



TOTVS IN THE 2Q07: NEW RECORDS

NET REVENUE (R\$108.3 MILLION), EBITDA (R\$ 24.8 MILLION, +41.6%) AND EBITDA MARGIN (22.9%).



São Paulo, August 8, 2007 - TOTVS S.A. (BOVESPA: TOTS3), leader in developing and marketing enterprise application software and providing related services for small and medium companies in Brazil and Latin America, today announces its results for the second quarter of 2007. The Company's consolidated financial statements are presented in line with Brazilian Corporate Law. To facilitate comparison, information is presented on a pro forma basis as it includes the figures of RM Sistemas S.A. since January 2006.

Highlights of the Period

- EBITDA reached historic record of R\$24.781 million in the 2Q07, representing a growth of 41.6% in comparison with the Adjusted EBITDA in the same period last year.
- EBITDA Margin in the 2Q07 reached 22.9%, a growth of 390 basis points in relation to the Adjusted EBITDA Margin in the 2Q06.
- Net Revenue from sales in the 2Q07 touched R\$108.328 million, a growth of 17.6% in relation to the same period in 2006.
- Revenue from Services grew 24.8% against the same period last year, reaching R\$42.359 million.
- TOTVS-BMI revenues rose by 46.2% in the 2Q07, compared to the 2Q06.
- Revenue from maintenance services also reached a historic record of R\$49.481 million and grew 15.2% versus the 2Q06.
- Revenue from License Fees reached a quarterly record of R\$27.908 million.
- 336 new customers in the 2Q07 with average sales amount being 24.6% higher than in the same period of 2006.
- Adjusted Net Income was R\$32.832 million in the 1H07, a growth of 15.8% in relation to the 1H06.

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Conference Calls

Thursday, August 9, 2007

> English

1:30 pm (Brasilia time)
Phone: +1 (973) 935-8893
Replay: +1 (973) 341-3080
Code: 8987931
Webcast: www.totvs.com.br/ir

> Portuguese

3:00 pm (Brasilia time)
Phone: (+55 11) 2101-4848
Replay: (+55 11) 2101-4848
Code: TOTVS
Webcast: www.totvs.com.br/ri

Consolidated Financial Highlights (R\$ thousands)	2Q07	2Q06	Change (2Q07/2Q06)	1H07	1H06 ⁽¹⁾	Change (1H07/1H06)
Net Revenue	108,328	92,082	17.6%	209,489	180,815	15.9%
EBITDA	24,781	17,502	41.6%	45,692	34,988	30.6%
EBITDA Margin ⁽²⁾	22.9%	19.0%	390 bp	21.8%	19.4%	240 bp
Adjusted Net Income	16,821	15,785	7.5%	32,832	28,357	15.8%

(1) Values of the first quarter of 2006 are pro forma as they include numbers of RM Sistemas in the periods mentioned. RM Sistemas was acquired in April 2006 and the numbers shown are from this date on. They are shown pro forma to facilitate comparison of the results presented.

CVM Circular n° 1/2005 defines EBITDA as earnings before net financial expenses, income tax and social contribution and non-operating result. Adjusted EBITDA is EBITDA less non-recurring expenses relating to the Company's IPO and acquisition of RM Sistemas S.A.

(2) 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 understood as the net result of the Company's regular operations



Recent Events

A total of 42 investors and analysts, representing about 15% of the Company's capital, were present at the TOTVS Day.

T TOTVS Day

On June 27, 2007, the Company received analysts and investors at its offices for its first ever TOTVS Day. In that event, participants could watch the presentations by the company's executives about the market in which TOTVS operates, the technology and products, the distribution system, the Company's service portfolio and TOTVS' vision of the future. They could also watch the presentations of specialists from IDC and IBM about the Latin American market for Enterprise Resource Management and global technological trends.

T Acquisition of the total capital of TOTVS-BMI

To strengthen the Expanded Business Model of TOTVS, the Company announced on July 23 that it had acquired the capital of TOTVS-BMI, pertaining to BMI Consultoria S.A. Thus, TOTVS reinforces its growth strategy in the consultancy segment as part of its business model.

