

TOTVS 2006: NET REVENUE GROWTH OF 20.7%, EBITDA GROWTH OF 35.3% (R\$70.6 MM), EBITDA MARGIN GROWTH OF 18.8% (+210 bp) and 1,442 NEW CLIENTS

São Paulo, February 14, 2007 - 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 fourth 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.*

IR Contact

José Rogério Luiz
 Vice-President / CFO / IRO

Rodrigo Nasser
 Investor Relations
 Phone: + 55 (11) 3981-7105
ri@totvs.com.br

Conference Call

Date:
 Thursday, February 15, 2007

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

> English (BR GAAP)
 10:30 am (US ET)
 Phone: +1 (973) 582 2770
 Replay: +1 (973) 341 3080
 Code: 8341206
 webcast: www.totvs.com.br/ir

HIGHLIGHTS

- Net Revenue reached R\$ 101.110 million in the 4Q06, 22.5% up on the 4Q05. In 2006, net revenue came to R\$376.295 million, up 20.7% in comparison with 2005.
- Adjusted Net Income Pro Forma totaled R\$14.635 million, up by 119.7% over the previous quarter. For the year as a whole, the net result grew by 53.1% over 2005 to R\$ 55.948 million.
- Annual growth of 16.0% in new software clients to 1,442, 377 of which were added in the 4Q06.
- Gross Service Revenue totaled R\$ 141.870 million for the year, 27.0% more than in 2005. In the 4Q06, gross service revenue reached R\$39.882, growth of 37.1% over the 4Q05.
- Adjusted EBITDA came to R\$ 19.974 million in the 4Q06 and R\$ 70.622 million for the year, 35.3% up on 2005.
- The EBITDA Margin reached 19.8% in the 4Q06 and ended the year at 18.8%, growth of 210 bp.

Consolidated Financial Highlights (R\$ thousands)	4Q06	4Q05 ⁽¹⁾	Change (4Q06/4Q05)	FY06 ⁽¹⁾	FY05 ⁽¹⁾	Change (FY06/FY05)
Net Revenue	101,110	82,524	22.5%	376,295	311,776	20.7%
Adjusted EBITDA ⁽²⁾	19,974	9,804	103.7%	70,622	52,212	35.3%
EBITDA Margin	19.8%	11.9%	790 bp	18.8%	16.7%	220 bp
Adjusted Net Income ⁽³⁾	14,635	4,484	226.4%	55,948	33,847	65.3%

(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

The Microsiga brand received the *Prêmio Padrão de Qualidade em B2B 2006* (2006 Business to Business Quality Award) in the ERP Middle Market category. The award is given by Padrão Editorial, through the magazine *Revista B2B*, with auditing and consulting services by E-Consulting and support from Camara e.net

The RM brand received the *Top Hospitalar* (Top Hospital-related Software) award in the IT /Human Resources Management Systems category. It received 56.6% of the votes from health care managers and suppliers and users of hospital/medical goods and was the highlight of the Health and Hospital segment in 2006.

MARKET UPDATE

Macroeconomic Scenario 2006

Economic growth in 2006 was lower than the financial markets expected, and considerably lower than the growth of the world's other emerging economies and the other BRIC nations. According to the market consensus drawn up by the Central Bank, Brazil recorded annual GDP growth of around 2.7% only. Nevertheless, the high appreciation of the Real against the Dollar did not prevent exports from reaching the record level of US\$ 137.4 billion, 16.2% up on the US\$ 118.3 billion recorded in 2005.

Price and exchange-rate stability throughout the entire election period underlined the improvement in the country's economic fundamentals and the more mature perception of Brazil on the part of the international financial markets. The main inflationary indicators remained below market expectations, with the IPCA, the official consumer price index, recording 3.14% for the year, below the official target of 4.5%. In this scenario, the Central Bank gradually reduced the SELIC rate from 17.25% to 13.25% during the year, one of the lowest rates in recent Brazilian history.

Thanks to the continuous fall in interest rates throughout 2006, the supply of domestic credit increased by around 23% over 2005 to R\$ 700 billion, 50% of which in corporate loans, chiefly benefiting small and medium companies. The BNDES (Brazilian National Bank for Economic and Social Development) alone lent R\$ 8.1 billion to micro, small and medium companies through 49,000 operations. Such investments are chiefly allocated to the purchase of capital goods, including enterprise management software, that seek to increase production capacity and performance. According to the Bank, this volume will be even greater in 2007.

