

FEDERAL PUBLIC SERVICE  
 CVM - BRAZILIAN SECURITIES AND EXCHANGE COMMISSION  
 QUARTERLY INFORMATION - ITR  
 COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY

March 31, 2008 Brazilian Corporate Law

REGISTRATION WITH CVM SHOULD NOT BE CONSTRUED AS AN EVALUATION OF THE COMPANY.  
 COMPANY MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

1 - CVM CODE <b>01999-2</b>	2 - COMPANY NAME <b>TOTVS S.A.</b>	3 - CNPJ (Corporate Taxpayer's ID) <b>53.113.791/0001-22</b>
4 - NIRE (Corporate Registry ID) <b>3530015317-1</b>		

01.02 – HEAD OFFICE

1 - ADDRESS Av. Braz Leme, 1631		2 - DISTRICT Santana		
3 - ZIP CODE 02511-000	4 - CITY São Paulo		5 - STATE SP	
6 - AREA CODE 11	7 - TELEPHONE 3981-7000	8 - TELEPHONE -	9 - TELEPHONE -	10 - TELEX
11 - AREA CODE 11	12 - FAX 3981-7335	13 - FAX -	14 - FAX -	
15 - E-MAIL ri@totvs.com.br				

01.03 - INVESTORS RELATIONS OFFICER (Company Mailing Address)

1- NAME José Rogério Luiz				
2 - ADDRESS Av. Braz Leme, 1631			3 - DISTRICT Santana	
4 - ZIP CODE 02511-000	5 - CITY São Paulo			6 - STATE SP
7 - AREA CODE 11	8 - TELEPHONE 3981-7000	9 - TELEPHONE -	10 - TELEPHONE -	11 - TELEX
12 - AREA CODE 11	13 - FAX 3981-7335	14 - FAX -	15 - FAX -	
15 - E-MAIL <a href="mailto:ri@totvs.com.br">ri@totvs.com.br</a>				

01.04 – ITR REFERENCE AND AUDITOR INFORMATION

CURRENT YEAR		CURRENT QUARTER			PREVIOUS QUARTER		
1 - BEGINNING	2 - END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
1/1/2008	12/31/2008	1	1/1/2008	3/31/2008	4	10/1/2007	12/31/2007
09 - INDEPENDENT AUDITOR Ernst & Young Auditores Independentes S.S.					10 - CVM CODE 00471-5		
11. TECHNICIAN IN CHARGE José Antonio de A. Navarrete					12 – TECHNICIAN'S CPF (INDIVIDUAL TAXPAYER'S ID) 120.817.178-08		

A free translation of the original in Portuguese into, English of quarterly financial information in accordance with the accounting practices adopted in Brazil

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**01.05 - CAPITAL STOCK**

Number of Shares (in units)	1 - CURRENT QUARTER 3/31/2008	2 - PREVIOUS QUARTER 12/31/2007	3 - SAME QUARTER, PREVIOUS YEAR 03/31/2007
<b>Paid-up Capital</b>			
1 - Common	26,688,402	26,688,402	26,688,402
2 - Preferred	0	0	0
3 - Total	26,688,402	26,688,402	26,688,402
<b>Treasury Stock\</b>			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

**01.06 - COMPANY PROFILE**

<b>1 - TYPE OF COMPANY</b> Commercial, Industrial and Others
<b>2 - STATUS</b> Operational
<b>3 - NATURE OF OWNERSHIP</b> Domestic Private
<b>4 - ACTIVITY CODE</b> 1150 - Communications and IT
<b>5 - MAIN ACTIVITY</b> Software Development
<b>6 - CONSOLIDATION TYPE</b> Total
<b>7 - TYPE OF REPORT OF INDEPENDENT AUDITORS</b> Unqualified

**01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

1 - ITEM	2 - CNPJ (Corporate Taxpayer's ID)	3 - COMPANY NAME
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**01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER**

1 - ITEM	2 - EVENT	3 - APPROVAL	4 - TYPE	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
01	Annual and Extraordinary General Meeting	03/07/2008	distribution of dividends	03/18/2008	Common	1.1083840840

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**01.09 – SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR**

1 - ITEM	2 - DATE OF CHANGE	3 - CAPITAL STOCK (In thousands of reais)	4 - AMOUNT OF CHANGE (In thousands of reais)	5 - NATURE OF CHANGE	7 - NUMBER OF SHARES ISSUED (In units)	8 - SHARE PRICE WHEN ISSUED (in reais)
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**01.10 – INVESTORS RELATIONS OFFICER**

1 – DATE 04/22/2008	2 – SIGNATURE
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**02.01 - BALANCE SHEET - ASSETS (in thousands of Reais)**