T TOTVS is the best in implementing applications, according to IDG study

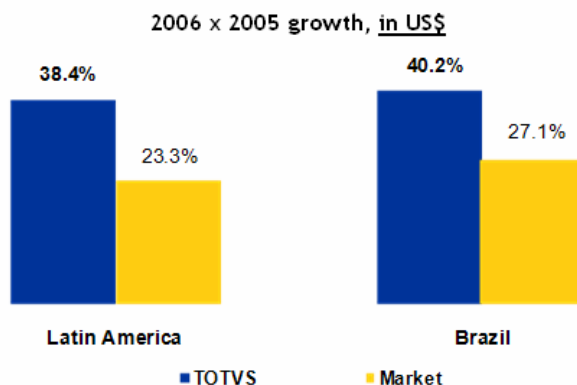
According to a study by IDG, published in its annual report "100 Largest Corporate Services 2007", TOTVS stood out as the best company in the Application Deployment segment. The study was based on information obtained from more than 600 executives at Brazilian companies in areas like marketing, sales, operations, finance and controllership, products, communication and public relations, and from top management.

T Increase of free float shares

In June, part of the selling shareholders in the Company's secondary offering, held together with the primary offering that marked the start of trading of TOTVS S.A.'s shares, added around 5% of the company's capital stock to the free float through a block trade. This transaction sought to increase the liquidity of TOTVS shares by increasing the number of outstanding shares. After the transaction, the average daily trading volume of the Company's shares rose by approximately 40%, when compared to the volume during 2007 up to the block trade date. At present, 67.8% of the Company's shares are free float.

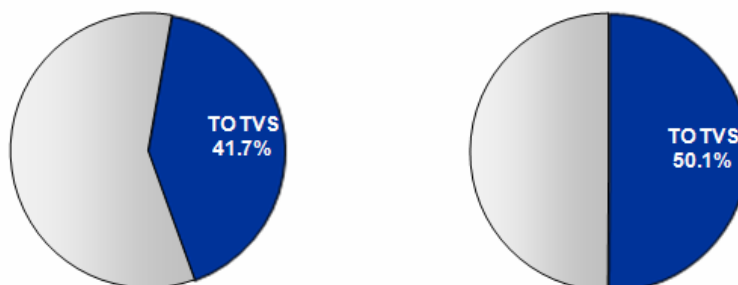
Market Update

- According to IDC, TOTVS commanded 50.1% of the SMB market in Brazil in 2006



According to a study conducted by IDC in June, between 2005 and 2006, TOTVS grew in US Dollar terms at a higher rate than the Enterprise Resource Management markets in Brazil and Latin America.

Market Share: SMB, Brazil. 2005 x 2006.



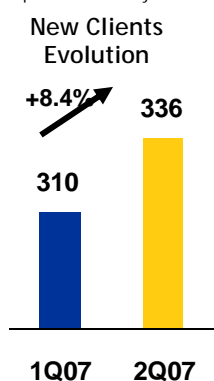
In the Brazilian SMB segment, TOTVS raised its market share from 41.7% in 2005 to 50.1% in 2006. This means more than three times the percentage points of the second ranked company.

In the Latin American SMB market, the Company added 370 basis points to its market share and ended 2006 with 22.0%, reducing the gap between the leader, which is now at 360 basis points. In terms of total market share, TOTVS remains the third largest ERP provider in Latin America, growing from 9.8% in 2005 to 11.0% of the market share in 2006. This represents more than double the percentage points of the fourth placed company.

Operating Performance

Operating Performance	2Q07	2Q06 (1)	Change (2Q07/2Q06)	1H07	1H06 (1)	Change (1H07/1H06)
# New Clients	336	378	-11.1%	646	695	-7.1%
# Base Clients	882	1,075	-18.0%	2,118	2,314	-8.5%
# New Clientes in Corporate Model	74	75	-1.3%	136	133	2.3%
License Fee / New Client (R\$)	35,545	28,519	24.6%	33,553	27,135	23.7%
License Fee / Base Client (R\$)	14,607	14,126	3.4%	14,137	12,995	8.8%
License Fee / New Corporate Client (R\$)	46,914	28,854	62.6%	41,126	29,868	37.7%
License Fee / New Traditional Client (R\$)	32,334	28,436	13.7%	31,534	26,488	19.0%

(1) Values are pro forma as they refer to numbers of RM Sistemas, acquired in April 2006, during the period analyzed.



In the 2Q07, average value of sales to new customers grew 24.6%.

