

TOTVS IN 1Q08: ACCELERATION OF GROWTH AND NEW RECORDS SET



São Paulo, May 7, 2008 - TOTVS S.A. (BOVESPA: TOTS3), the leader in developing and marketing integrated enterprise management software and related services to small and medium enterprises in Brazil and Latin America, today announces its results for the first quarter of 2008. The Company's consolidated financial statements are prepared in accordance with Brazilian corporate legislation. *The figures from BCS, acquisition announced in the last quarter of 2007, will be included in the results of TOTVS only from the second quarter of 2008. Any figure from BCS quoted in this document is unaudited.*

Highlights of the Period

- **Net Revenue** from sales totaled **R\$121.051 million** in 1Q08, representing growth of **19.7%** year on year - **a new quarterly record**.
- Revenue from **License Fees** witnessed the **highest growth rate** in the past 6 quarters: **24.6%** in relation to 1Q07. This revenue line also registered a **historical quarterly record** of **R\$34.522 million**.
- Revenue from **Maintenance** grew **20.8%** when compared to the 1Q07, reaching a R\$57.099 million volume – **another historical record**.
- Revenue from **Services**, R\$45.938 million this quarter, showed **growth of 21.7%** in relation to the 1Q07.
- **EBITDA of 1Q08 broke the earlier record of the previous quarter**, totaling **R\$26.259 million**. EBITDA rose **25.6%** in comparison with the same period last year.
- **EBITDA Margin** reached **21.7%** in the quarter, recording an **increase of 100 basis points** in relation to the EBITDA of the first quarter 2007.
- If BCS figures were consolidated in this quarter, compared to the 1Q07, TOTVS would present **Net Revenue** growth of **24.2%**, reaching **R\$125.628 million**; **EBITDA evolution of 32.1%**, amounting **R\$27.629 million**, and **EBITDA Margin** growth of **22.0%**.
- **Licenses were sold to 1,481 customers in the base** in 1Q08. Sales to the base in 1Q08 represented a **35.5%** growth over **4Q07** and **19.8%** growth over **1Q07**.
- Record **Adjusted Net Income** of **R\$19.254 million** in 1Q08, with **growth of 21.7%** and **11.4%** over 1Q07 and 4Q07, respectively.
- **TOTVS up** is launched: it's the first known model with a remotely (internet based) process for sales and implementation of ERP software.

IR Contacts

José Rogério Luiz
EVP, CFO and IRD

Gilsomar Maia / Bruno Brasil
Investor Relations
Tel.: +55(11) 3981-7105 / 7097
ri@totvs.com.br

Conference Calls

Thursday, May 8, 2008

> Portuguese

12:30 p.m. (US ET)

Webcast: www.totvs.com.br/ri

Phone: +55 (11) 2188-0188

Replay: available till May 14, 2008

> English

2:00 p.m. (US ET)

Webcast: www.totvs.com.br/ri

Phone: +1 (973) 935-8893

Code: 42164558

Replay: +1 (706) 645-9291 and
+1 (800)642-1687, available till
May 14, 2008

Consolidated Financial Highlights (in R\$ thousands)	1Q08	1Q07	Change (1Q08/1Q07)	1Q08	4Q07	Change (1Q08/4Q07)
Net Revenue	121,051	101,161	19.7%	121,051	117,940	2.6%
EBITDA	26,259	20,911	25.6%	26,259	25,910	1.3%
EBITDA Margin	21.7%	20.7%	100 bp	21.7%	22.0%	-30 bp
Adjusted Net Income ⁽¹⁾	19,254	15,820	21.7%	19,254	17,282	11.4%

(1) Adjusted Net Income represents Net Income excluding the effect of amortization expenses related to the acquisitions of companies, net of taxes. Thus, Adjusted Net Income may be understood as the net result of the Company's normal operations.

Recent Events

BRAZIL: Country reaches the investment grade

In the end of April, the rating agency Standard and Poor's – S&P – raised Brazilian debt rating in foreign exchange to BBB-, an investment grade level. This new status, which might be endorsed by other rating agencies soon, gives Brazil the perspective to receive an additional investment volume, creating a new cycle of long term investments in the country. According to analysts, this process tend to support the local economy, particularly the small and medium business, TOTVS' main focus.

Consolidation of the TOTVS brand

During the first quarter, the process of TOTVS' brand consolidation was intensified by the adoption of a new plan to communicate with the market. The objective is to have a single brand, stronger than the sum of the earlier brands, and to gain synergy in its marketing efforts.

In 1Q08, a process of consolidating the clients information's database was started as the Company began to unify the database system, to centralize the information structure and to implement a unique CRM process.

Progress in the redesign of the TOTVS channels

In 4Q07, TOTVS announced an initiative to integrate its distribution channels and in 2008, it started the process of consolidating its franchises and its own channels by creating **TOTVS channels**. Gradually, channels of Logocenter, Microsiga and RM will become integrated units with greater dimension and scale.