1 - CODE	2 - DESCRIPTION	3 - 3/31/2008	4 - 12/31/2007
1	Total Assets	414,905	429,534
1.01	Current Assets	192,545	209,450
1.01.01	Cash and Cash Equivalents	104,594	125,374
1.01.02	Receivables	70,865	67,588
1.01.02.01	Trade accounts receivable	64,475	60,275
1.01.02.01.01	Accounts Receivable	70,235	66,237
1.01.02.01.02	Allowance for Doubtful Accounts	(5,760)	(5,962)
1.01.02.02	Sundry Receivables	6,390	7,313
1.01.02.02.01	Dividends Receivable	744	683
1.01.02.02.02	Recoverable Taxes	5,646	6,630
1.01.03	Inventories	0	0
1.01.04	Other	17,086	16,488
1.01.04.01	Deferred Income and Social Contribution Taxes	10,958	10,960
1.01.04.02	Other Current Assets	6,128	5,528
1.02	Noncurrent Assets	222,360	220,084
1.02.01	Long-term Assets	35,727	34,658
1.02.01.01	Sundry Credits	0	0
1.02.01.02	Credit with Related Parties	6,671	6,269
1.02.01.02.01	Direct and Indirect Affiliates Companies	0	0
1.02.01.02.02	Subsidiaries	6,671	6,269
1.02.01.02.03	Other Related Parties	0	0
1.02.01.03	Other	29,056	28,389
1.02.01.03.01	Deferred Income and Social Contribution Taxes	22,041	21,660
1.02.01.03.02	Judicial Deposits	6,164	5,724
1.02.01.03.03	Other Assets	851	1,005
1.02.02	Permanent Assets	186,633	185,426
1.02.02.01	Investments	27,590	22,595
1.02.02.01.01	In Affiliates	0	0
1.02.02.01.02	In Affiliates - Goodwill	0	0
1.02.02.01.03	In Subsidiaries	27,535	22,540
1.02.02.01.04	In Subsidiaries - Goodwill	0	0
1.02.02.01.05	Other Investments	55	55
1.02.02.02	Equipment	12,213	11,189
1.02.02.03	Intangible	146,830	151,642
1.02.02.04	Deferred Charges	0	0

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**02.02 - BALANCE SHEET - LIABILITIES (in thousands of Reais)**

1 – CODE	2 – DESCRIPTION	3 – 3/31/2008	4 – 12/31/2007
2	Total Liabilities	414,905	429,534
2.01	Current Liabilities	42,465	70,766
2.01.01	Loans and Financing	0	0
2.01.01.01	Notes Payable	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	3,967	4,559
2.01.04	Taxes, Charges and Contributions	1,177	1,400
2.01.05	Dividends Payable	257	29,786
2.01.06	Provisions	0	0
2.01.07	Debts with Related Parties	0	0
2.01.08	Other	37,064	35,021
2.01.08.01	Salaries and Charges Payable	25,587	24,270
2.01.08.02	Commissions Payable	11,192	10,505
2.01.08.03	Other Accounts Payable	285	246
2.02	Noncurrent Liabilities	4,488	2,104
2.02.01	Long-term Liabilities	4,488	2,104
2.02.01.01	Loans and Financing	0	0
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	2,380	1,854
2.02.01.03.01	Provisions for Contingencies	1,604	1,221
2.02.01.03.02	Provision for Losses from Investments	776	633
2.02.01.04	Debts with Related Parties	0	0
2.02.01.05	Advances for Future Capital Increase	0	0
2.02.01.06	Other	2,108	250
2.02.01.06.01	Taxes Payable	108	250
2.02.01.06.02	Other Liabilities	2,000	0
2.02.02	Deferred Income	0	0
2.04	Shareholders' Equity	367,952	356,664
2.04.01	Paid-up Capital	307,373	307,373
2.04.02	Capital Reserves	31,557	31,557
2.04.03	Revaluation Reserves	0	0
2.04.03.01	Own Assets	0	0
2.04.03.02	Affiliates	0	0
2.04.04	Income Reserves	17,734	17,734
2.04.04.01	Legal	3,549	3,549
2.04.04.02	Statutory	0	0
2.04.04.03	For Contingencies	0	0
2.04.04.04	Unrealized Profit	0	0
2.04.04.05	Retention of Profit	14,185	14,185
2.04.04.06	Special for Non-Distributed Dividends	0	0
2.04.04.07	Other Profit Reserves	0	0
2.04.05	Retained Earnings/Accumulated Losses	11,288	0
2.04.06	Advances for Future Capital Increase	0	0

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**03.01 – STATEMENT OF INCOME (in thousands of Reais)**