According to a 2006 study by Sebrae entitled *Onde estão as Micro e Pequenas Companhias no Brasil* (Micro and Small Companies in Brazil), approximately 1 million companies were constituted between 2000 and 2004, almost half of which in the Southeast region and most of those in São Paulo state. A Sebrae survey (*Pesquisa de Conjuntura - Indicadores Sebrae-SP*) conducted in December 2006 among entrepreneurs from small and medium companies, showed that 82% believed the income of their firms would grow or at least remain flat in the following 6 months. Moreover, 79% believed that economic activity in Brazil would improve or remain at the same level in the same period. Supporting these findings, the Brazilian Confederation of Industry (CNI) reported an increase in confidence indices among local businessmen in relation to the future of the economy and their own companies.

Confirming the optimism among SMB businessmen for the first time since 1998, when the CNI undertook its first Industrial Survey, SMBs were the main drivers of industrial output growth in the final quarter of 2006. The increase in earnings and credit supply and the fall in interest were the main reasons for the recovery of SMBs at the end of 2006. Traditionally, their growth is accompanied by a reduction in unemployment rates and an increase in workers' wages, in turn fostering further industrial growth.

OPERATIONAL PERFORMANCE

Operating Performance	4Q06	4Q05 ⁽¹⁾	Change (4Q06/4Q05)	2006 ⁽¹⁾	2005 ^{(1) (2)}	Change (2006/2005)
# New Clients	377	369	2,2%	1.442	1.243	16,0%
# Base Clients	986	1.110	-11,2%	4.420	4.722	-6,4%
# New Clientes in Corporate Model	72	44	63,6%	268	172	55,8%
License Fee / New Client (R\$)	28.935	24.240	19,4%	28.396	24.253	17,1%
License Fee / Base Client (R\$)	14.462	12.419	16,5%	13.001	9.873	31,7%
License Fee / New Corporate Client (R\$)	45.323	26.031	74,1%	34.154	35.524	-3,9%
License Fee / New Traditional Client (R\$)	25.066	23.998	4,5%	27.082	22.443	20,7%

(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 help-desk and maintenance contracts, exceeded the 15,200 mark in December 2006.

TOTVS acquired 377 new software clients in the fourth quarter, 2.2% more than in the 4Q05, and 1,442 in the FY06, up by 16.0% on 2005. The average full-year new client sales value grew by 19.4% over the previous year.

The Company signed up 72 new corporate model clients in the quarter, 63.6% more than in the 4Q05, and the average value of these license sales registered a quarter-on-quarter upturn of 74.1%. Although this increase appeared to indicate a reversal of the downward trend set by the previous two quarters, in fact it was mainly due to 5 large contracts entered into in the 4Q06. If we ignore these contracts, the average license value would be much closer to that reported in the 3Q06. The corporate model continues to attract small and medium business.

Despite the 11.2% decline in the number of license sales to base clients over the 4Q05, the average sales value increased by 16.5%. In annual terms, the average sales value to base clients jumped by 31.7%.

FINANCIAL PERFORMANCE

Gross and Net Revenue

Breakdown of Gross Revenue from Sales and Services (In R\$ Thousands)	4Q06	4Q05 ⁽¹⁾	Change (4Q06/4Q05)	2006 ⁽¹⁾	2005 ^{(1) (2)}	Change (2006/2005)
License Fees	27,272	23,945	13.9%	105,255	88,733	18.6%
Services	39,882	29,093	37.1%	141,870	111,744	27.0%
Maintenance	45,021	39,154	15.0%	173,362	147,446	17.6%
Total Gross Revenue from Sales and Services	112,175	92,192	21.7%	420,487	347,923	20.9%

(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\$112.175 million in the 4Q06, 21.7% up on the same period in 2005, mainly due to the 37.1% increase in service revenue. Net revenue increased by 22.5% in the same period.