By the end of 1Q08, the units Bahia, Ilhéus, Santa Catarina and Mato Grosso do Sul had been converted into TOTVS channels, joining the other five unified units announced earlier: Greater São Paulo, Rio de Janeiro, Belo Horizonte, Mato Grosso and Espírito Santo. TOTVS has already unified service units in regions that cover about 50% of Brazil's GDP.

Considering that TOTVS' main target market (SMB) is poorly penetrated, the integration of channels is strategically important to TOTVS as it strengthens the franchises and, consequently, tend to boost sales growth.

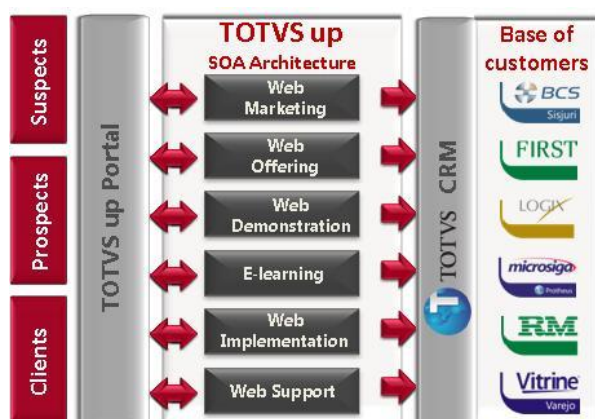


TOTVS up: a pioneering ERP sales and implementation model is launched

In April, TOTVS launched **TOTVS up**, the first known model that covers the ERP sales and implementation process remotely. **TOTVS up** is structured into six basic stages:

- 1) **Web Marketing** - first contact with potential customer;
- 2) **Web Offering** - involvement of the Company's relationship executive;
- 3) **Web Demonstration** - demos and testing of solutions, acquisition through digital certification, and billing through issue of electronic invoices;
- 4) **e-Learning** - user training;
- 5) **Web Implementation** - remote software deployment and local monitoring; and
- 6) **Web Support** - customer support.

The Company expects **TOTVS up** to serve as a **sales catalyst**, opening one more service and relationship channel to its target market. Besides enabling greater interaction between the sales force and customers, **TOTVS up** is expected to reduce the total cost implementation for the Company's customers by carrying out a part of the process remotely, which allows greater agility in demonstration, training, implementation and support.



The applications and tools supporting this process are developed with proprietary technology, using concepts from the Service-Oriented Architecture (SOA), which can be integrated with the TOTVS CRM, permeating the entire interaction process between the customer and the Company.

Closing of BCS acquisition

On April 11, 2008, TOTVS paid the fixed amount of R\$30.0 million towards the acquisition of BCS, announced in December 2007. The closing of the deal and the payment of the fixed amount were conditioned on compliance with certain contractual conditions. Besides the fixed sum, the contract also provides for the payment of a variable amount of up to R\$18.0 million, payable upon compliance with certain targets established for BCS for 2008 and 2009, as announced in the material fact dated December 10, 2007. Thus, TOTVS will include BCS in its results starting from the second quarter of 2008.



BCS is present in four regions across Brazil with a portfolio of about 300 customers. In the first quarter of 2008, BCS posted gross revenue of R\$5.028 million and EBITDA of R\$1.370 million (unaudited figures).

Euromoney: TOTVS is the best managed Technology and IT/Software company in Latin America

For the second consecutive year, TOTVS was honored by the magazine *Euromoney* as the company with the **Best Management** in two different categories: **Technology** and **IT/Software** with 31.1% and 30.4%, respectively of the votes in each of the categories, leading the second placed company by a wide margin.

IT/Software				
2008	2007	Company	% voting	Country
1	1	TOTVS	30.43%	Brazil
2		"a"	23.91%	Chile
3		"b"	10.87%	Brazil
Technology				
2008	2007	Company	% voting	Country
1	1	TOTVS	31.11%	Brazil
2		"a"	15.56%	Chile
3		"b"	13.33%	Brazil

Source: Euromoney

The study, entitled "Best-Managed LATAM companies" and published in the magazine's March 2008 edition, covered ninety-two IT Latin America's market analysts from leading banks and financial institutions in the survey. The study, in its third year, considered factors like market share, profitability, growth potential, quality of management and financial results of 341 companies in the region.

TOTVS is one of BCG's 50 "Local Dynamios"



TOTVS was featured in the study "The BCG 50 Local Dynamios: How Dynamic RDE Based Companies Are Mastering Their Home Markets – and What MNCs Need to Learn from Them", conducted by the Boston Consulting Group (BCG).

The study featured 50 companies from developing countries that created innovative and successful business models and represent a threat to multinationals in their quest for growth in rapidly developing economies.