1 – CODE	2 – DESCRIPTION	3- 1/1/2008 to 3/31/2008	4- 1/1/2008 to 3/31/2008	5- 1/1/2007 to 3/31/2007	6-1/1/2007 to 3/31/2007
3.01	Gross Revenue from Sales and/or Services	117,736	117,736	65,226	65,226
3.01.01	License Fees	30,768	30,768	16,874	16,874
3.01.02	Services	31,142	31,142	20,646	20,646
3.01.03	Maintenance	55,826	55,826	27,706	27,706
3.02	Gross Revenue Deductions	(12,597)	(12,597)	(6,594)	(6,594)
3.02.01	Cancellation of Services and Sales	(4,273)	(4,273)	(1,556)	(1,556)
3.02.02	Taxes on Services and Sales	(8,324)	(8,324)	(5,038)	(5,038)
3.03	Net Revenue from Sales and/or Services	105,139	105,139	58,632	58,632
3.04	Cost of Goods and/or Services Sold	(29,371)	(29,371)	(17,087)	(17,087)
3.04.01	Cost of License Fees	(579)	(579)	(1,034)	(1,034)
3.04.02	Cost of Services	(28,792)	(28,792)	(16,053)	(16,053)
3.05	Gross Income	75,768	75,768	41,545	41,545
3.06	Operating Revenues/Expenses	(61,294)	(61,294)	(34,956)	(34,956)
3.06.01	Selling	(5,682)	(5,682)	(4,659)	(4,659)
3.06.02	General and Administrative	(9,873)	(9,873)	(6,733)	(6,733)
3.06.03	Financial	2,076	2,076	700	700
3.06.03.01	Financial Revenues	2,772	2,772	2,435	2,435
3.06.03.02	Financial Expenses	(696)	(696)	(1,735)	(1,735)
3.06.04	Other Operating Revenues	0	0	0	0
3.06.05	Other Operating Expenses	(47,263)	(47,263)	(32,331)	(32,331)
3.06.05.01	Research and Development	(11,122)	(11,122)	(6,706)	(6,706)
3.06.05.02	Advertising Expenses	(1,760)	(1,760)	(1,754)	(1,754)
3.06.05.03	Commissions	(16,210)	(16,210)	(7,507)	(7,507)
3.06.05.04	Management Fees	(4,326)	(4,326)	(2,429)	(2,429)
3.06.05.05	Depreciation and Amortization	(12,968)	(12,968)	(12,199)	(12,199)
3.06.05.06	Allowance for Doubtful Accounts	(196)	(196)	(1,251)	(1,251)
3.06.05.07	Extraordinary Expenses	0	0	0	0

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**03.01 – STATEMENT OF INCOME (in thousands of Reais)**

1 – CODE	2 – DESCRIPTION	3- 1/1/2008 to 3/31/2008	4- 1/1/2008 to 3/31/2008	5- 1/1/2007 to 3/31/2007	6- 1/1/2007 to 3/31/2007
3.06.05.08	Other Net Operating Expenses	(681)	(681)	(485)	(485)
3.06.06	Equity Pickup	(552)	(552)	8,067	8,067
3.07	Operating results	14,474	14,474	6,589	6,589
3.08	Non-Operating (Expense) Income	(14)	(14)	408	408
3.08.01	Income	0	0	408	408
3.08.02	Expenses	(14)	(14)	0	0
3.09	Income Before Tax/Interests	14,460	14,460	6,997	6,997
3.10	Provision for Income Tax and Social Contribution	(3,551)	(3,551)	(3,034)	(3,034)
3.11	Deferred Income Tax	379	379	4,530	4,530
3.12	Statutory Interests/Contributions	0	0	0	0
3.12.01	Interests	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Own Capital	0	0	0	0
3.15	Income for the Period	11,288	11,288	8,493	8,493
	No. SHARES, EX-TREASURY (in Units)	26,688,402	26,688,402	26,688,402	26,688,402
	EARNINGS PER SHARE (In Reais)	0,42296	0,42296	0,31823	0,31823
	LOSS PER SHARE (In Reais)				

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04.01 – NOTES TO THE FINANCIAL STATEMENTS

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\*\*\* (In thousands of Reais) \*\*\*

## 1. Operations

The business purpose of Totvs S.A., (hereinafter referred to as “Parent Company”, “Totvs”, or “the Company”) is the development and sale of rights of use of information technology systems and the rendering of implementation, consultation, assistance and maintenance services related thereto. The main software products developed by the Company are ERP (Enterprise Resource Planning) applications that have the purpose of electronically integrating the strategic and operating levels of a user company, allowing the creation of information flows which comprehend the operating needs and those related to management information of different areas of the user company. The main areas comprised by the Company’s ERP software products are: management, finance, operations, industrial, human resources and customer service.

Transactions between the Parent Company and the subsidiaries are conducted under conditions and prices established between the parties.

## 2. Basis of Preparation and Presentation of the Financial Statements

The accounting practices adopted in the preparation of the quarterly financial information are consistent with those disclosed in the financial statements for the year ended December 31, 2007.

The statements of cash flows (parent company and consolidated), prepared according to the NPC-20 of Ibracon – Independent Auditors Institute, are presented in note 9. The changes to operating, investment and financing activities arising from acquisitions and mergers of subsidiaries performed in the course of quarters ended on March 31, 2008 and 2007, mentioned in the note 6, were included, line by line in these statements.

The balance sheets and statements of income for the periods of the “Parent Company”, were prepared in accordance to the accounting practices adopted in Brazil, whereas the balance sheets and statements of income of the periods of the “Consolidated”, include the capitalization of assets leased as finance lease. The reconciliation of shareholders’ equity and net income of the Parent Company and the Consolidated is summarized as follows:



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<b>04.01 – NOTES TO THE FINANCIAL STATEMENTS</b>		