Annual gross revenue came to R\$420.487 million, 20.9% more than the R\$347.923 million recorded in the 2005, while period net revenue climbed from R\$311.776 in 2005 to R\$376.925 in 2006, a year-on-year upturn of 20.7%.

Microsigla Mexico recorded an outstanding performance. Gross revenue in the region reached R\$4.161 million in the 4Q06, up by 43.2% on the 4Q05 (52.2% in local currency). Annual revenue totaled R\$16.179 million, 59.8% higher than in 2005 (72.8% in local currency).

License Fee Revenue

Fourth-quarter license fee revenue totaled R\$27.272 million, 13.9% more than the R\$23.945 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. In 2006, licence fees rose up to R\$ 105.255 millions, a 18.6% growth compared to 2005. The year-on-year increase can be put down to:

- The increase of 63.6% in the number of new corporate model clients from 44, in the 4Q05, to 72.
- The 19.4% quarter-on-quarter rise in the average value of user license sales to new clients.
- Significant sales expansion in certain geographical regions; for example, Microsiga Mexico.

Service Revenue

Service revenue increased 37.1% year-on-year in the 4Q06 to R\$39.882 million. This higher growth in comparison to other revenues reflected the growth of license revenue in previous quarters. Annual service revenue moved up 27.0%.

Service revenue includes revenue from management consulting services provided by TOTVS-BMI, which recorded 4Q06 gross revenue of R\$1.491 million. No year-on-year comparison is possible as this company was not operating in the 4Q05.

Maintenance Revenue

Maintenance revenue climbed 15.0%, from R\$39.154 million in the 4Q05, to R\$45.021 million. In the FY06, the Company recorded R\$173.362 million, a 17.6% increase over 2005. The Company's client base exceeded 15,200 at the end of the 4Q06, a 5.1% increase over 2005's *pro forma* number.

Annual maintenance revenue climbed 17.6% year-on-year and the Company signed agreements with 1,442 new clients.

Operating Costs and Expenses

Main Operating Costs and Expenses (In R\$ Thousands)	4Q06	4Q05 ⁽¹⁾	Change (4Q06/4Q05)	2006 ⁽¹⁾	2005 ^{(1) (2)}	Change (2006/2005)
Cost of License Fees	(1,812)	(1,285)	41.0%	(5,726)	(6,136)	-6.7%
Cost of Services	(29,484)	(26,054)	13.2%	(113,191)	(91,326)	23.9%
Research and Development	(7,780)	(7,646)	1.8%	(30,980)	(27,001)	14.7%
Advertising Expenses	(2,890)	(3,325)	-13.1%	(13,607)	(11,287)	20.6%
Selling Expenses	(7,430)	(6,105)	21.7%	(27,073)	(20,763)	30.4%
Commissions	(12,956)	(10,592)	22.3%	(47,384)	(36,818)	28.7%
General and Administrative Expenses	(12,464)	(12,514)	-0.4%	(47,835)	(49,656)	-3.7%
Management Fees	(4,799)	(3,602)	33.2%	(16,070)	(11,289)	42.4%
Depreciation and Amortization	(12,537)	(2,145)	484.5%	(39,643)	(8,046)	392.7%
Provisions for Doubtful Accounts	(887)	52	-1805.8%	(2,125)	(2,039)	4.2%
Non-recurring Expenses	-	-	N/D	(25,016)	-	N/D
Other Revenue (Expenses)	(634)	(1,649)	-61.6%	(1,682)	(3,249)	-48.2%
Total	(93,673)	(74,865)	25.1%	(370,332)	(267,610)	38.4%

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

(2) Pro forma figures, including those of Logocenter, acquired in February/05.

Fourth-quarter operating costs and expenses increased 25.1% quarter-on-quarter to R\$93.673 million, including the goodwill amortizations generated by the acquisition of RM Sistemas. Excluding these amortizations, growth would have been 11.8%.

In 2006, excluding the R\$25.016 million recorded as non-recurring expenses and the expenses from RM Sistemas and Logocenter's amortizations, totaling R\$30.106 million and R\$4.889 million respectively, costs and expenses totaled R\$310,321 million, growth of 17.8% over 2005.

The Company is still in the process of capturing synergies from the incorporations of Logocenter and, especially, RM Sistemas, as evidenced in the G&A account.