At the end of the 2Q07, the Company had around 15,500 active customers, which is the number of customers with help desk and maintenance service contracts.

The new sales structure, set up in February this year, focuses the sales teams on two main segments: (i) New Customers ("hunters"): that focus on acquiring new customers since the market is low penetrated; (ii) Base: generating more sales from existing customers of TOTVS. In 2Q07 the new structure strengthened sales of more licenses to new clients and the Company recorded an increase of 24.6% in the average sales value for new customers in comparison with the 2Q06, reaching R\$35,545. Similarly, it won 336 new customers in the 2Q07 against 310 in the 1Q07.

Sales to the Company's existing customers declined 18.0% in the 2Q07 in comparison with the same period a year ago, and 8.5% on half-yearly comparison. This is due to the natural adjustments to the new Customer Service and Relationship model. These effects tend to be minimized naturally, paving the way for a new cycle of business generation within the Company's customer base.

In the 2Q07, the Company recorded 74 new customers in the corporate model, at an average sales value of R\$46,914 and a 62.6% growth in relation to the same period a year ago. This growth is due to a small number of high value customers, which raised the average value.

Financial Performance

Breakdown of Gross Revenue from Sales and Services (In R\$ Thousands)	2Q07	2Q06	Change (2Q07/2Q06)	1H07	1H06 (1)	Change (1H07/1H06)
License Fees	27,908	26,622	4.8%	55,618	51,860	7.2%
Services	42,359	33,933	24.8%	80,091	65,796	21.7%
Maintenance	49,481	42,960	15.2%	96,740	84,714	14.2%
Total Gross Revenue from Sales and Services	119,748	103,515	15.7%	232,449	202,370	14.9%
Net Revenue from Sales and Services	108,328	92,082	17.6%	209,489	180,815	15.9%

(1) Values are pro forma as they refer to numbers of RM Sistemas, acquired in April 2006, during the period analyzed.

Gross and Net Revenues

Gross revenue from services and sales reached R\$ 119.748 million in the 2Q07, representing a 15.7% growth in relation to the same period in 2006. The growth is mainly due to the 24.8% growth in revenue from services and the 15.2% growth in maintenance services. In the same period, net revenue from services and sales too grew 17.6%, mainly influenced by the reduction in the number of cancellations which, in the 2Q07, represented 2.1% of the company's net revenues against 3.8% in the same period last year. The fall in the percentage of cancellations reflects the continuous efforts by TOTVS to strengthen its sales process, as evidenced by the

restructuring of its sales setup. The results are showing, like the reduction in the percentage of cancellations and a solidier sales process.

Between the 1H07 and the 1H06, the Company's gross revenue grew to R\$232.449 million. Net revenue reached R\$209.489 million in the 1H07.

Revenue from License Fees

With the all-time record of R\$27.908 million against R\$26.622 million recorded in the same period last year, the Company posted a 4.8% growth in licensing fee revenue in the 2Q07. Despite the changes in the Group's sales structure in the 1Q07, growth was 7.2% between the 1H07 and the 1H06. The highlights of the quarter were the 24.6% jump in the average sales value of licenses to new customers, leveraged mainly by the average sales value of licenses to new customers of the corporate model, which grew 62.6% in the 2Q07 over the same period last year.