According to the firm, these companies created differentiated and innovative business models to control the dynamics of their markets. They led their local peers and managed to build a significant competitive advantage over the multinationals by incorporating a series of best practices in their areas of operation.



The study concludes that these companies have recorded a higher growth than the S&P500 or the Fortune Global 500 companies, profitability significantly greater than their peers in the S&P500, as well as the Nikkei (Tokyo Stock Exchange) and DAX (Frankfurt Stock Exchange) indexes.

Regarding the same topic, Harvard Business Review, acknowledged as one of the most important business magazines and published since 1922 by Harvard Business School, shows on its March 2008 issue, a 15-page article about the same subject above entitled "How Local Companies Keep Multinationals at Bay", featuring TOTVS as a successful case study.



TOTVS receives award for corporate governance and IR website

In the 10th edition of “Investor Relations Global Rankings – IRGR” held in March, TOTVS was elected as the company with the best **Corporate Governance**, among all the Latin American participants, and its **Investor Relations website** was rewarded as the best in the **Small Cap category**.

The 2008 edition of the annual ranking analyzed 160 publicly-held companies in 32 countries. The “Investor Relations Global Rankings”, was sponsored by KPMG, NYSE, Euronext, The Bank of New York Mellon, Bloomberg, among others, and was organized by MZ Consult.

Market Update

Research institutes report 2008 estimates for the IT and ERP industry in Latin America

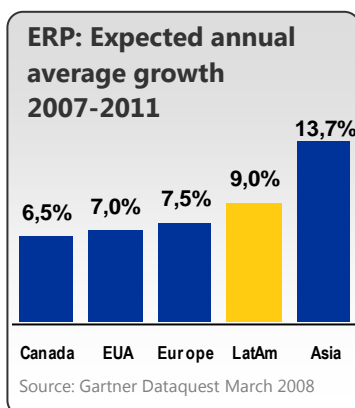
According to reports of International Data Corporation (IDC) and Gartner, Latin America will see the highest growth in IT investments around the world.

According to IDC, IT spending in Latin America will rise 12.9% this year, more than double the estimated 5%-6% average expected in other parts of the world.

IDC also reports that the average spending of small and medium enterprises should stand above the expected global growth, reinforcing the scenario that has been observed in the last years.

In line with IDC's findings, Gartner also reports that the highest growth will be in the countries in Latin America and Asia, and that global spending will rise 6% in the year.

For the ERP segment, Gartner reported in a study published in March 2008 that it should grow annually, on average, by 8% globally between 2007 and 2011, and by 9% in Latin America per annum for the same period. Thus, Latin America' ERP market, that reached US\$747 million in 2007, would achieve US\$1.150 million in 2012. The comparison to the previous research, published in September 2007, evidences that the institute raised its growth's estimates for the segment, even with the slowdown in world's economy apprehension during the first months of the year.



Operating Performance

Operating Performance			1Q08	1Q07	Change (1Q08/1Q07)	1Q08	4Q07	Change (1Q08/4Q07)
Software (except Vitrine)	Clients #	New Clients	293	310	-5.5%	293	373	-21.4%
		New Traditional Client	219	248	-11.7%	219	278	-21.2%
		New Corporate Client	74	62	19.4%	74	95	-22.1%
		Base Clients	1,481	1,236	19.8%	1,481	1,093	35.5%
	Licenses R\$	License Fee / New Client	32,923	31,394	4.9%	32,923	39,298	-16.2%
		License Fee / New Traditional Client	32,099	30,687	4.6%	32,099	37,668	-14.8%
License Fee / New Corporate Client		35,364	34,218	3.3%	35,364	44,068	-19.8%	
License Fee / Base Client		13,596	13,801	-1.5%	13,596	13,230	2.8%	
Corporate Model Recurring Revenue (R\$ 000)		8,955	5,382	66.4%	8,955	-	N/D	
Vitrine	Clients #	New Clients	142	N/D	N/D	142	N/D	N/D
		Base Clients	79	N/D	N/D	79	N/D	N/D
	Licenses R\$	License Fee / New Client	1,480	N/D	N/D	1,480	N/D	N/D
		License Fee / Base Client	681	N/D	N/D	681	N/D	N/D

For a better understanding of the Company's operations, in the 1Q08 the information about Vitrine, Midbyte's software that focus retail segment, is provided separately from other software products because it is a market whose characteristics differ from those of the Company's previous software products.

The quarter ended with approximately **18,000 active customers**, number that refers to the quantity of software customers with help desk and maintenance services contracts, among them more than 1,550 are Vitrine's customers.

Software (except Vitrine)

TOTVS ended 1Q08 over the mark of **16,300 active customers** in software, Vitrine's customers not included.

