

## TOTVS RELEASES RECORD HIGH REVENUE AND EBITDA IN 9M06 AND 370 NEW CLIENTS IN 3Q06

São Paulo, November 9, 2006 - TOTVS S.A. (BOVESPA: TOTS3), leader in the development and marketing of enterprise application software and the provision of related services for small and medium businesses in Brazil and Latin America, announces today its results for the third quarter of 2006. The Company's consolidated financial statements are presented in line with Brazilian Corporate Law. *Whenever stated, the information herein is presented on a pro forma basis, including the figures of RM Sistemas and Logocenter since January, 2005, in order to ensure valid comparisons.*

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### Conference Call

**Date:**  
 Friday, November 10, 2006

**Time:**  
 > Portuguese (BR GAAP)  
 12:00 pm (US ET)  
 Phone: + 55 (11) 2101-4848  
 Replay: + 55 (11) 2101-4848  
 Code: TOTVS  
 webcast: [www.totvs.com.br/ri](http://www.totvs.com.br/ri)

> English (BR GAAP)  
 10:30 am (US ET)  
 Phone: +1 (973) 582 2770  
 Replay: +1 (973) 341 3080  
 Code: 8018404  
 webcast: [www.totvs.com.br/ir](http://www.totvs.com.br/ir)

### HIGHLIGHTS

- ➊ **Gross Revenue from Services** moved up 21.6% in 3Q06, when compared to the *pro forma* Gross Revenues recorded in the same period in 2005.
- ➋ **Year-to-date Net Revenue** totaled R\$ 275.2 million, 20.0% up on the 9M05. In the third quarter, Net Revenue increased 17.2% quarter-on-quarter.
- ➌ **Adjusted Net Income** reached R\$12.986 million, up by 28.0% compared to the prior quarter. Year-to-date, net result recorded a 42.7% growth and totaled R\$ 41.908 million versus 9M05.
- ➍ The Company acquired **63 new corporate model clients** in the third quarter, 53.7% more than the 41 acquired in the 3Q05.
- ➎ **New software clients** came to **370** in the 3Q06, 28.5% up on the 338 acquired in the 3Q05, bringing the year-to-date total to **1,065**.
- ➏ **Adjusted 9M06 EBITDA** climbed 19.4% year-on-year to R\$ 50.6 million, accompanied by an EBITDA Margin of 18.4%, which remained fairly stable, when compared to the same period in 2005.
- ➐ According to IDC, TOTVS achieved a **1H06 Market Share** of **51.5%** among small and medium businesses in Brazil.
- ➑ **Microsiga México Gross Revenues** is up by 60.6%, when compared to the same period in the prior year, recording R\$ 11.998 million in the 9M06.

Consolidated Financial Highlights (In R\$ Thousands)*	3Q06	3Q05 <sup>(1)</sup>	Change (3Q06/3Q05)	9M06 <sup>(1)</sup>	9M05 <sup>(1) (2)</sup>	Change (9M06/9M05)
Net Revenue	94,370	80,530	17.2%	275,185	229,252	20.0%
Adjusted EBITDA <sup>(2)</sup>	15,660	14,059	11.4%	50,648	42,410	19.4%
EBITDA Margin	16.6%	18.3%	-1.7 pp	18.4%	18.5%	- 0.1 pp
Adjusted Net Income <sup>(3)</sup>	12,986	10,145	28.0%	41,908	29,363	42.7%

(1) In order to ensure valid comparisons 1Q06 and 2005 values are pro forma, since they include the figures of RM Sistemas and Logocenter for the periods in question. RM Sistemas was acquired in Abril/06 and Logocenter in February/05. These pro forma figures aim at easing comparison of the Company's results.

(2) Pursuant to CVM Official Letter 1/2005, EBITDA is defined as earnings before net financial expenses, income tax and social contribution and non-operating result. Adjusted EBITDA is EBITDA less non-recurring expenses arising from Company's IPO and RM Sistemas S.A acquisition.