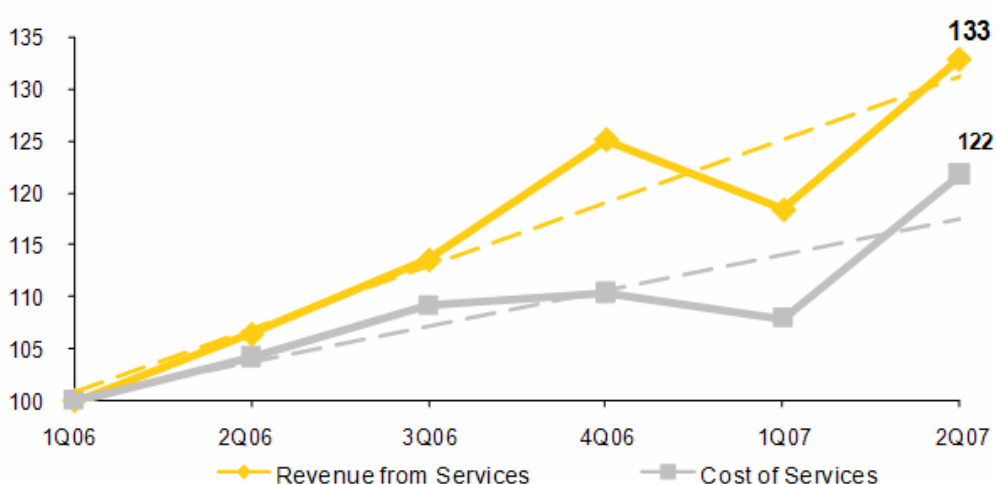
Revenue from Services

Revenue from services grew 24.8% in the 2Q07 to reach R\$42.359 million against R\$33.933 million in the 2Q06. As in previous quarters, this increase is higher than in other revenue items and is mainly due to the growth in revenue from user license fees in past quarters and to the higher client base and thus, a higher demand for the implementation of new modules. Revenue from services in the 1H07 grew 21.7% over the 1H06.

Part of the Company's revenue from services is from management consulting services rendered by TOTVS-BMI whose gross revenue in the 2Q07 was R\$ 2.018 million, a 46.2% growth in relation to R\$ 1.380 million posted in the same period a year ago. Total revenue from services under the Expanded Business Model represented 12.7% of the total revenue from services in the quarter.

Revenue from services in the 2Q07 represented 35.4% of the Company's gross revenue compared to 32.8% in the 2Q06. Gross service margins rose from 18.0% in the 2Q06 to 23.2% in the 2Q07.

Revenue and Cost of Services, per Quarter (1Q06 = base 100)



Revenue from Maintenance Services

Revenue from maintenance services grew 15.2% in the 2Q07, reaching R\$49.481 million against R\$42.960 million in the 2Q06. On half-yearly comparison, growth was 14.2%. In the 2Q07, the Company signed contracts with 336 new customers.

Operating Costs and Expenses

Main Operating Costs and Expenses (In R\$ Thousands)	2Q07	2Q06	Change (2Q07/2Q06)	1H07	1H06 ⁽¹⁾	Change (1H07/1H06)
Cost of License Fees	(847)	(1,614)	-47.5%	(2,017)	(3,265)	-38.2%
Cost of Services	(32,532)	(27,841)	16.8%	(61,360)	(54,548)	12.5%
Research and Development	(9,646)	(8,092)	19.2%	(18,844)	(15,356)	22.7%
Advertising Expenses	(3,555)	(3,807)	-6.6%	(5,954)	(6,710)	-11.3%
Selling Expenses	(7,656)	(6,656)	15.0%	(15,544)	(12,461)	24.7%
Commissions	(13,481)	(11,021)	22.3%	(28,784)	(22,045)	30.6%
General and Administrative Expenses	(10,084)	(11,410)	-11.6%	(19,794)	(23,213)	-14.7%
Management Fees	(3,839)	(3,830)	0.2%	(7,648)	(6,637)	15.2%
Depreciation and Amortization	(12,890)	(12,419)	3.8%	(25,668)	(14,668)	75.0%
Provisions for Doubtful Accounts	(1,704)	(576)	195.8%	(3,359)	(936)	258.9%
Non-recurring Expenses	-	(127)	N/A	-	(24,901)	N/A
Other Revenue (Expenses)	(203)	267	-176.0%	(493)	(656)	-24.8%
Total	(96,437)	(87,126)	10.7%	(189,465)	(185,396)	2.2%

Values are *pro forma* as they refer to numbers of RM Sistemas acquired in April 2006, during the period analyzed.

Operating costs and expenses increased 10.7% in the 2Q07 over the same quarter in 2006, totaling R\$96.437 million.

Total costs and expenses in this quarter, excluding amortization costs of R\$10.335 million and R\$1.222 million relating to RM Sistemas and Logocenter respectively, were R\$84.880 million, a 12.1% increase over the 2Q06, already excluding the non-recurring expenses of that period. In the 2Q07, the Company's net revenue grew 17.6%, exemplifying the Company's ability to leverage its operating capacity.

The Company continues the process of gaining synergy from the integration of Logocenter and especially from RM Sistemas as was evidenced under the item General and Administrative Expenses.

