first anniversary of the Option Holder's death.
 - six months following the Option Holder ceasing to be a Director or employee of any Constituent Company, other than by reason of his death.
 - the Option Holder being adjudicated bankrupt.
- 7.7 Amendments and general
The Board may at any time amend the rules of the CSOP Scheme, without reference to the shareholders, in order to obtain or maintain HM Revenue and Customs approval or comply with legislation or to maintain favourable taxation treatment for the Company or any participant. No amendments shall have effect without the prior approval of the HM Revenue and Customs. Any other amendments shall require the authorisation of the shareholders.

Total Systems plc - Form of Proxy

Proxy for use at the Annual General Meeting of Total Systems plc to be held on 11 August 2008 at 10.00 a.m.

I/We _____

(BLOCK LETTERS PLEASE)

of _____

being (a) member(s) of Total Systems plc, hereby appoint the Chairman of the meeting

OR (see note (e)) _____

of _____

as my/our proxy to act on my/our behalf and to vote for me/us as indicated below at the Annual General Meeting of the Company to be held on 11 August 2008 and at any adjournment thereof.

Please indicate how you wish your vote to be cast by placing an "X" in the appropriate box below. The numbering of the resolution follows that contained in the notice of meeting. If no indication is given, your proxy will vote or abstain at their discretion. On any motion to amend the resolution or to adjourn the meeting, the proxy will act at their discretion.

Resolution	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Special Resolution 6		
Special Resolution 7		

Signature _____

Date _____ 2008

Notes:

- (a) In the case of a corporation, this form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
- (b) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members.
- (c) To be valid, this form of proxy and the power of attorney, if any, under which it is signed or a notarially certified or office copy thereof should reach the Company's registrars at the address overleaf no later than 48 hours before the meeting.
- (d) A proxy need not be a member of the Company, but must attend the meeting in person to represent you.
- (e) If you desire to appoint a proxy other than the Chairman of the meeting, please insert the name and address and delete "the Chairman of the meeting".
- (f) A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of those held by you may result in the appointment being invalid.
- (g) Completion of this Form of Proxy does not preclude you from attending the meeting and voting in person.

SECOND FOLD

BUSINESS REPLY SERVICE
Licence No. MB122



**CAPITA REGISTRARS
(PROXIES)
P O BOX 25
BECKENHAM
KENT BR3 4BR**

FIRST FOLD

THIRD FOLD



Financial Calendar

Interim Management Statement – 1st quarter to 30 June 2008	August 2008
Annual General Meeting	11 August 2008
Interim Report for the six months to 30 September 2008	November 2008
Interim 2008/09 dividend: (if declared)	
Record date	December 2008
Payment date	February 2009
Interim Management Statement – 3rd quarter to 31 December 2008	February 2009
Final 2008/09 dividend: (if declared)	
Record date	July 2009
Payment date	September 2009
Preliminary announcement for the year ending 31 March 2009	July 2009

**“Your trusted partner
for a challenging
market”**

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**Total Systems plc**