(3) Adjusted Net Income represents Net Income excluding the effect of Non-recurring Expenses and amortization expenses related to the acquisitions of Logocenter and RM sistemas. Thus, Adjusted Net Income can be analyzed as the net result from the Company's regular operations.

## RECENT EVENTS

### ● IDC Study Reveals Increase in TOTVS' Market Share

In September/06, IDC - International Data Corporation - published a study showing that TOTVS had increased its 1H06 market share of the Latin American ERP market for small and medium businesses by 7 percentage points over the same period in 2005. In Brazil, the Company's market share for the same segment was 51.5%.

### ● RM Sistemas Awarded "Best Software Company" by Info 200

RM Sistemas was chosen the best company in the software category by Info 200 magazine, published by Editora Abril. This is the third year in a row (2004, 2005 and 2006) that RM Sistemas has won this award.

## MARKET UPDATE

### ● IDC Announces Semiannual Market Share

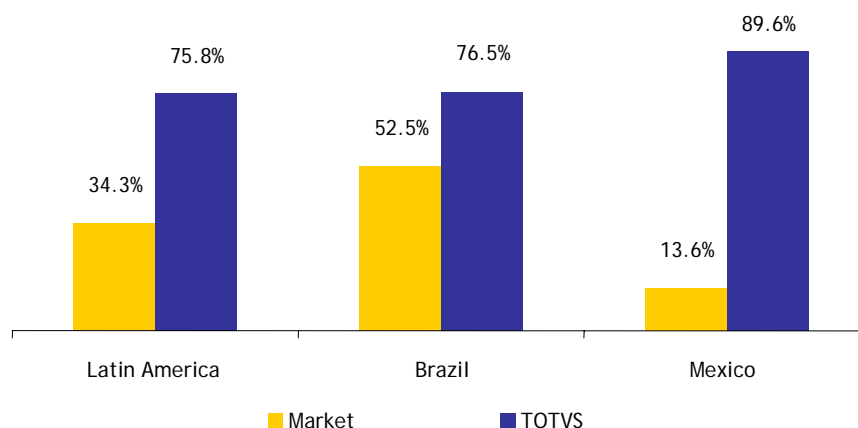
In the third quarter, the IDC's *Latin America Semiannual ERM Applications Tracker* published details on regional ERP market shares showing TOTVS as the outright SMB segment leader both in Brazil and in Latin America, where the Company reached a market share of 24.1%, also in the SMB.

In the first half of 2006, TOTVS' share of the Latin American market moved up to 12.0%, versus 10.0% in the same period in 2005 and 10.1% in the 2H05.

In the specific case of small and medium businesses (SMB), TOTVS' share in Brazil came to 44.5% and 42.3%, respectively, in the 1H05 and 2H05. In the 1H06, its share of new license sales and maintenance moved up to 51.5%.

The chart below shows that the Company outgrew the leading Latin American SMB markets between the 1H05 and 1H06, which translated into market share gains. The highlight was the Company's Mexican operation, whose period growth was 6.6 times higher than that of the market.

License Sales and Maintenance Growth - SMB - 1H06 x 1SH5 (in US\$)



Source: IDC - *Latin America Semiannual ERM Applications Tracker 1H06*

According to same publication, the share of manufacturing companies in TOTVS' total gross license fee and maintenance revenue climbed from 37.4% in the first half of 2005 to 48.0% in the same period in 2006. The Company believes that in the current economic scenario, with stable inflation and interest rates falling, manufacturers will be more willing to borrow in order to invest in boosting productivity, reflecting in higher expenditures in machinery and ERP systems.

By analyzing some first-half economic indicators, we can see increased expenditure on fixed capital, including capital goods. The ratio between national gross fixed capital formation (GFCF) and GDP, both in nominal terms, increased by 0.6 p.p. between the 1H05 and 1H06. TOTVS believes that investing in enterprise management software is the same as investing in capital goods, since such software adds technology to the productive process, helping to increase production capacity. Thus, the Company views the increase in GFCF, easier and cheaper borrowing via new financing mechanisms (e.g. Cartão BNDES, BNDES credit for capital goods investments by small and medium businesses) and stable inflation as extremely favorable for business in the SMB segment.