Apart from giving customers the freedom to choose their technological platform, TOTVS-Tec, the proprietary middleware from TOTVS, has been reducing licensing costs for Logocenter's products.

Licensing Costs

Licensing costs reached R\$0.847 million in the 1Q07, a 47.5% decline over the same period in 2006. One of the factors for this decline is that Logocenter's products have switched their middleware to the Company's proprietary product, TOTVS-Tec. With this substitution, TOTVS has been gradually reducing the royalties paid to third-parties for the former technology.

Revenue from services grew 21.7% in the 1H07, 1.7 times quicker than the increase in costs of services, which rose 12.5% in the same period.

Cost of Services

Cost of services was R\$32.532 million in the 2Q07, a 16.8% increase over the 2Q06, which is directly related to hiring of staff for software implementation and related services.

Research and Development

Research and Development expenses were R\$9.646 million in the 2Q07, representing 8.9% of net revenue, an increase of 19.2% in relation to 2006 when they were R\$8.092 million and represented 8.8% of net revenue. The increase is due to the hiring of new staff and activities relating to the launch of the Family 10 TOTVS products (Corpore

10, Logix 10 and Protheus 10), especially those dedicated to Corpore 10 of RM Sistemas.

Advertising Expenses

Advertising expenses reached R\$3.555 million in the 2Q07, a 6.6% decline in comparison with the 2Q06 when they were R\$3.807 million. In the 1H07, they are 11.3% down, reaching R\$5.954 million against R\$6.710 million in the same period a year ago. This decline is in line with the Company's marketing strategy and is positively impacted by the synergies gained with RM Sistemas.

Selling Expenses

Selling expenses rose 15.0%, from R\$6.656 million in the 2Q06 to R\$7.656 million in the 2Q07. As a proportion of the Company's net revenue, they declined from 7.2% to 7.1%. In the comparison between the 1H07 and the 1H06, this difference was 24.7%, mainly due to the hiring of new employees.

Commissions

Commissions totaled R\$13.481 million in the 2Q07, a 22.3% increase over R\$11.021 million in the 2Q06. This increase is chiefly due to the increase in the Group's sales, and the sales mix between direct and indirect channels. In 2Q07, indirect channels represented 47% of the revenue from license fees, 2 percentage points higher than in 2Q06.

General and Administrative Expenses

General and administrative expenses totaled R\$10.084 million in the 2Q07, an 11.6% decline in relation to the 2Q06. This decline is due to the effort of TOTVS to adjust costs and synergies relating to the operations with Logocenter and RM Sistemas.

Management Fees

Management fees totaled R\$3.839 million in the 2Q07, remaining stable in comparison to the 2Q06, which recorded R\$3.830 million. In cumulative terms, the increase was 15.2% the 1H07 in relation to the same period last year, due to the entry of new directors in TOTVS and the total management fees paid to the executive officers of RM Sistemas who received a part of their remuneration as dividends in the 1Q06.

Depreciation and Amortization

Depreciation and amortization expenses totaled R\$12.890 million in the 2Q07, representing an increase of 3.8% in comparison with the 2Q06. In the 2Q07, amortization of goodwill paid in the acquisition of Logocenter and RM Sistemas was R\$1.222 million and R\$10.110 million, respectively.

Provision for Doubtful Accounts

Provision for Doubtful Accounts totaled in R\$1.704 million in the 2Q07, against R\$0.576 million in the 2Q06. This provision is created based on the composition of the Company's receivables portfolio.

Other Revenues and Expenses

In the 2Q07, the Company posted a net expense of R\$0.203 million in the item 'other revenues/expenses' against a net income of R\$0.267 million in the 2Q06.

Operating Income and Net Income

The Company posted an operating income of R\$11.891 million and net income of R\$9.342 million or R\$0.35 per share this quarter, impacted by the amortization of goodwill in the acquisition of RM, against an operating income of R\$4.956 million and net income R\$8.272 million, or R\$0.31 per share in the same period in 2006. The net income growth in 2Q07 was mainly impacted by a net financial result of R\$0.326 million versus an R\$3.825 million in 2Q06 and by an income tax payable of R\$2,584 million in 2Q07, compared to R\$0.521 million in the same period of the prior year.

In the half-year, operating income reached R\$20.024 million and net income R\$17.725 million or R\$0.66 per share, versus an operating expense of R\$4.581 million and net income of R\$3.686 million, or R\$0.14 per share in the 1H06, impacted by the extraordinary expenses relating to the Company's IPO.