The Company will continue to improve its operations, strengthening cost and expense controls, especially over those items that are outpacing revenue growth. Between 2005 and 2006, the EBITDA margin widened from 15.4% (non-pro forma) to 18.8%.

Licensing Costs

Licensing costs stood at R\$1.8 million in the 4Q06, 41.0% up year-on-year. The negotiations between Logocenter and its suppliers IBM and 4Js were mainly responsible for the quarterly upturn. In the year as a whole, licensing costs fell 6.7% over 2005, mainly due to the renegotiation of supply contracts.

Cost of Services

The cost of services rendered reached R\$ 29.484 million in the 4Q06, 13.2% higher than the 4Q05. This increase was directly related to the hiring of employees to work in the implementation department and the operational start-up of TOTVS-BMI (the Company's consulting division, non-operational in 2005). Service revenue is currently growing twice as fast as related costs.

Research and Development Expenses

R&D expenses stood at R\$7.780 million in the 4Q06, 1.8% up on the R\$7.646 million recorded in the 4Q05, mainly due to the hiring of new employees. R&D expenses were equivalent to 8.2% of net revenue in both the 4Q06 and FY06.

Advertising Expenses

Advertising expenses totaled R\$2.890 million in the 4Q06, 13.1% lower than the R\$ 3.325 million reported in the 4Q05, chiefly due to the Strategic Marketing Plan. In the 4Q06, this plan focused on strengthening relations between the Company's brands and its current clients and prospects.

Selling Expenses

Selling expenses increased by 21.7%, from R\$ 6.105 million in the 4Q05, to R\$ 7.430 million in the 4Q06. In 2006 as a whole, selling expenses totaled R\$27.073, 30.4% higher than the R\$20.763 million registered in 2005. The increase was primarily caused by additions to the sales team, mainly in the Microsiga brand.

Commissions

Commissions increased by 22.3%, from R\$ 10.592 million in the 4Q05, to R\$ 12.956 million in the 4Q06, fueled by the period increase in sales, particularly of the RM brand. The 2006 figure stood at R\$ 47.384 million, 28.7% more than the R\$ 36.818 million reported in 2005.

General and Administrative Expenses

G&A expenses totaled R\$ 12.464 million in the 4Q06, 0.4% 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\$ 4.799 million in 4Q06, up by 33.2% on the 4Q05's R\$ 3.602 million. The higher expenses were mainly due to the provision of bonuses and the startup of TOTVS-BMI, which was non-operational in 2005.

Depreciation and Amortization

Depreciation and amortization expenses came to R\$12.537 million in the 4Q06, 484.5% up on the same period in 2005. The increase was pushed by the goodwill amortization from the April/06 acquisition of RM Sistemas (R\$10.035 million in the 4Q06). In 2006, depreciation and amortization expenses totaled at R\$ 39.643 million

Provisions for Doubtful Accounts

Provisions for doubtful accounts came to R\$ 0.9 million in the fourth quarter, versus a reversing entry of R\$ 0.05 million in the 4Q05. 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 2006, the Company booked total IPO-related expenses of R\$ 25.016 million.

Other Revenue and Expenses

The company booked a net negative result under other revenue/expenses of R\$ 634,000 in the 4Q06, against a negative net result of R\$ 1,649,000 in the 4Q05.

Operating and Net Income

The Company posted a fourth-quarter operating profit of R\$ 7.437 million and a net profit of R\$ 7.205 million, or R\$ 0.27 per share, impacted by the amortization of goodwill from the RM acquisition, versus an operating profit of R\$ 7.659 million and a net profit of R\$ 3.565 million, or R\$ 0.02 per share, in the same period in 2005.