Period	1H06	1H05
Accumulated IGP-M in the period	2.1%	2.7%
Monthly Selic Interest Rate (average in the period)	1.3%	1.4%
Selic Interest Rate / COPOM - end of the period	14.8%	19.8%
GFCF/GDP Ratio	20.5%	19.9%

Sources: Fundação Getúlio Vargas, Brazilian Central Bank, IBGE

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## OPERATING PERFORMANCE

Operating Performance	3Q06	3Q05 <sup>(1)</sup>	Change (3Q06/3Q05)	9M06 <sup>(1)</sup>	9M05 <sup>(1) (2)</sup>	Change (9M06/9M05)
# New Clients	370	288	28.5%	1,065	874	21.9%
# Base Sales	1,120	1,134	-1.2%	3,434	3,612	-4.9%
# New Clients in Corporate Model	63	41	53.7%	196	128	53.1%
License Fee / New Client (R\$)	28,166	27,719	1.6%	27,493	24,258	13.3%
License Fee / Base Client (R\$)	12,125	9,232	31.3%	12,711	9,091	39.8%
License Fee / New Corporate Client (R\$)	28,202	36,698	-23.2%	29,332	38,787	-24.4%
License Fee / New Traditional Client (R\$)	28,158	26,228	7.4%	27,078	21,765	24.4%

(1) Pro forma figures, including those of RM Sistemas, acquired in April/06, for the period in question.

(2) Pro forma figures of Logocenter for January/05, given that this company was acquired in February/05.

The Company's number of active clients, defined as those with a help-desk and a maintenance contracts, exceeded the 15,000 mark in the 2H06.

TOTVS acquired 370 new software clients in the third quarter, 28.5% more than in the 3Q05, and 1,065 in the first nine months, 21.9% up year-on-year. The average year-to-date new client sales value grew by 13.3% over the same period in the previous year.

The Company recorded 63 new clients to the corporate model in the quarter, 53.7% more than such additions in the 3Q05. The average value of these license sales registered a quarter-on-quarter decline of 23.2% due to the adoption of this model by smaller-scale clients. Such behavior in average value of these license sales was already observed in 2Q06 vs 2Q05 comparison and the reason for such sequential decrease is due to the adoption of this sales model to smaller companies. On the other hand, such companies have greater growth potential and are consequently more likely to contribute to recurring revenue.

Despite the 1.2% dip in the number of license sales to base clients over the 3Q05, the average sales value increased by 31.3%. In year-to-date terms, the average sales value to base clients jumped by 39.8%.

## FINANCIAL PERFORMANCE

All figures and changes referring to the 3Q05 and 9M06 are expressed on a pro forma base, since RM Sistemas S.A. and Logocenter were acquired in April/06 and February/05 respectively.

### Gross and Net Revenue

Breakdown of Gross Revenue from Sales and Services (In R\$ Thousands)	3Q06	3Q05 <sup>(1)</sup>	Change (3Q06/3Q05)	9M06 <sup>(1)</sup>	9M05 <sup>(1) (2)</sup>	Change (9M06/9M05)
License Fees	26,123	22,752	14.8%	77,983	64,788	20.4%
Services	36,192	29,773	21.6%	101,988	82,651	23.4%
Maintenance	43,627	37,390	16.7%	128,341	108,292	18.5%
<b>Total Gross Revenue from Sales and Services</b>	<b>105,942</b>	<b>89,916</b>	<b>17.8%</b>	<b>308,312</b>	<b>255,732</b>	<b>20.6%</b>

(1) Pro forma figures, including those of RM Sistemas, acquired in April/06, for the period in question.

(2) Pro forma figures of Logocenter for January/05, given that this company was acquired in February/05.

Gross revenue from sales and services totaled R\$ 105.942 million in the 3Q06, 17.8% up on the same period in 2005, mainly fueled by the 21.6% increase in service revenue. Net revenue increased by 17.2% in the same period.