\*\*\* (In thousands of Reais) \*\*\*

## 2. Basis of Preparation and Presentation of the Financial Statements--Continued

	Shareholders' equity on		Net income (loss) for the quarter ended on	
	March 31, 2008	December 31, 2007	March 31, 2008	March 31, 2007
According to Parent Company	<b>367,952</b>	356,664	<b>11,288</b>	8,493
- Lease payable	<b>(5,155)</b>	(5,063)	<b>(92)</b>	(236)
- Leased assets	<b>9,854</b>	9,279	<b>575</b>	107
- Depreciation of leased assets	<b>(3,869)</b>	(3,549)	<b>(320)</b>	(37)
- Deferred income and social contribution taxes on the net effects resulting from the lease	<b>(282)</b>	(227)	<b>(55)</b>	56
According to the Consolidated	<b>368,500</b>	357,104	<b>11,396</b>	8,383

In view of the acquisition of Midbyte Informática S.A. ("Midbyte"), Inteligência Organizacional Serviços e Tecnologia em Software Ltda. ("IOSSTS") and Totvs BMI Consultoria S.A. ("Totvs BMI") performed during the fiscal years of 2007 and 2008 and the mergers of subsidiaries RM Sistemas S.A. ("RM") and RM Software Ltda. held during the fiscal year of 2007, note 6, the comparison of Parent Company and Consolidated financial figures was impaired.

### 2.1 Changes in Brazil's Corporation Law – Law N° 11638/07

Law No. 11638 enacted on December 28, 2007 amends, revokes and introduces new provisions in Law No. 6404, of December 15, 1976 and in Law No. 6385, of December 7, 1976. The main purpose of such amendments and insertions is to revise the Brazil's Corporation Law to allow convergence of accounting practices adopted in Brazil with the international accounting practices set by the International Accounting Standards Board – IASB.

The requirements of this new Law apply to the financial statements for the fiscal years starting January 1, 2008, and the amendments to these financial statements for the fiscal year ending December 31, 2008 shall also be applied retroactively to December 31, 2007 or to all the 2007 year related periods presented for purposes of presentation and comparability of the financial statements to be disclosed in 2008.

Among the main amendments to the accounting standards introduced by the new Law, we point out below only those which, in a preliminary analysis made by the Company management, based on the *Notice to the Market* issued by the Brazilian Securities Commission (CVM) on January 14, 2008 may affect the financial statements of the Company and of its subsidiaries:

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## 2. Basis of Preparation and Presentation of the Financial Statements--Continued

### 2.1 Changes in Brazil's Corporation Law – Law N° 11638/07--Continued

- In the operations related to the business combination between independent parties and subject to the effective transfer of control, the assets and liabilities of the company to be merged, or deriving from merger or spin-off will be recorded by market value. The Company is analyzing the amortization of the remaining goodwill balance of R\$144,063 at March 31, 2008. For this quarter, similarly to prior periods, amortized goodwill amounted to R\$11,906 (R\$11,557 for the first quarter of 2007). During the quarter ended March 31, 2008 the Company acquired 70% of shares of Midbyte Informática S.A. (“Midbyte”), recognizing a goodwill of R\$7.976, as disclosed in Note 6. Company management is performing a detailed analysis in order to identify the market value of the assets and liabilities acquired.
- Requirements that the financial investments, including derivatives are recorded: (i) by their market value or corresponding amount, when we refer to investments for trading or available for sale; and (ii) by the acquisition cost or issue value, restated according to legal or contractual provisions, adjusted at the probable value of realization, when this is shorter. The Company's Management believes that its financial investments are in line with CVM requirements, meaning that there will be no significant effects caused by the adoption of said rule.
- The long-term assets and liabilities must be adjusted by their present value. Other balances shall be adjusted at their present value, only when there is a material effect on the financial statements. Company management intends to carry out in-depth studies, thus allowing an adequate recording and disclosure of the issue. Analyses are being carried out to select rates and deadlines and the accounts subject to the application of the present value concepts.
- The possibility of maintaining separately the bookkeeping of transactions in order to comply with the tax laws, and subsequently, the adjustments necessary to be in conformity with the accounting practices. The Company is assessing the impacts of applying such insertion in its internal control structure in order to better define the practice to be adopted.

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## 2. Basis of Preparation and Presentation of the Financial Statements--Continued

### 2.1 Changes in Brazil's Corporation Law – Law N° 11638/07--Continued

- Obligatory recording of fixed assets of rights intended for tangibles to support the Company's operations, including those arising from operations which transfer the Company the benefits, risks and control over assets, e.g. financial lease. The Company's accounting practice consists of recognizing financial lease in its consolidated financial statements (Note 2). The related effects on net assets and income for the quarter are not material, thus the recognition of these rights in the Parent Company's financial statements are not expected to generate material effects.
- Inclusion of the Statement of Value Added – SVA in the financial statements. Company management will disclose such statement when preparing its annual financial statements at December 31, 2008.

Given that the standard-setting process will require the issuance of new pronouncements, Company management opted to apply the provisions of Law No. 11638/07 only to the financial statements for year-end 2008. Accordingly, the financial statements for this quarter and for the prior periods presented for comparison purposes were prepared without addressing the amendments to the accounting practices established by such law, as allowed by CVM. Management awaits the regulations and standards the relevant authorities will set for this and other issues so that it has all the elements necessary to determine, record and disclosure all the effects of Law No. 11638 on its financial statements for the year ending December 31, 2008. The Company intends to disclose in the upcoming quarters the effects on equity and income from the implementation of such measures vis-à-vis the evolvement of its analyses and additional interpretations from regulators.