The Company's 1Q08 sales highlight were the licenses sold to its **base customers**. In the quarter, **1,481 base customers** bought software licenses, an increase of **19.8%** year on year, and **35.5%** over 4Q07.

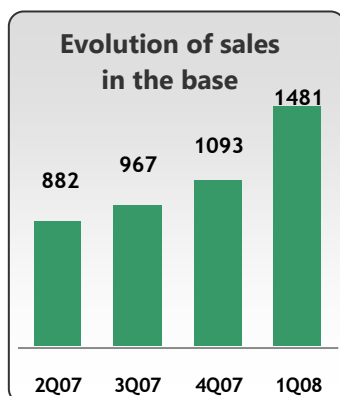
The Company believes that the sales growth in the customer base - observed in this quarter and earlier quarters - is largely due to the internal restructuring of the sales team carried out in the beginning of 2007, which created separate teams for new customers and for existing customers in the TOTVS base.

The customer base in the **corporate model** also turned in a notable performance during the quarter. Customers under the corporate model generated **recurring revenue of R\$8.955 million in 1Q08**, a **66.4%** growth year on year.

With regard to **new customers, in 1Q08**, in the midst of the in-depth restructuring of its channels, the Company reported **293 new software clients**, which is a 5.5% drop in the number of new customers. On the other hand, the average sales ticket of these customers grew 4.9% in the same period to R\$32.923 thousand. New sales in the **corporate model grew remarkably, 19.4% in terms of sales and 3.3% in average sales value**, between 1Q07 and 1Q08.

Record license fee revenues.

Existing customers lead with 35.5% growth in sales between 4Q07 and 1Q08.



The Company believes that the restructuring of the TOTVS channels that creates consolidated units - which began in the quarter and are already in an advanced stage of implementation -, combined with the TOTVS' brand consolidation and the structured sales' growth through TOTVS up initiative, will have a positive effect on sales to new customers.

Software Vitrine

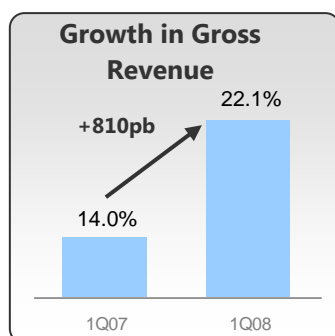


Incorporated in January, the software **Vitrine** (Midbyte) was sold to **142 new customers** and 79 existing customers bought software licenses. At the end of the quarter, it had more than **1,550 active customers** with maintenance contracts and 2,200 spot customers, bringing with them the **possibility of new sales to the base**, cross-selling and **migration to other TOTVS** products.

Financial Performance

Breakdown of Gross Revenue from Sales and Services (In R\$ thousands)	1Q08	1Q07	Change (1Q08/1Q07)	1Q08	4Q07	Change (1Q08/4Q07)
License Fees	34,522	27,710	24.6%	34,522	32,880	5.0%
Services	45,938	37,732	21.7%	45,938	46,315	-0.8%
Maintenance	57,099	47,259	20.8%	57,099	52,565	8.6%
Total Gross Revenue from Sales and Service:	137,559	112,701	22.1%	137,559	131,760	4.4%
Net Revenue from Sales and Services	121,051	101,161	19.7%	121,051	117,940	2.6%

Gross Revenue and Net Revenue

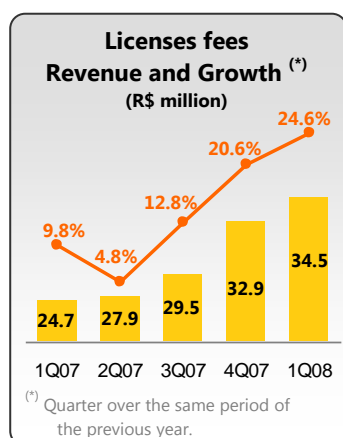


Gross revenue from services and sales was R\$ 137.559 million in 1Q08, representing growth of 22.1% compared to 1Q07. This strong growth was evident in all the revenue lines, especially in license fee revenues at 24.6%, which was influenced by the recurring revenue of the corporate model. The gross revenue can also be highlighted. In 1Q08, it was 4.4% higher than in 4Q07, a new historical record, and for the 3rd year in a row, the seasonality was neutralized (1Q growth over 4Q of the previous year). The result presented is consequence of strategic and operational initiatives that aim to speed up the top line growth. As a reminder, if the sales from BCS were consolidated on 1Q08 figures, the gross revenue growth would have been 26.5%.

Net revenue from services and sales in 1Q08 totaled R\$121.051 million, another record - the 12th in a row, despite the cancellation of trade notes that in some cases were earlier classified under the provision for doubtful accounts. This net revenue amount represents a 19.7% growth over 1Q07.

Also worth noting is that, if BCS were included in 1Q08, total net revenue would be R\$125.628 million (unaudited numbers) and would imply growth of 24.2% over 1Q07 and growth of 6.5% over 4Q07.