Adjusted Net Income - Pro Forma

Adjusted net income (pro forma) is arrived at by deducting non-recurring expenses and the amortization of the goodwill from Logocenter and RM Sistemas and can therefore be regarded as the Company's net income from normal operations. The calculation also includes income tax effects, according to the table below:

Adjusted Net Income - Pro Forma Reconciliation (In R\$ Thousands)	4Q06	4Q05	2006	2005
Consolidated Net Income - Statutory	7,205	(42)	11,059	15,325
Consolidated Net Income - RM ¹	-	3,607	5,282	15,441
Consolidated Net Income - Logocenter ¹	-	-	-	575
Others	-	-	-	(197)
Adjusted Net Income	7,205	3,565	16,341	31,144
Logocenter's and RM Sistemas' Goodwill Amortization	11,257	1,222	34,994	4,074
Non-recurring expenses	-	-	25,016	-
Income Tax Effect	(3,828)	(305)	(20,404)	(1,370)
Adjusted Net Income - Pro Forma	14,635	4,482	55,948	33,847

¹ Consider the consolidated net income before acquisitions.

DIVIDENDS

On February 13, 2007, the Board of Directors approved the payment of R\$22.562 million in dividends for 2006, subject to ratification by the Annual Shareholders' Meeting to be held on March 16, 2007.

Dividends were calculated based on annual net income less IPO-related expenses and the amortization of goodwill from the acquisition of RM Sistemas S.A and Logocenter S.A. The Company intends to retain this calculation basis in the coming years. Details are shown in the table below:

Dividends proposal (In thousands of R\$)	
Net income (Parent-Company)	11,085
(-) 5% Legal reserve	554
(=) Net income after legal reserve	10,531
(+) IPO Expenses ¹	16,511
(+) Amortization of goodwill - RM ¹	19,869
(+) Amortization of goodwill - Logocenter ¹	3,227
(=) Distribution base	50,138
(x) Distribution rate	45%
(=) Proposed Distribution	22,562

¹ Net of income and social contribution tax (34%).

Forty-five percent of net income so adjusted will be paid as dividends, well above the minimum required by the Novo Mercado and in line with previous years. In 2004 and 2005, dividend payments totaled 47.7% and 40.7%, respectively.

CAPITAL MARKET

Ownership Breakdown

At December, 31, 2006, the Company's free float was 59.89%, or 15,982,432 shares out of a total of 26,688,402. The remaining capital was held by LC-EH (30.05%), BNDESPar (7.61%), LOGOPAR (2.45%) and the Company's Board of Directors(1.11%).

Shareholder (In % of the free float)	4Q06	3Q06	2Q06	Shareholder (In % of the free float)	4Q06	3Q06	2Q06
Non-Institutional Investor	4.9%	3.9%	3.7%	National Investor	23.8%	23.3%	19.5%
Institutional Investor	95.1%	96.1%	96.3%	International Investor	76.2%	76.7%	80.5%
TOTAL	100.0%	100.0%	100.0%	TOTAL	100.0%	100.0%	100.0%

Currently, 95.1% of the Company's *free float* is held by institutional investors, 90 base points less than at September, 30, 2006.

UPCOMING EVENTS

Conference Calls - 4Q06 Results

Date: February, 15, 2007

Live Webcast: <http://www.totvs.com.br/ri>

Portuguese Conference Call: 12:00 p.m. New York time
Phone: (11) 2101-4848
Replay: (11) 2101-4848
Code: TOTVS

English Conference Call: 10:30 a.m. New York time
Phone: 1(973) 582-2770
Replay: 1(973) 341-3080
Code: 8341206

GLOSSARY

1 License Fee

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

1 Maintenance

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

1 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.

1 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 revenue. 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	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Current assets				
Cash and banks	74,637	11,589	98,550	22,105
Accounts receivable	42,234	30,389	78,328	51,610
Allowance for doubtful accounts	(2,605)	(2,084)	(4,729)	(4,626)
Deferred income and social contribution taxes	9,098	4,062	13,387	4,539
Dividends receivable	28,074	4,970	-	-
Recoverable taxes	7,198	1,117	9,649	1,117
Other current assets	2,374	2,325	4,043	3,883
Total current assets	161,010	52,368	199,228	78,628
Non-current assets				
Long-term assets				
Related parties	5,976	3,077	-	-
Deferred income and social contribution taxes	12,498	2,049	14,383	4,637
Judicial deposit	1,152	1,152	2,907	1,152
Other receivables	-	-	815	200
Permanent Assets				
Investments	20,844	27,245	254	254
Goodwill from acquisitions	186,081	20,369	186,081	20,369
Equipment	9,674	5,043	17,929	12,896
Intangible	945	1,323	1,418	1,323
Total non-current assets	237,170	60,258	223,787	40,831
Total assets	398,180	112,626	423,015	119,459