Gross revenue in the first nine months came to R\$ 308.312 million, 20.6% more than the R\$255.732 million recorded in the 9M05, while period net revenue climbed from R\$275.185 in 9M05 to R\$299.252 in 9M06, a year-on-year upturn of 20.0%.

Microsiga Mexico revenues growth was a highlight as gross revenue in the region reached R\$4.793 in 3Q06, up by 60.6% when compared to 3Q05 and 80.3% in local currency. Year-to-date, this revenue totaled R\$11.998 million, 66.5% higher than the R\$7.204 million recorded in the same period in 2005. Regarding revenue from license fees, which is correlated to future revenues from maintenance and services, there was a higher growth. For the 9M06, license fees recorded R\$4.756 million, 85.9% higher versus 9M05 and 111.7% in local currency. In 3Q05 there was a 22.5% growth, reaching R\$ 1.804 million, compared to R\$1.473 million in 3Q05.

### License Fees Revenue

Third-quarter license fee revenue totaled R\$ 26.123 million, 14.8% more than the R\$ 22.752 million posted in the same period in 2005. This growth is fundamental to the Company's business model, since it forms the basis for new service and maintenance revenue. The year-on-year increase can be put down to:

- The increase of 28.5% in the number of new software clients from 288, in the 3Q05, to 370.
- The 31.3% rise in the average value of user license sales to base clients, generated by the latter's growth and the consequent need for new software licenses.
- The 53.7% increase in the number of new corporate model clients from 41, in the 3Q05, to 63.
- Significant sales expansion in certain geographical regions; for example, Microsiga Mexico recorded period gross sales growth of 49.1% of in the 3Q06 (in local currency).

### Service Revenue

Service revenue increased 21.6% year-on-year in the 3Q06 to R\$ 36.192 million. This higher growth in comparison to the other revenues reflected the growth of license revenue in previous quarters. In the first nine months, service revenue moved up 23.4% year-on-year.

Service revenue includes revenue from management consulting services provided by TOTVS-BMI, which recorded 3Q06 gross revenue of R\$ 1.469 million. No year-on-year comparison is possible as this company was not operating in the 3Q05.

Revenues from Application Service Provider (ASP) sales model, which is booked under revenues from services, contributed to the growth of this revenue line by amounting to R\$3.9 million in 9M06,

### Maintenance Revenue

Maintenance revenue climbed 16.7%, from R\$ 37.390 million in the 3Q05, to R\$ 43.627 million, accompanied by a 3.6% increase in the number of base clients to more than 15,000.

Year-to-date maintenance revenue climbed 18.5% year-on-year and the Company signed agreements with 1,065 new clients.

### Operating Costs and Expenses

Main Operating Costs and Expenses (In R\$ Thousands)	3Q06	3Q05 <sup>(1)</sup>	Change (3Q06/3Q05)	9M06 <sup>(1)</sup>	9M05 <sup>(1) (2)</sup>	Change (9M06/9M05)
Cost of License Fees	(649)	(1,404)	-53.8%	(3,914)	(4,851)	-19.3%
Cost of Services	(29,159)	(23,363)	24.8%	(83,707)	(65,272)	28.2%
Research and Development	(7,844)	(6,892)	13.8%	(23,200)	(19,355)	19.9%
Advertising Expenses	(4,007)	(2,874)	39.4%	(10,717)	(7,962)	34.6%
Selling Expenses	(7,182)	(5,603)	28.2%	(19,643)	(14,658)	34.0%
Commissions	(12,383)	(9,469)	30.8%	(34,428)	(26,226)	31.3%
General and Administrative Expenses	(12,158)	(13,513)	-10.0%	(35,371)	(37,142)	-4.8%
Management Fees	(4,634)	(2,642)	75.4%	(11,271)	(7,687)	46.6%
Depreciation and Amortization	(12,438)	(2,325)	435.0%	(27,106)	(5,901)	359.4%
Provisions for Doubtful Accounts	(302)	(937)	-67.8%	(1,238)	(2,091)	-40.8%
Non-recurring Expenses	(115)	-	n.m.	(25,016)	-	n.m.
Other Revenue (Expenses)	(392)	224	-275.0%	(1,048)	(1,600)	-34.5%
<b>Total</b>	<b>(91,263)</b>	<b>(68,796)</b>	<b>32.7%</b>	<b>(276,659)</b>	<b>(192,743)</b>	<b>43.5%</b>

(1) Pro forma figures, including those of RM Sistemas, acquired in April/06, for the period in question.