The results have high relevance when considered the deep changes occurred in the quarter. An important example is the consolidation of TOTVS' distribution channels and the creation of TOTVS Franchises.



License Fee Revenue

License fee revenue grew 24.6% between 1Q07 and 1Q08, from R\$27.710 million to R\$34.522 million. In comparison with 4Q07, license fee revenue grew 5.0%. The observed performance was positively influenced by the recurring revenue from the corporate model, that totaled R\$8.955 million in 1Q08, which is 66.4% higher than the R\$5.382 million in 1Q07. Sales of new licenses to base customers also worth highlight as mentioned on the previous section, and reinforce the potential perception existent on the near 18,000 active customers that have TOTVS' software.

In the quarter, licenses fees revenue participation over the company's total gross revenue reached 25.1%. This can be understood as another evidence of the healthy TOTVS' business model.

Revenue from Services

The revenue from services in 1Q08 was R\$45.938 million, a 21.7% growth over the R\$37.732 million in 1Q07. Expanded business model totaled R\$7.272 million in services revenues in the 1Q08, or 15.8% of the total services revenue of the quarter. The highlight is the revenues from TOTVS Consulting, which grew 44.3% between 1Q07 and 1Q08, from R\$1.887 million to R\$2.722 million.

The first quarter of the year is characterized by a holiday period; therefore, the revenues from services tend to reduce. However, revenue from services in 1Q08 was only 0.8%, or R\$0.377 million, lower than in 4Q07. For comparison purposes, between 4Q06 and 1Q07, revenue from services dropped 5.4%, therefore, a significant improvement in the 1Q08.

Maintenance Fee Revenues

Revenue from maintenance fees rose by 20.8% in 1Q08 when compared to 1Q07, totaling R\$57.099 million. This consistent growth in maintenance fee revenues is due to license fees originated in earlier periods, from new and existing customers, including customers under the corporate model.

Recurring revenue from the corporate model was R\$9.0 million in the quarter, a 66.4% year-on-year growth.

Operating Costs and Expenses

Main Operating Costs and Expenses (In R\$ Thousands)	1Q08	1Q07	Change (1Q08/1Q07)	1Q08	4Q07	Change (1Q08/4Q07)
Cost of License Fees	(586)	(1,170)	-49.9%	(586)	(862)	-32.0%
Cost of Services and Sales	(39,515)	(28,828)	37.1%	(39,515)	(37,858)	4.4%
Research and Development	(11,126)	(9,198)	21.0%	(11,126)	(10,838)	2.7%
Advertising Expenses	(1,852)	(2,399)	-22.8%	(1,852)	(3,623)	-48.9%
Selling Expenses	(7,798)	(7,888)	-1.1%	(7,798)	(8,725)	-10.6%
Commissions	(17,062)	(15,303)	11.5%	(17,062)	(14,081)	21.2%
General and Administrative Expenses	(11,246)	(9,710)	15.8%	(11,246)	(10,158)	10.7%
Management Fees	(4,496)	(3,809)	18.0%	(4,496)	(3,556)	26.4%
Depreciation and Amortization	(13,414)	(12,778)	5.0%	(13,414)	(13,019)	3.0%
Provisions for Doubtful Accounts	(1,029)	(1,655)	-37.8%	(1,029)	(2,278)	-54.8%
Other Revenue (Expenses)	(82)	(290)	-71.7%	(82)	(51)	60.8%
Total	(108,206)	(93,028)	16.3%	(108,206)	(105,049)	3.0%

Operating costs and expenses in 1Q08 were 16.3% higher than in 1Q07, totaling R\$108.206 million. These cost and expenses were effectively impacted by the collective bargaining agreement in São Paulo, which reached 6.3% on the salary adjustment in January 2008. Despite of this, the costs and expenses growth was below to the net revenues', which was 19.7%.

Excluding depreciation and amortization of goodwill from the acquisitions, which totaled R\$13.414 million, costs and expenses in 1Q08 totaled R\$94.792 million, a 3.0% rise over 4Q07.

During 2007, TOTVS also benefited from the gains in synergy arising from the integration of RM Sistemas. Moreover, starting from the second half of 2007, it started implementation of its Shared Services Center (SSC). The implementation process will continue in 2008.

Licensing Costs

Licensing costs totaled R\$0.586 million in 1Q08, 49.9% lower than in 1Q07, due to the replacement of third-party solutions with solutions developed using TOTVS technology.

Cost of Services and Selling

Cost of services and selling was R\$39.515 million in 1Q08, a 37.1% increase over 1Q07. The increase in the cost of services is the direct result of four factors: (i) hiring of staff in 2007 and in 1Q08 in the software implementation unit, (ii) expansion of the Company's presence to regions outside big cities, (iii) inauguration of nine branches in Mexico; (iv) the collective bargaining agreement in São Paulo involving higher wage increment than in the previous year.