BALANCE SHEET (In R\$ Thousands)	Parent Company		Consolidated	
	12/31/2006	12/31/2005	12/31/2006	12/31/2005
Current liabilities				
Accounts payable	2,358	1,947	4,123	3,128
Notes payable	-	350	-	350
Loans and financing	-	-	343	218
Current obligation under capital leases	-	-	1,923	1,497
Taxes payable	1,794	2,028	7,671	4,779
Salaries and social charges payable	12,759	11,615	20,675	15,081
Commissions payable	6,221	4,184	10,893	4,918
Dividends payable	22,642	7,570	22,708	7,652
Other payable	1,267	611	1,650	858
Total Current liabilities	47,041	28,305	69,986	38,481
Non-current liabilities				
Accounts payable to subsidiary	-	6,000	-	-
Current obligation under capital leases	-	-	1,251	983
Provision for losses on equity investments	929	1,003	-	-
Deferred income and social contribution taxes	-	-	272	286
Tax payable	664	1,176	665	2,391
Contingencies	624	543	640	848
Total Long Term liabilities	2,217	8,722	2,828	4,508
Minority interests	-	-	749	315
Shareholders' Equity				
Capital	307.373	21.636	307.373	21.636
Capital reserve	31.557	31.557	31.557	31.557
Income reserve	9.992	22.572	10.522	23.128
Treasury stock	-	(166)	-	(166)
Total shareholders equity	348.922	75.599	349.452	76.155
Total liabilities and shareholders equity	398.180	112.626	423.015	119.459

INCOME STATEMENTS

(In thousands of R\$, except earnings per share)

	Consolidated			
	4Q06	4Q05 <i>Pro Forma</i>	2006 <i>Pro Forma</i>	2005 <i>Pro Forma</i>
Gross revenue:				
License fees	27.272	23.945	105.255	88.733
Services	39.882	29.093	141.870	111.744
Maintenance	45.021	39.154	173.362	147.446
	112.175	92.192	420.487	347.923
Deductions from revenue:				
Cancellation of services and sales	(2.480)	(2.270)	(11.848)	(9.360)
Taxes	(8.585)	(7.398)	(32.344)	(26.787)
Net sales revenue	101.110	82.524	376.295	311.776
Cost of license fees	(1.812)	(1.285)	(5.726)	(6.136)
Cost of services	(29.484)	(26.054)	(113.191)	(91.326)
Gross profit	69.814	55.185	257.378	214.314
Operating expenses:				
Research and development expenses	(7.780)	(7.646)	(30.980)	(27.001)
Advertising expenses	(2.890)	(3.325)	(13.607)	(11.287)
Selling expenses	(7.430)	(6.105)	(27.073)	(20.763)
Commissions	(12.956)	(10.592)	(47.384)	(36.818)
General and administrative expenses	(12.464)	(12.514)	(47.835)	(49.656)
Management fees	(4.799)	(3.602)	(16.070)	(11.289)
Depreciation and amortization	(12.537)	(2.145)	(39.643)	(8.046)
Provisions for doubtful accounts	(887)	52	(2.125)	(2.039)
Non-recurring expenses	-	-	(25.016)	-
Other expenses	(634)	(1.649)	(1.682)	(3.249)
	(62.377)	(47.526)	(251.415)	(170.148)
Operating profit, before financial effects equity pickup	7.437	7.659	5.963	44.166
Financial revenues	3.050	1.830	13.473	5.497
Financial expenses	(1.734)	(2.839)	(6.826)	(5.069)
Non-operating income	(73)	(168)	(199)	529
Income (loss) before taxes	8.680	6.482	12.411	45.123
Current income and social contribution taxes	(1.418)	(2.865)	(9.423)	(15.038)
Deferred income and social contribution taxes	-	-	13.542	1.188
Income and social contribution taxes	(1.418)	(2.865)	4.119	(13.850)
Minority interest	(57)	(52)	(189)	(129)
Net income (loss)	7.205	3.565	16.341	31.144
EBITDA	19.974	9.804	70.622	52.212