(2) Pro forma figures of Logocenter for January/05, given that this company was acquired in February/05, for the period in question.

Third-quarter operating costs and expenses increased 32.7% quarter-on-quarter to R\$ 91.263 million. This included amortization of goodwill from the acquisition of RM Sistemas and non-recurring expenses from the IPO.

If we exclude the non-recurring expenses (R\$ 25.016 million), and the amortization of goodwill from RM Sistemas, (R\$ 10.035 million), nine-month costs and expenses came to R\$ 241.608 million, 25.3% up year-on-year.

The Company continues its process of synergy gains in integrating Logocenter and principally RM Sistemas, as can be noticed when analyzing general and administrative expenses.

However, six-months after its IPO and a relevant acquisition, is clear to the management that the Company has initiated a new phase, when the management of costs and expenses that are above the revenue growth, will be strengthened. The goal is to continue growing EBITDA margin that in a non-pro forma basis was of 15.4% by the end of 2005 and is 18.4% in 9M06; and in three to four years is expected to reach around 20% and 25%.

### Licensing Costs

Licensing costs stood at R\$0.6 million for the quarter, 53.8% less than in the 3Q05. In the first nine months as a whole they fell by 19.3% year-on-year thanks to the agreement with the supplier, 4Js.

### Cost of Services

The cost of services totaled R\$ 29.159 million in the 3Q06, 24.8% higher than in the same period last year, mostly due to the hiring of 220 employees to work in the implementation area and in consulting at TOTVS-BMI, the group's consulting division.

### Research and Development Expenses

R&D expenses stood at R\$ 7.844 million in the 3Q06, 13.8% up on the R\$ 6.892 million recorded in the same period last year and equivalent to 8.3% of net revenue. The increase was mainly due to the hiring of 37 new employees.

### Advertising Expenses

Advertising expenses totaled R\$ 4.007 million for the third quarter, 39.4% more than the R\$ 2.874 million reported in the 3Q05, chiefly due to the increase in period brand exposure through media actions, client and prospect-gearred events and advertising campaigns.

### Selling Expenses

Selling expenses increased by 28.2%, from R\$ 5.603 million in the 3Q05, to R\$ 7.182 million, primarily caused by 34 additions to the Microsiga sales team. In year-to-date terms, selling expenses stood at R\$ 19.643 million, 34.0% more than the R\$ 14.658 million registered in the first nine months of 2005.

### Commissions

Commissions climbed by 30.8%, from R\$ 9.469 million in the 3Q05, to R\$ 12.383 million in the 3Q06, fueled by the period increase in sales, particularly of the RM brand. The 9M06 figure stood at R\$ 34.428 million, 31.3% more than the R\$ 26.226 million reported in the 9M05.

### General and Administrative Expenses

G&A expenses totaled R\$ 12.158 million in the quarter, 10.0% down year-on-year. This reduction was a consequence of the synergies arising from the acquisition of Logocenter and RM Sistemas and the Company's efforts to trim costs.

### Management Fees

Management Fees totaled R\$ 4.634 million in 3Q06, up by 75.4% versus 3Q05's R\$ 2.642 million and 21.0% compared to the previous quarter. The higher expenses were mainly due to the startup of TOTVS-BMI, which was non-operational in 2005, the provision of bonuses, and chiefly due to non-recurring events that occurred in this quarter: payments of the Executive Management of RM Sistemas and of the Board of Directors for their services between January and September/06, since this payment was only approved in August. These events summed up to R\$ 625 thousand.

### Depreciation and Amortization

Third-quarter depreciation and amortization expenses moved up 435.0% up quarter-on-quarter to R\$ 12.438 million, pushed by the R\$10.035 million amortization of goodwill from the acquisition of RM Sistemas in April/06. Year-to-date depreciation and amortization expenses totaled at R\$ 27.106 million.