Adjusted EBITDA

In the 1H06, the Company's EBITDA was adjusted to enable correct and organic comparison with the previous year and with future periods. While calculating EBITDA, the Company added extraordinary and non-recurring expenses relating to its IPO and the numbers of RM Sistemas acquired in April 2006. For the 1H07, there will be no further adjustment as there were no extraordinary expenses. Adjusted EBITDA was calculated according to the following table:

EBITDA Statement (In thousand R\$)	1H07	1H06 Adjusted Pro Forma	1H06
Operating Profit (EBIT)	20,024	(4,581)	(10,798)
Depreciation and Amortization	(25,668)	(14,668)	(14,536)
Extraordinary Expenses		(24,901)	
EBITDA	45,692	34,988	3,738

EBITDA rose from R\$17.502 million in the 2Q06 to a record R\$24.781 million in the 2Q07. EBITDA margin too rose to its all-time high of 22.9%, proving the Company's leveraging capacity.

Adjusted Net Income

Adjusted Net Income represents Net Income excluding the effect of extraordinary expenses and amortization expenses related to the acquisitions of Logocenter and RM Sistemas. Therefore, it can be understood as Net Income from the Company's normal operations and hence, the basis for distribution of dividends. While calculating it, the effects of amortization expenses and Income Tax are considered as per the table below:

Pro Forma Net Income Reconciliation (In R\$ thousands)	2Q07	2Q06	1H07	1H06 ⁽¹⁾
Consolidated Net Income - Corporate Law	9,342	8,272	17,945	(1,596)
Consolidated Net Income - RM Sistemas ¹	-	-	-	5,282
Pro Forma Net Income	9,342	8,272	17,945	3,686
Logocenter and RM Sistemas Goodwill Amortization	11,332	11,257	22,889	12,479
Extraordinary expenses	-	127	-	24,901
Income tax and social contribution effect	(3,853)	(3,871)	(7,782)	(12,709)
Pro Forma Adjusted Net Income	16,821	15,785	33,052	28,357

¹ Considering consolidated income before the acquisition of the companies

Capital Markets

Shareholder (In % of the free float)	2Q07	1Q07	4Q06	Shareholder (In % of the free float)	2Q07	1Q07	4Q06
Non-Institutional Investor	2.4%	3.8%	4.9%	National Investor	18.6%	20.7%	23.8%
Institutional Investor	97.6%	96.2%	95.1%	International Investor	81.4%	79.3%	76.2%
TOTAL	100.0%	100.0%	100.0%	TOTAL	100.0%	100.0%	100.0%

Ownership Breakdown

On June 30, 2007, the Company's free float was 67.8%, that is, 18,089,208 shares out of a total 26,688,402 shares. The remainder corresponds to the stake held by LC-EH Participações and its controllers (20.1%) and BNDESPar (7.6%). Members of the Company's top management held 0.55% of the stake.

Currently, 97.6% of the Company's free float is held by institutional investors, which is 140 base points more than on March 31, 2007.

Upcoming Events

Conference Call - 2Q07 Results August 9, 2007	
English	Portuguese
12:30 PM (US-ET)	Time: 02:00 PM (US-ET)
Telephone: 1(973) 935-8893	Telephone: (11) 2101-4848
Replay: 1(973) 341-3080	Replay: (11) 2101-4848
Code: 8987931	Code: TOTVS
Webcast: www.totvs.com.br/ir	Webcast: www.totvs.com.br/ri

Glossary

License Fees / User License

License fees include the license to use the Company's software, sale of third party software and royalties.