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<b>04.01 – NOTES TO THE FINANCIAL STATEMENTS</b>		

\*\*\* (In thousands of Reais) \*\*\*

### 3. Cash and Cash Equivalents

	Parent Company		Consolidated	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
Cash and banks	6,230	12,954	8,536	14,130
Financial investments:				
Interbank Deposit (DI) mutual funds	98,364	112,420	110,397	123,273
	<b>104,594</b>	<b>125,374</b>	<b>118,933</b>	<b>137,403</b>

### 4. Income and Social Contribution Taxes

Income and Social Contribution Taxes, current and deferred, were recorded pursuant to the current rates in force. Deferred income tax and social contribution are calculated over temporary differences and income and social contribution tax loss carry forwards.

Income/expense from income and social contribution taxes reconciliation:

	Parent Company		Consolidated	
	March 31, 2008	2007	March 31, 2008	2007
Income for the quarter period before taxes	14,460	6,997	14,902	9,381
Income and social contribution taxes at nominal rate of 34%	(4,916)	(2,379)	(5,067)	(3,190)
Adjustments for calculation of effective rate				
Equity pickup	(188)	2,743	-	-
Law 11.196/05 (Incentive to Research & Development)	2,387	1,440	2,387	1,867
Effect of differentiated taxation of subsidiaries	-	-	(632)	762
Uncollectible receivables	(71)	-	(71)	-
Other	(384)	(308)	(214)	(394)
Income/(expense) from income tax and social contribution	<b>(3,172)</b>	<b>1,496</b>	<b>(3,597)</b>	<b>(955)</b>
Effective rate	<b>21,9%</b>	<b>21,4%</b>	<b>24,1%</b>	<b>10,2%</b>

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#### 4. Income and Social Contribution Taxes--Continued

Deferred income and social contribution taxes are as follows:

	Parent Company		Consolidated	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
<u>Assets</u>				
Resulting from temporary differences:				
Amortized goodwill	15,585	15,390	15,585	15,390
Provision for commissions	4,592	4,262	4,656	4,326
Advanced revenues or billing	6,147	5,949	6,402	6,351
Allowance for doubtful accounts	1,316	1,376	1,479	1,497
Provision for contingencies and other liabilities	5,141	4,894	5,141	4,894
Income and social contribution tax loss carryforwards	-	-	1,259	1,015
Other	218	749	234	765
Total deferred income and social contributions – assets	32,999	32,620	34,756	34,238
Current assets	(10,958)	(10,960)	(11,293)	(11,443)
Noncurrent assets	22,041	21,660	23,463	22,795
<u>Liabilities</u>				
Resulting from temporary differences:				
Leasing	-	-	282	227
Total deferred income and contributions – liabilities	-	-	282	227

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## 5. Investments

The breakdown of investments is presented below:

	Investees' amounts on March 31, 2008		Equity pickup in the quarter period ended on March 31,		Balance of investments on		Balance of provision for losses on	
	Shareholders' Equity	Results for the period	2008	2007	March 31, 2008	December 31, 2008	March 31, 2008	December 31, 2008
Totvs Rio Software Ltda.	7,704	520	520	198	7,704	7,184	-	-
Microsigla Argentina S.A.	2,549	465	465	305	2,549	2,121	-	-
Microsigla México S.A.	4,705	(2,306)	(2,249)	(541)	4,587	3,420	-	-
Makira do Brasil S.A.	4,442	417	417	417	4,442	4,025	-	-
Totvs Corporation	2,146	26	26	(69)	2,146	2,147	-	-
Totvs Vitória Software Ltda.	1,884	25	25	(117)	1,884	1,859	-	-
Totvs Brasil Central Software Ltda.	509	140	126	(22)	458	332	-	-
Totvs Nordeste Software Ltda.	(81)	15	15	117	-	-	81	96
Totvs Brasília Software Ltda.	(471)	66	66	(37)	-	-	471	537
RM Sistemas S.A. (a)	-	-	-	7,743	-	-	-	-
RM Software Ltda (a)	-	-	-	31	-	-	-	-
Inteligência Organizacional Serviços, Sistemas e Tecnologia em Software Ltda. ("IOSSTS") (b)	(224)	(255)	(255)	-	-	31	224	-
Eurototvs Lda. (c)	276	-	-	-	276	54	-	-
Midbyte Informática S.A. (d)	476	231	162	-	333	-	-	-
TQTVD Software Ltda. ("TQTVD") (d)	2,254	-	-	-	1,720	-	-	-
RO Resultados em Outsourcing S.A.	1,285	(293)	(175)	-	772	1,008	-	-
Totvs BMI Consultoria Ltda.	664	305	305	42	664	359	-	-
			(552)	8,067	27,535	22,540	776	633
Other investments			-	-	55	55	-	-
			(552)	8,067	27,590	22,595	776	633

- (a) Company merged in April 2007.
- (b) Company acquired in December 2007.
- (c) Company formed in December 2007.
- (d) Company acquired in 2008 (note 7).