### Provisions for Doubtful Accounts

Provisions for doubtful accounts came to R\$ 0.3 million in the third quarter, versus R\$ 0.9 million in the 3Q05. These provisions are based on the Company's receivables portfolio.

### Non-recurring Expenses

In March/06, the Company carried out its IPO on the Novo Mercado, the São Paulo Stock Exchange's highest level of corporate governance, pursuant to CVM/SNC/SEP Official Letter 01/2006. In the 3Q06, the Company booked R\$ 115,000 from expenses with lawyers and banks. These were the final expenses related to the Company's IPO.

### Other Revenue and Expenses

The company booked a net negative result under other revenue/expenses of R\$ 392,000 in the 3Q06, versus a positive net result of R\$ 224,000 in the 3Q05.

### Operating and Net Income

The Company posted a third-quarter operating profit of R\$ 3.107 million and a net profit of R\$ 5.450 million, or R\$ 0.20 per share, impacted by R\$ 10.035 million in amortization of goodwill from the RM acquisition, versus an operating profit of R\$ 11.734 million and a net profit of R\$ 9.070 million, or R\$ 0.05 per share, in the 3Q05.

### Adjusted Net Income

Adjusted net income represents net income excluding the effect of non-recurring expenses and amortization expenses related to the acquisitions of Logocenter and RM Sistemas. Thus, adjusted net income can be analyzed as the net result from the Company's regular operations. The calculation includes the effects from amortization expenses and Income Tax, according to the table below:

Adjusted Net Income Reconciliation (In R\$ Thousands)	3Q06	3Q05 <sup>(1)</sup>	Change (3Q06/3Q05)	9M06 <sup>(1)</sup>	9M05 <sup>(1)</sup>	Change (9M06/9M05)
Net income (loss)	5,450	9,070	-39.9%	9,136	27,582	-66.9%
Logocenter and RM Sistemas Amortization	11,259	1,459	671.7%	23,738	3,453	587.5%
Non-recurring expenses	115	-		25,016	-	
Income Tax Adjustment	(3,838)	(384)		(15,982)	(1,672)	
<b>Adjusted net income</b>	<b>12,986</b>	<b>10,145</b>	<b>28.0%</b>	<b>41,908</b>	<b>29,363</b>	<b>42.7%</b>

(1) In order to ensure valid comparisons 1Q06 and 2005 values are pro forma, since they include the figures of RM Sistemas and Logocenter for the periods in question. RM Sistemas was acquired in Abril/06 and Logocenter in February/05. These pro forma figures aim at easing comparison of the Company's results.

## CAPITAL MARKET

### Ownership Breakdown

On September 30, 2006, the Company's free float was 56.36% or 15,042,706 shares out of a total of 26,688,402.

Shareholder	3Q06	2Q06	1Q06	Shareholder	3Q06	2Q06	1Q06
Non-institutional Investor	3.9%	3.7%	4.7%	National Investor	23.3%	19.5%	28.4%
Institutional Investor	96.1%	96.3%	95.3%	International Investor	76.7%	80.5%	71.6%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Currently, 96.1% of the free float is held by institutional investors, 0.2 p.p. less than on June 30, 2006.

## UPCOMING EVENTS

### Conference Calls - 3Q06 Results

Date: November 10, 2006

Live webcast: <http://www.totvs.com.br/ir>

Portuguese (BR GAAP): 12:00 pm (US ET)

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## GLOSSARY

### License Fee

License Fee Includes licensing for the use of the Company's software, third-party software sales and royalties.

### Maintenance

Maintenance regards to supply of upgrades and new versions of the Company's software, containing adjustments related to technological, legal or functional developments.

### Traditional Model

Under the traditional model, a permanent and non-exclusive software license is granted upon payment of a specified amount, which can be effected in installments. The license fee is based on a per-user price and clients pay for the number of users accessing the software. This number refers to the maximum number of people that can access the system simultaneously.