Maintenance

Maintenance refers to the provision 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 customers 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, customers acquire unlimited usage rights without restrictions on the number of simultaneous users in exchange for 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 customer 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 customers 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		
	6/30/2007	6/30/2006	Chg.	6/30/2007	6/30/2006	Chg.
Current assets						
Cash and banks	100,282	76,908	30.4%	110,787	89,386	23.9%
Accounts receivable	61,889	40,916	51.3%	83,182	69,393	19.9%
Provision for doubtful accounts	(5,787)	(2,146)	169.7%	(6,741)	(3,734)	80.5%
Inventories	-	393	N/A	-	393	N/A
Income tax and social contribution on net income	11,622	11,135	4.4%	11,809	13,789	-14.4%
Dividends receivable	-	3,500	N/A	-	-	0.0%
Recoverable taxes	5,966	4,592	29.9%	6,694	6,713	-0.3%
Other current assets	4,148	804	415.9%	5,299	2,039	159.9%
	178,120	136,102	30.9%	211,030	177,979	18.6%
Non-current assets						
Long-term assets						
Related parties	6,227	3,354	85.7%	-	-	0.0%
Income tax and social contribution on net income	21,292	6,288	238.6%	22,537	8,587	162.5%
Judicial deposit	5,119	4,939	3.6%	5,119	9,202	-44.4%
Other receivables	723	-	N/A	820	503	63.0%
Permanent Assets						
Investments						
In subsidiaries	22,382	28,071	-20.3%	-	-	0.0%
Other investments	55	254	-78.3%	55	-	N/A
Goodwill from acquisitions	164,690	208,594	-21.0%	164,690	209,028	-21.2%
Equipment	11,533	9,496	21.5%	17,787	15,773	12.8%
Intangible	1,202	-	N/A	1,202	1,590	-24.4%
Total non-current assets	233,223	260,996	-10.6%	212,210	244,683	-13.3%
Total assets	411,343	397,098	3.6%	423,240	422,662	0.1%

BALANCE SHEET (In R\$ Thousands)	Parent Company			Consolidated		
	6/30/2007	6/30/2006	Chg.	6/30/2007	6/30/2006	Chg.
Current liabilities						
Accounts payable	4,173	3,426	21.8%	5,000	7,319	-31.7%
Notes payable	-	1,666	N/A	-	1,671	N/A
Loans and financing	-	-	0.0%	391	-	N/A
Current obligation under capital leases	-	-	0.0%	2,297	1,512	51.9%
Taxes payable	2,032	3,030	-32.9%	4,418	7,652	-42.3%
Salaries and social charges payable	23,934	16,620	44.0%	27,117	25,314	7.1%
Commissions payable	11,990	5,890	103.6%	11,540	7,974	44.7%
Dividends payable	211	84	151.2%	211	87	142.5%
Other payable	259	1,229	-78.9%	1,004	1,604	-37.4%
Total Current liabilities	42,599	31,945	33.4%	51,978	53,133	-2.2%
Non-current liabilities						
Payable to subsidiary	-	-	0.0%	-	-	0.0%
Current obligation under capital leases	-	-	0.0%	1,601	706	126.8%
Provision for investment losses	500	1,083	-53.8%	-	-	0.0%
Income Tax and Social Contribution on Net Income	-	-	0.0%	197	316	-37.7%
Tax payable	470	937	-49.8%	470	1,784	-73.7%
Contingencies	979	4,388	-77.7%	979	6,658	-85.3%
Total Long Term liabilities	1,949	6,408	-69.6%	3,247	9,464	-65.7%
Minority interests	-	-	0.0%	838	706	18.7%
Shareholders' Equity						
Capital	307,373	307,373	0.0%	307,373	307,373	0.0%
Capital reserve	31,557	31,557	0.0%	31,557	31,557	0.0%
Income reserve	27,865	19,815	40.6%	28,247	20,429	38.3%
Shares held in treasury	-	-	0.0%	-	-	0.0%
Total shareholders equity	366,795	358,745	2.2%	367,177	359,359	2.2%
Total liabilities and shareholders equity	411,343	397,098	3.6%	423,240	422,662	0.1%