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## 6. Intangible

	Parent Company				Consolidated			
	March 31, 2008			December 31, 2007	March 31, 2008			December 31, 2007
	Cost	Accumulated amortization	Net	Net	Cost	Accumulated amortization	Net	Net
<b>Goodwill from the acquisitions:</b>								
RM	202,206	(80,883)	121,323	131,433	202,206	(80,883)	121,323	131,433
Logocenter	24,443	(15,073)	9,370	10,592	24,443	(15,073)	9,370	10,592
Totvs BMI	2,933	(441)	2,492	2,640	2,933	(441)	2,492	2,640
Midbyte	7,976	(248)	7,728	-	7,976	(248)	7,728	-
IOSSTS	3,384	(234)	3,150	2,781	3,834	(234)	3,150	2,781
	<u>240,942</u>	<u>(96,879)</u>	<u>144,063</u>	<u>147,446</u>	<u>240,942</u>	<u>(96,879)</u>	<u>144,063</u>	<u>147,446</u>
<b>Other intangibles:</b>								
Right to explore areas	3,836	(1,528)	2,308	2,467	3,836	(1,528)	2,308	2,467
Product development	-	-	-	1,278	2,186	-	2,186	1,278
Brands and patents	459	-	459	451	459	-	459	451
	<u>4,295</u>	<u>(1,528)</u>	<u>2,767</u>	<u>4,196</u>	<u>6,481</u>	<u>(1,528)</u>	<u>4,953</u>	<u>4,196</u>
	<u>245,237</u>	<u>(98,407)</u>	<u>146,830</u>	<u>151,642</u>	<u>247,423</u>	<u>(98,407)</u>	<u>149,016</u>	<u>151,642</u>

During the quarter ended on March 31, 2008, the Company acquired 28,000 common shares, corresponding to 70% of the capital stock of Midbyte Informática S.A. (“Midbyte”), company that develops software headquartered in São Paulo. The purchase value may amount to R\$8,000, being R\$6,000 paid in cash in January 2008 and R\$2,000, recorded as non-current liability, to be paid upon accomplishment of the operating performance index, agreed between the parties, determined based on the results of Midbyte’s operations for the years of 2008, 2009 and 2010. The Company recorded the acquisition at total amount agreed (R\$8,000) according to the expectation that the index of operational performance of Midbyte will be achieved and the commitment will be honoured by the total value.

Goodwill from the acquisition of Midbyte totaled R\$7,976 and is being amortized according to expected future profitability of investment, currently in 96 months.

The other goodwill arising from the acquisition of RM, Logocenter, Totvs BMI, and IOSSTS, are being amortized over sixty months, based on expected future profitability.

All recorded goodwill and expected future profitability were based on an independent appraisal report issued by a specialized company, which used the discounted cash flow criterion with profitability projections over five to eight years.

RM and Logocenter were merged into the Company in prior fiscal years.

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## 6. Intangible--Continued

Right to explore areas is related to the acquisition of customer portfolios in the regions of São Paulo Grande ABC and state of Minas Gerais, previously served by franchisees. These rights are being amortized between sixty and ninety six months, according to the expectation of future profitability, grounded on independent appraisal reports issued by a specialized company that used the discounted cash flow criterion.

Product development represents expenses incurred with the development of the software “Ginga TQTV D” that will allow the implementation of interactive applications for digital TV. Such software is being developed by the subsidiary TQTV D Software Ltda., in which the Company has made investments in the quarter, representing 70% of subsidiary’s capital.

## 7. Provision for Contingencies and Legal Obligations Related to Legal Proceedings

The Company and its subsidiaries, during the normal course of their operations, are parties in several legal proceedings related to tax, social security, labor and civil matters. A provision for contingencies was set up by management, supported by its legal counsel and analysis of pending judicial proceedings, in an amount considered sufficient to cover probable losses, as shown below:

	Parent Company		Consolidated	
	March 31, 2008	December 31, 2007	March 31, 2008	December 31, 2007
Provision				
Social security	9,613	9,343	9,613	9,343
Tax	4,787	4,643	4,787	4,643
Labor	720	408	720	408
	<b>15,120</b>	14,394	<b>15,120</b>	14,394
Judicial deposits				
Social security	(9,489)	(9,134)	(9,489)	(9,134)
Tax	(4,027)	(4,039)	(4,027)	(4,039)
	<b>(13,516)</b>	(13,173)	<b>(13,516)</b>	(13,173)
	<b>1,604</b>	1,221	<b>1,604</b>	1,221



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## 7. Provision for Contingencies and Legal Obligations Related to Legal Proceedings--Continued

### a) Ongoing proceedings with recorded provision for contingencies

The breakdown of main proceedings, to which provision for contingencies was recorded, is as follows:

**Social Security:** The Company filed: (i) declaratory action to avoid the collection of the social contribution taxes destined to SESC (Social Service for Trade) and SENAC (National Service for Commercial Training), as well as an ordinary suit requesting the refund of contributions paid to the INSS; (ii) writ of mandamus pleading the unenforceability of the contribution to the INCRA (National Institute of Colonization and Agrarian Reform); and (iii) writ of mandamus pleading the unconstitutionality of the social security collection set forth by Laws No. 9876/96 and 5471/71, levied on the income earned by the cooperatives. The judicial deposits made by the Company until March 31, 2008 amounted to R\$9,428 (R\$9,134 on December 31, 2007), recorded as reduction of the provisions for social security contingencies.