### Corporate Model

Under the corporate model, clients acquire unlimited usage rights without restrictions on the number of simultaneous users in exchange for a payment (in cash or installments) and annual payments based on a growth metric pertaining to their particular area of business. The purpose of this model is to increase client loyalty and recurring revenues. This model does not apply to modules and products developed with partner companies (such as import/export, asset maintenance and occupational health and safety). Should clients wish to acquire these products under the corporate model; payments will be subject to an increment.

*This report contains forward-looking statements that are based on the beliefs and expectations of TOTVS management. The words "anticipate", "believe", "wish", "expect", "foresee", "intend", "plan", "predict", "project", and similar are intended to identify statements that, necessarily, involve known and unknown risks. Known risks include uncertainties that are not limited to the impact of price and product competitiveness, acceptance of products by the market, the market performance of the Company's products and those of its competitors, regulatory approval, currency fluctuations, supply and production difficulties and changes in product sales, among others. This report also contains certain pro forma statements, prepared by the Company exclusively for informational and reference purposes and are therefore unaudited. This report is updated to the present date and TOTVS is under no obligation to update it further to include new information and/or future occurrences.*



## FINANCIAL STATEMENTS

BALANCE SHEET (In R\$ Thousands)	Parent Company		Consolidated	
	9/30/2006	6/30/2006	9/30/2006	6/30/2006
<b>Current</b>				
Cash and cash equivalents	1,701	5,216	4,532	7,442
Held-to-maturity investments	74,703	71,692	90,884	81,944
Accounts receivable	41,217	40,916	72,909	69,393
Allowance for doubtful accounts	(2,367)	(2,146)	(3,910)	(3,734)
Inventories	307	393	307	393
Deferred income and social contribution taxes	15,408	11,135	18,845	13,789
Dividends receivable	3,500	3,500	-	-
Recoverable taxes	6,512	4,592	8,681	6,713
Other current assets	1,347	804	2,626	2,039
<b>Total Current Assets</b>	<b><u>142,328</u></b>	<b><u>136,102</u></b>	<b><u>194,874</u></b>	<b><u>177,979</u></b>
<b>Long-term Assets</b>				
Related parties	3,520	3,354	-	-
Deferred income and social contribution taxes	4,707	6,288	6,94	8,587
Judicial deposit	5,043	4,939	9,617	9,202
Other receivable	-	-	513	503
<b>Total Long-term Assets</b>	<b><u>13,270</u></b>	<b><u>14,581</u></b>	<b><u>17,070</u></b>	<b><u>18,292</u></b>
<b>Permanent Assets</b>				
Investments				
In Subsidiaries	37,207	28,071		
Other Investments	180,888	190,923	181,068	191,103
Equipment	10,137	9,496	18,256	17,363
Deferred	16,703	17,925	16,703	17,925
<b>Total Permanent Assets</b>	<b><u>244,935</u></b>	<b><u>246,415</u></b>	<b><u>216,027</u></b>	<b><u>226,391</u></b>
<b>Total Assets</b>	<b><u>400,533</u></b>	<b><u>397,098</u></b>	<b><u>427,971</u></b>	<b><u>422,662</u></b>

BALANCE SHEET (In R\$ Thousands)	Parent Company		Consolidated	
	9/30/2006	6/30/2006	9/30/2006	6/30/2006
<b>Current liabilities</b>				
Accounts payable	3,681	3,426	5,923	7,319
Notes payable	-	1,666	-	1,671
Loans and financing	-	-	347	-
Current obligation under capital leases	-	-	1,584	1,512
Taxes payable	1,833	3,030	7,577	7,652
Salaries and social charges payable	17,586	16,620	26,992	25,314
Commissions payable	5,584	5,890	8,400	7,974
Dividends payable	83	84	83	87
Other payable	1,423	1,229	1,877	1,604
<u>Total Current liabilities</u>	<u>30,190</u>	<u>31,945</u>	<u>52,783</u>	<u>53,133</u>
<b>Long Term liabilities</b>				
Current obligation under capital leases	-	-	777	706
Provision for losses on equity investments	926	1,083	-	-
Deferred income and social contribution taxes	-	-	319	316
Tax payable	802	937	1,662	1,784
Contingencies	4,427	4,388	6,858	6,658
<u>Total Long Term liabilities</u>	<u>6,155</u>	<u>6,408</u>	<u>9,616</u>	<u>9,464</u>
Minority interests			763	706
<b>Shareholders' Equity</b>				
Capital	307,373	307,373	307,373	307,373
Additional paid-in capital	31,557	31,557	31,557	31,557
Retained earnings	25,258	19,815	25,879	20,429
<u>Total shareholders' equity</u>	<u>364,188</u>	<u>358,745</u>	<u>364,809</u>	<u>359,359</u>
<u>Total liabilities and shareholders' equity</u>	<u>400,533</u>	<u>397,098</u>	<u>427,971</u>	<u>422,662</u>