Research and Development

Research and development expenses amounted to R\$11.126 million in 1Q08, representing 9.2% of net revenue, in line with the Company's long-term guidance. Part of these expenses was on account of the development and integration of tools and technologies available in **TOTVS up**, as announced in the beginning of April.

Advertising Expenses

Advertising expenses were R\$1.852 million in 1Q08, a 22.8% decrease from the R\$2.399 million recorded in 1Q07. The higher level of advertising expenses last year was related to the launch of Family 10 (new product versions) in 1Q07. The Company expects to increase advertising expenses during the year to sustain the recent consolidation of the TOTVS brand and the new distribution strategy, already in progress.

Selling Expenses

In the first quarter of 2008, selling expenses fell 1.1% in comparison with the same period in 2007, from R\$7.888 million to R\$7.798 million. This decline in selling expenses partially shows the opportunities provided by the unification of the distribution channels, started in December 2007 and which can still be explored.

Commission

Commission expenses totaled R\$17.062 million in 1Q08, 11.5% higher than the R\$15.303 million in 1Q07. As a percentage of the company's net revenue, they declined from 15.1% in 1Q07 to 14.1% in the 1Q08. It must be noted that the percentage of commission of net revenue essentially reflects the changes in the sales mix between the Company's channels and franchises.

General and administrative expenses

General and administrative expenses totaled R\$11.246 million in 1Q08, a 15.8% increase over 1Q07. Even with the wage increase mentioned in "Cost of Services", general and administrative expenses, as a percentage of net revenue, fell from 9.6% to 9.3%. The Shared Services Center (SSC) will be expanded in 2008 and will provide services to other TOTVS units (e.g.: Midbyte and BCS), in order to continue to capture economies of scale and ensure greater cost control.

Management Fees

Management fees totaled R\$4.496 million in 1Q08, signifying an 18.0% increase over the R\$3.809 million in 1Q07. In comparison with 4Q07, management fees were 26.4% higher, mainly due to the growth in the Company's results and hiring of new officers.

Depreciation and Amortization

Depreciation and amortization expenses totaled R\$13.414 million in 1Q08, representing a 5.0% increase over 1Q07. The increase is mainly due to the additional amortization of goodwill from the acquisitions of Midbyte, IOSSTS and TOTVS Consulting.

The goodwill arrived at by the Company in the acquisition of Midbyte totaled R\$7.926 million and will be amortized in 96 months, starting from January 2008.

Provision for Doubtful Accounts

Provision for doubtful accounts totaled R\$1.029 million in 1Q08, against R\$ 1.655 million in 1Q07, an increase of 37.8%. As mentioned earlier, a part of the accounts earlier booked in this line was recognized as losses and hence booked as cancellations.

Other Expenses

Other expenses amounted to R\$0.082 million in 1Q08, versus R\$0.290 million in 1Q07.

Operating Profit and Net Income

This quarter, the Company posted an operating profit of R\$12.845 million, a 57.9% growth over 1Q07. This significant growth is the result of the better operating performance in the past quarters, and especially in 1Q08. The revenue items that have best margins, license fees and maintenance, increased more than 20%. The quarter's operating profit was affected by the higher amount of goodwill amortization relating to the acquisitions made in the second half of 2007 and beginning of 2008. In the absence of these amortizations, (Midbyte, IOSSTS and TOTVS Consulting), the quarter-on-quarter growth would be 63.4%.

The Company's net income in 1Q08 was R\$11.396 million, which represents earnings per share of R\$0.44. The growth in net income between 1Q07 and 1Q08 is 35.9% and, in comparison with 4Q07, was 17.8% despite the higher amount of goodwill amortized.

Operating profit in 1Q08 was 57.9% higher than in 1Q07. Cost synergies and revenue growth make the Company more profitable.

EBITDA reached an all-time high of R\$ 26.259 million in 1Q08, a 25.6% growth over 1Q07. EBITDA margin rose 100 basis points in the period to reach 21.7%.

EBITDA

The Company's EBITDA in 1Q08 was R\$26.259 million, a 25.6% growth over the R\$20.911 million recorded in 1Q07. In the same period, EBITDA margin rose 100 basis points to reach 21.7% in 1Q08.

The calculation of EBITDA is given in the following table:

EBITDA Statement (In thousand R\$)	1Q08	1Q07	Change (1Q08/1Q07)
Operating Profit (EBIT)	12,845	8,133	57.9%
Depreciation and Amortization	13,414	12,778	5.0%
EBITDA	26,259	20,911	25.6%

If BCS were included in TOTVS' 1Q08 results, EBITDA would be R\$27.629 million (unaudited numbers) and EBITDA margin would be 22.0%.