**Tax:** The Company (Belo Horizonte branch) is discussing in six court deposit actions brought against the city governments of São Paulo, Rio de Janeiro, Uberlândia, Vitória, Campo Grande and Goiânia if they are required to pay the ISS (Tax on Services) at rates raging from 2% to 5%, or if the tax is payable to the city government of Belo Horizonte where the rate is 2%. The Company understands that the ISS is due to the municipality of Belo Horizonte, where service is developed. Thus, the Company has been providing the court deposits under the scope of said lawsuits, taking into account the rates required by the city governments and recording provision for contingencies for these city governments by the 2% rate. The judicial deposits made until March 31, 2008, amounted to R\$6,013 (R\$5,517 on December 31, 2007).

On May 22, 2001, the Company issued the writ of mandamus pleading the unenforceability of COFINS and PIS on the installments which, stated as income, requesting that the undue amounts were paid back. The amounts involved in the lawsuit were judicially deposited by the Company and amount to R\$107 on March 31, 2008 (R\$87 on December 31, 2007).

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## 7. Provision for Contingencies and Legal Obligations Related to Legal Proceedings--Continued

### b) Others ongoing proceedings

The Company additionally takes part in other lawsuits, for which no provision was recognized, since the responsible external attorneys and the Company's management deems the risk of loss as possible. The breakdown of main proceedings in progress is presented as follows:

On September 21, 2000, a court claim for taxes against the Company was filed by the INSS in the amount of R\$3,738 (R\$8,432 – restated until March 31, 2008) referring to the tax delinquency notices to collect the social security contribution, SAT, contribution to third parties and respective formal penalties under the claim of non-compliance with the ancillary liabilities. The Company offered a real estate located at Rua XV de Novembro, 3950, in the city of Joinville, state of Santa Catarina, as well as the respective improvements and permanent assets as a guarantee at that time, whose residual book value on March 31, 2008 is R\$1,088.

On May 4, 2007, the INSS filed a court claim for taxes against the Company in the amount of R\$1,604 (R\$1,762 – restated until March 31, 2008) referring to the social contributions destined to third parties (SESC and SENAC) levied on the compensation paid to employees who rendered services from March 1999 until July 2000. This amount of R\$1,626 was judicially deposited on May 25, 2007, and registered in non-current assets.

As a result of inspection procedures by the Brazilian Internal Revenue Service, the Company was assessed:

- (i) in 2000, in the amount of R\$856 (R\$1,937 – restated until March 31, 2008) related to federal taxes. The Company opposed to this assessment, which is currently under analysis, awaiting administrative first instance decision; and

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## 7. Provision for Contingencies and Legal Obligations Related to Legal Proceedings--Continued

### b) Others ongoing proceedings--Continued

- (ii) in 2006, as a result of the tax proceeding, a tax deficiency notice was filed by the Brazilian Federal Revenue Service in the amount of R\$6,045 (R\$7,553 – restated until March 31, 2008), referring to discussions on commission and rental expenses and their respective effects on the calculation of Income and Social Contribution Taxes on Net Income for the fiscal year 2001. The Company challenged this notice, which is pending analysis of the Federal Revenue Office.

The Company had 8 assessments from the city government of São Paulo levying the ISS related to the period between 1996 and 2000, in the amount of R\$804 (R\$3,488 – restated until March 31, 2008). Such assessments result from the understanding of the São Paulo city government that the services rendered by the Joinville branch would be developed within the limits of the city of São Paulo. The Company's management and its legal advisors understand that all services were developed by the branch in the city of Joinville and deem that the tax was duly paid to that city.

### c) Legislation in force

Under the current legislation in force in Brazil, the federal, state and municipal tax obligations, as well as social charges, are subject to review by relevant authorities for periods varying from 5 to 30 years. Legislations of other countries where Company's subsidiaries operate stipulate differentiated statutes of limitations.

## 8. Shareholders' Equity

The Company's shareholding structure at March 31, 2008 is summarized at the section "Other Information Deemed as Relevant by the Company".

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## 9. Statements of Cash Flows