INCOME STATEMENT (In R\$ Thousands, Except per Share Data)	Consolidated			
	3Q06	3Q05 <i>Pro Forma</i>	9M06 <i>Pro Forma</i>	9M05 <i>Pro Forma</i>
<b>Gross revenue:</b>				
License fees	26,123	22,752	77,983	64,788
Services	36,192	29,773	101,988	82,651
Maintenance	43,627	37,390	128,341	108,292
	<b>105,942</b>	<b>89,916</b>	<b>308,312</b>	<b>255,732</b>
<b>Deductions from revenue:</b>				
Cancellation of services and sales	(3,354)	(2,465)	(9,368)	(7,090)
Taxes	(8,218)	(6,920)	-23,759	(19,389)
<b>Net sales revenue</b>	<b>94,370</b>	<b>80,530</b>	<b>275,185</b>	<b>229,252</b>
Cost of license fees	(649)	(1,762)	(3,914)	(5,209)
Cost of services	(29,159)	(23,363)	(83,707)	(65,272)
<b>Gross profit</b>	<b>64,562</b>	<b>55,405</b>	<b>187,564</b>	<b>158,770</b>
<b>Operating expenses:</b>				
Research and development expenses	(7,844)	(6,892)	(23,200)	(19,355)
Advertising expenses	(4,007)	(2,874)	(10,717)	(7,962)
Selling expenses	(7,182)	(5,603)	(19,643)	(14,658)
Commissions	(12,383)	(9,469)	(34,428)	(26,226)
General and administrative expenses	(12,158)	(13,513)	(35,371)	(37,142)
Management fees	(4,634)	(2,642)	(11,271)	(7,687)
Depreciation and amortization	(12,438)	(2,325)	(27,106)	(5,901)
Provisions for doubtful accounts	(302)	(937)	(1,238)	(2,091)
Non-recurring expenses	(115)	-	(25,016)	-
Other expenses	(392)	(634)	(1,048)	(2,458)
	<b>(61,455)</b>	<b>(44,887)</b>	<b>(189,038)</b>	<b>(123,479)</b>
<b>Operating profit, before financial effects equity pickup</b>	<b>3,107</b>	<b>10,518</b>	<b>(1,474)</b>	<b>35,292</b>
Financial revenues	3,204	1,597	10,423	3,667
Financial expenses	(885)	(464)	(5,092)	(1,372)
<b>Non-operating income</b>	<b>(9)</b>	<b>546</b>	<b>(126)</b>	<b>697</b>
<b>Income (loss) before taxes</b>	<b>5,417</b>	<b>12,197</b>	<b>3,731</b>	<b>38,284</b>
Current income and social contribution taxes	(3,657)	(4,773)	(8,005)	(12,173)
Deferred income and social contribution taxes	3,703	1,329	13,542	1,188
Income and social contribution taxes	46	(3,444)	5,537	(10,984)
<b>Minority interest</b>	<b>(13)</b>	<b>(42)</b>	<b>(132)</b>	<b>(77)</b>
<b>Net income (loss)</b>	<b>5,45</b>	<b>8,711</b>	<b>9,136</b>	<b>27,223</b>
<b>EBITDA</b>	<b>15,66</b>	<b>12,842</b>	<b>50,648</b>	<b>41,193</b>