Adjusted Net Income

Adjusted net income represents net income excluding the effect of amortization expenses relating to company acquisitions, as well as their respective income tax and social contribution effects, as shown in the following table:

Net Income Reconciliation (In thousand R\$)	1Q08	1Q07	Change (1Q08/1Q07)	1Q08	4Q07	Change (1Q08/4Q07)
Net Income	11,396	8,382	36.0%	11,396	9,675	17.8%
Logocenter and RM Sistemas Goodwill Amortization	11,906	11,269	5.7%	11,906	11,526	3.3%
Income tax and social contribution effect	(4,048)	(3,831)	5.7%	(4,048)	(3,919)	3.3%
Adjusted Net Income	19,254	15,820	21.7%	19,254	17,282	11.4%

Payment of Dividends

The Annual General and Extraordinary Shareholders' Meeting of March 7, 2008 approved the dividend proposal decided at the Board of Directors' Meeting on February 6, 2008.

A total of R\$29.581 million was paid as dividend, which works out to R\$ 1,108.38 per lot of 1,000 shares. Dividend calculation was based on the shareholding position at the end of day on March 7, 2008, and dividends were paid to the shareholders on April 18, 2008. Starting from March 10, 2008, the Company's shares were traded ex-dividend.

Capital Markets

Shareholder (In % of the free float)	1Q08	4Q07	3Q07	2Q07	1Q07
Non-Institutional Investor	5.0%	2.5%	3.0%	2.4%	3.8%
Institutional Investor	95.0%	97.5%	97.0%	97.6%	96.2%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Shareholder (In % of the free float)	1Q08	4Q07	3Q07	2Q07	1Q07
National Investor	19.8%	17.4%	18.7%	18.6%	20.7%
International Investor	80.2%	82.6%	81.3%	81.4%	79.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Ownership Breakdown

On March 31, 2008, free float was 18,508,109, (out of a total of 26,688,402 shares), representing 69.3% of the total. The portion that is not a part of the free float corresponds to the interest held by the management (23.1%), including related parties and its controlled companies, and BNDESPar (7.6%).

The Company's shares depreciated 8.8% in 1Q08, from R\$59.00 on December 31, 2007 to R\$53.79 on March 31, 2008. In the same period, average daily trading volume was 68,185 shares, totaling R\$3.453 million in monetary terms.

Upcoming Events

1Q08 Results - Conference Calls May 8, 2008

Portuguese

12:30 p.m. (US ET)

Telephone: +55 (11) 2188-0188

Replay: (11) 2188-0188, till May 14, 2008

No code

Webcast: www.totvs.com.br/ri

English

2:00 p.m. (US ET)

Telephone: 1 (973) 935-8893

Replay: +1 (706) 645-9291 and
+1 (800) 642-1687, till May 14, 2008

Code: 42164558

Webcast: www.totvs.com.br/ir

GLOSSARY

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.

EBITDA

CVM Circular 1/2005 defines EBITDA as earnings before net financial expenses, income tax and social contribution, and non-operating result.

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 delivery of new versions and upgrade of the Company's software, containing adjustments related to technological, functional or legal enhancements.

Traditional Model

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

About TOTVS

TOTVS is the leader in the Brazilian and Latin America software developments. The Company also leads the small and medium Companies segment (SMB) in Brazil and Latin America. TOTVS was the first Latin American IT Company to go public and it is listed at BOVESPA. Together, its software commercialization operations and related services Logocenter, Microsiga, RM Sistemas and TOTVS Consulting have around 18,000 clients.

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)	Consolidated		
	Mar. 31, 2008	Mar. 31, 2007	Dec. 31, 2007
<u>Current assets</u>			
Cash and cash equivalents	118,933	95,135	137,403
Accounts receivable	93,976	78,931	89,983
Provision for doubtful accounts	(9,022)	(5,939)	(8,427)
Income tax and social contribution deferred	11,293	14,503	11,443
Recoverable taxes	6,612	8,007	7,477
Other current assets	8,019	4,805	6,274
Current assets	229,811	195,442	244,153
<u>Non-current assets</u>			
Long-term assets			
Income tax and social contribution deferred	23,463	18,602	22,795
Judicial deposit	6,164	3,392	5,724
Other receivables	1,130	999	1,007
Permanent Assets	-	-	-
Investments	55	55	55
Equipment	20,376	17,947	18,768
Intangible	149,016	177,314	151,642
	200,204	218,309	199,991
Total assets	430,015	413,751	444,144
<u>Current liabilities</u>			
Accounts payable	4,761	5,567	5,469
Notes payable	-	1,500	-
Loans and financing	87	353	569
Current obligation under capital leases	3,204	1,999	3,007
Taxes payable	3,313	7,483	3,686
Salaries and social charges payable	30,066	22,327	28,103
Commissions payable	11,355	11,625	10,635
Dividends payable	399	281	29,888
Other payable	1,025	683	1,133
Total Current liabilities	54,210	51,818	82,490
<u>Non-current liabilities</u>			
Current obligation under capital leases	1,951	1,411	2,056
Income Tax and Social Contribution deferred	282	216	227
Tax payable	108	552	250
Contingencies	1,604	1,080	1,221
Other payable	2,000	-	-
Total non-current liabilities	5,945	3,259	3,754
<u>Minority interests</u>	1,360	839	796
<u>Shareholders' Equity</u>			
Capital	307,373	307,373	307,373
Capital reserve	31,557	31,557	31,557
Income reserve	29,570	18,905	18,174
Total shareholders equity	368,500	357,835	357,104
Total liabilities and shareholders equity	430,015	413,751	444,144