INCOME STATEMENT (In R\$ Thousands)	Consolidated					
	2Q07	2Q06	Chg.	1H07	1H06 Pro Forma	Chg.
Gross revenue:						
License fees	27,908	26,622	4.8%	55,618	51,860	7.2%
Services	42,359	33,933	24.8%	80,091	65,796	21.7%
Maintenance	49,481	42,960	15.2%	96,740	84,714	14.2%
	119,748	103,515	15.7%	232,449	202,370	14.9%
Deductions from revenue:						
Cancellation of services and sales	(2,247)	(3,463)	-35.1%	(5,083)	(6,014)	-15.5%
Taxes	(9,173)	(7,970)	15.1%	(17,877)	(15,541)	15.0%
Net sales revenue	108,328	92,082	17.6%	209,489	180,815	15.9%
Licensing Costs	(847)	(1,614)	-47.5%	(2,017)	(3,265)	-38.2%
Cost of Services	(32,532)	(27,841)	16.8%	(61,360)	(54,548)	12.5%
Gross Income	74,949	62,627	19.7%	146,112	123,002	18.8%
Operating Expenses						
Research and Development	(9,646)	(8,092)	19.2%	(18,844)	(15,356)	22.7%
Advertising expenses	(3,555)	(3,807)	-6.6%	(5,954)	(6,710)	-11.3%
Selling Expenses	(7,656)	(6,656)	15.0%	(15,544)	(12,461)	24.7%
Commissions	(13,481)	(11,021)	22.3%	(28,784)	(22,045)	30.6%
General and Administrative Expenses	(10,084)	(11,410)	-11.6%	(19,794)	(23,213)	-14.7%
Management Fees	(3,839)	(3,830)	0.2%	(7,648)	(6,637)	15.2%
Depreciation and Amortization	(12,890)	(12,419)	3.8%	(25,668)	(14,668)	75.0%
Provision for Doubtful Accounts	(1,704)	(576)	195.8%	(3,359)	(936)	258.9%
Non-recurring expenses	-	(127)	N/A	-	(24,901)	N/A
Other expenses	(203)	267	-176.0%	(493)	(656)	-24.8%
	(63,058)	(57,671)	9.3%	(126,088)	(127,583)	-1.2%
Operating profit, before financial effects equity pickup	11,891	4,956	139.9%	20,024	(4,581)	N/A
Financial revenues	3,038	4,855	-37.4%	6,414	7,219	-11.2%
Financial expenses	(2,712)	(1,030)	163.3%	(5,075)	(4,207)	20.6%
Non-operating income	(160)	18	N/A	75	(117)	N/A
Income (loss) before taxes	12,057	8,799	37.0%	21,438	(1,686)	N/A
Current income and social contribution taxes	(3,851)	(2,638)	46.0%	(10,164)	(4,348)	133.8%
Deferred income and social contribution taxes	1,267	2,117	-40.2%	6,625	9,839	-32.7%
Income and social contribution taxes	(2,584)	(521)	396.0%	(3,539)	5,491	N/A
Minority interest	(131)	(6)	N/A	(174)	(119)	46.2%
Net income (loss)	9,342	8,272	12.9%	17,725	3,686	380.9%
EBITDA	24,781	17,502	41.6%	45,692	34,988	30.6%

Pro forma Cash Flows (In R\$ Thousands)	Consolidated	
	2Q07	2Q06
<u>Cash flows from operating activities</u>		
EBIT	11,891	4,956
Depreciation and Amortization	12,890	12,419
Non-recurring expenses	-	127
EBITDA	24,781	17,502
<u>Cash Items after EBITDA</u>		
Financial Result	(3,565)	1,205
Income Tax and Social Contribution on Net Income	286	3,843
	(3,851)	(2,638)
<u>Non-Cash Items after EBITDA</u>		
Allowance for doubtful accounts (PDD)	2,296	442
Provision for contingencies	1,704	576
	592	(134)
<u>Changes in Working Capital</u>		
Accounts receivable, net of commissions	(5,263)	(2,404)
Suppliers payable	(5,238)	(3,818)
Salaries and charges payable	(567)	293
Taxes payable	4,790	3,876
Judicial deposit	(1,834)	(1,649)
Other assets and liabilities	(2,420)	(320)
	6	(786)
Net Cash from operating activities	18,249	16,745
<u>Cash flows from investment activities</u>		
Investment acquisition	(1,500)	(206,603)
Investment divestiture	-	-
Acquisition of equipment	(1,778)	(1,224)
Permanent Asset Sale	225	116
Cash flows from investment activities	(3,053)	(207,711)
<u>Cash flows from financing activities</u>		
Bank loans	38	-
Increase (decrease) of lease obligations	488	(428)
Payment of capital	-	-
Non Current Expenses Payable	-	(2,880)
Dividends paid	(70)	(6,890)
Cash flows from financing activities	456	(10,198)
<u>Increase (decrease) of cash and banks</u>	15,652	(201,164)
Cash and banks at the beginning of the year	95,134	290,549
Cash and banks at the end of the year	110,787	89,386