INCOME STATEMENT (In R\$ Thousands)	Consolidated		
	1Q08	1Q07	4Q07
Gross revenue			
License fees	34,522	27,710	32,880
Services	45,938	37,732	46,315
Maintenance	57,099	47,259	52,565
	137,559	112,701	131,760
Deductions from revenue			
Cancellation of services and sales	(6,338)	(2,836)	(4,083)
Taxes	(10,170)	(8,704)	(9,737)
Net sales revenue	121,051	101,161	117,940
Licensing Costs	(586)	(1,170)	(862)
Cost of Services	(39,515)	(28,828)	(37,858)
Gross Income	80,950	71,163	79,220
Operating Expenses			
Research and Development	(11,126)	(9,198)	(10,838)
Advertising expenses	(1,852)	(2,399)	(3,623)
Selling expenses	(7,798)	(7,888)	(8,725)
Commissions expenses	(17,062)	(15,303)	(14,081)
General and Administrative Expenses	(11,246)	(9,710)	(10,158)
Management Fees	(4,496)	(3,809)	(3,556)
Depreciation and Amortization	(13,414)	(12,778)	(13,019)
Provision for Doubtful Accounts	(1,029)	(1,655)	(2,278)
Other expenses	(82)	(290)	(51)
	(68,105)	(63,030)	(66,329)
Operating profit, before financial effects	12,845	8,133	12,891
Financial revenues	3,079	3,376	3,301
Financial expenses	(1,050)	(2,363)	(1,744)
Non-operating income	28	235	(24)
Income before taxes	14,902	9,381	14,424
Income and social contribution taxes			
Current	(4,200)	(6,313)	(4,271)
Deferred	603	5,358	(330)
	(3,597)	(955)	(4,601)
Minority interest	91	(43)	(148)
Net income	11,396	8,383	9,675
EBITDA	26,259	20,911	25,910

CASH FLOWS (In R\$ Thousands)	Consolidated		
	1Q08	1Q07	4Q07
<u>Cash flows from operating activities</u>			
EBIT	12,845	8,134	12,891
Depreciation and Amortization	13,414	12,778	13,019
EBITDA	26,259	20,912	25,910
<i>Cash Items after EBITDA</i>	<i>(1,826)</i>	<i>(5,287)</i>	<i>(2,714)</i>
Financial Result	2,374	1,027	1,557
Income Tax and Social Contribution on Net Income	(4,200)	(6,313)	(4,271)
<i>Non-Cash Items after EBITDA</i>	<i>1,755</i>	<i>2,238</i>	<i>2,771</i>
Allowance for doubtful accounts	1,029	1,655	2,278
Provision for contingencies	726	583	493
<i>Changes in Working Capital</i>	<i>(4,287)</i>	<i>1,580</i>	<i>(9,409)</i>
Accounts receivable, net of commissions	(3,707)	(316)	(4,450)
Suppliers payable	(708)	1,444	156
Salaries and charges payable	1,963	1,652	(7,012)
Taxes payable	350	1,341	1,345
Judicial deposit	(783)	(628)	(747)
Other assets and liabilities	(1,402)	(1,913)	1,299
Net Cash from operating activities	21,901	19,443	16,558
<u>Cash flows from investment activities</u>	-	-	-
Investment acquisition	(6,523)	-	(3,286)
Investment divestiture	-	400	-
Acquisition of equipment	(3,092)	(1,506)	(3,757)
Intangible (product development)	(916)	-	(1,278)
Sales of Permanent Assets	79	429	223
Cash flows from investment activities	(10,452)	(677)	(8,098)
<u>Cash flows from financing activities</u>	-	-	-
Bank loans	(482)	10	(95)
Increase of lease obligations	92	236	267
Dividends paid	(29,529)	(22,427)	-
Cash flows from financing activities	(29,919)	(22,181)	172
<u>Increase of cash and cash equivalents</u>	(18,470)	(3,415)	8,632
Cash and cash equivalents at the beginning of the year	137,403	98,550	128,771
Cash and banks at the end of the year	118,933	95,135	137,403