	Parent Company		Consolidated	
	Quarters ended on		Quarters ended on	
	March 31,		March 31,	
	2008	2007	2008	2007
Cash flows provided by operating activities				
Net income for the period	11,288	8,493	11,396	8,383
Adjustment for reconciliation of net income with net amounts from operating activities:				
Depreciation and amortization	12,968	12,199	13,414	12,778
Book value of disposed assets	28	157	135	395
Allowance for doubtful accounts	196	1,251	1,029	1,655
Deferred income and social contribution taxes	(379)	(4,529)	(603)	(5,391)
Equity pickup	552	(8,067)	-	-
Exchange variation	(27)	439	-	-
Losses on investments	86	31	-	-
Provision for contingencies	726	368	726	583
Minority interest	-	-	564	90
Variations in operating assets and liabilities:				
Trade accounts receivable	(4,396)	(143)	(4,427)	(1,048)
Dividends received	-	1,600	-	-
Other assets	538	544	(863)	696
Judicial deposits	(783)	(207)	(783)	(628)
Suppliers	(592)	(437)	(708)	1,444
Taxes payable	(365)	(236)	(515)	(301)
Salaries and charges payable	1,317	1,404	1,963	1,652
Commissions payable	687	1,633	720	732
Other accounts payable	39	(1,214)	(68)	(967)
Net cash flow provided by operating activities	21,883	13,286	21,980	20,073
Cash flows from investments activities				
Addition to investments	(4,352)	(569)	-	-
Addition to intangible	(6,425)	-	(7,439)	-
Reduction in investment due to merger of subsidiary	-	199	-	199
Acquisition of equipment	(1,955)	(856)	(3,092)	(1,506)
Funds used in investment activities	(12,732)	(1,226)	(10,531)	(1,307)
Cash flows from financing activities				
Bank loans	-	-	(482)	10
Increase in lease obligations mercantile	-	-	92	236
Credit with related companies	(402)	(430)	-	-
Dividends paid	(29,529)	(22,427)	(29,529)	(22,427)
Funds used in financing activities	(29,931)	(22,857)	(29,919)	(22,181)
Decrease in cash and cash equivalents	(20,780)	(10,797)	(18,470)	(3,415)
Cash and cash equivalents at the beginning of the period	125,374	74,637	137,403	98,550
Cash and cash equivalents at the end of the period	104,594	63,840	118,933	95,135
Payment of interest	30	-	56	-
Payment of income and social contribution taxes	-	-	408	3,275

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## 10. Stock Option Plan

On November 26, 2007, the Extraordinary General Meeting approved the Stock Option Plan. The total number of shares allocated to this plan should not exceed 3.3% of the Company's capital stock in a period of 3 years, as of the date of approval of the plan by the Company's General Meeting.

On January 30, 2008, the Board of Directors approved the election of the participants in the plan and the number of shares each one of them may acquire through the exercise of their respective options, totaling 270,057 shares, at the strike price of R\$46.16, corresponding to the arithmetic average of the unit value of the shares in the 5 previous trading days.

The exercise of the options granted has as vesting condition the exercise of the options only at the end of the 36-month period as of the granting date, and no later than 60 months as of the granting date. Options granted by this plan are individual and cannot be transferred, whether or not the vesting period expires.

If the Company had recognized the expense of granting options (net of tax deferred) in the period of three months ended March 31, 2008, using the method of market value, as required by Circular CVM Number 001/2007, the effect on net income and shareholders' equity would be as follows:

	Parent Company	
	Shareholders' Equity	Net Income
Balance at March 31, 2008	367,952	11,288
Expense of granting options	-	(262)
Balance at March 31, 2008 (pro forma)	367,952	11,026

Market value of each option granted is estimated on the grant date based on Black-Scholes options valuation model, considering: expectation of dividend of 2.1%, expected volatility of approximately 41.2%, risk free interest rate of 11.75% and maturity of 3 years.

## 11. Financial Instruments

At March 31 and December 31, 2007, the Company and its subsidiaries had not entered into swap agreements or any other derivative financial instrument. The Company's financial instruments consist of cash and equivalents, trade accounts receivable and payable, which are recorded at cost plus interest or charges incurred, which approximates their market value.

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## 12. Subsequent Event

On April 11, 2008, occurred the acquisition closing of all quotas of BCS Holding e Participações Ltda. and the payment of the fixed price of \$ 30,000 from Totvs. The BCS Holding e Participações Ltda. is the full parent company of BCS Comércio e Serviços de Informática Ltda., BCS Engenheiros Associados Ltda., BCSFLEX Comércio e Serviços de Informática Ltda., and HBA Informática Ltda., which operate in the development of software for the management of law firms and legal departments, as well as in providing advisory services in technology solutions, from the analysis and development of projects to the implementation and management of the operation, all headquartered in the city of São Paulo.

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## 06.01 – CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of Reais)

1 - CODE	2 – DESCRIPTION	3 – 3/31/2008	4 – 12/31/2007
1	Total Assets	430,015	444,144
1.01	Current Assets	229,811	244,153
1.01.01	Cash and Cash Equivalents	118,933	137,403
1.01.02	Receivables	91,566	89,033
1.01.02.01	Trade accounts receivable	84,954	81,556
1.01.02.01.01	Accounts Receivable	93,976	89,983
1.01.02.01.02	Allowance for Doubtful Accounts	(9,022)	(8,427)
1.01.02.02	Sundry Receivables	6,612	7,477
1.01.02.02.01	Recoverable Taxes	6,612	7,477
1.01.03	Inventories	0	0
1.01.04	Other	19,312	17,717
1.01.04.01	Deferred Income and Social Contribution Taxes	11,293	11,443
1.01.04.02	Other Current Assets	8,019	6,274
1.02	Noncurrent Assets	200,204	199,991
1.02.01	Long-term Assets	30,757	29,526
1.02.01.01	Sundry Credits	0	0
1.02.01.02	Credit with Related Parties	0	0
1.02.01.02.01	Direct and Indirect Affiliates Companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other Related Parties	0	0
1.02.01.03	Other	30,757	29,526
1.02.01.03.01	Judicial Deposits	6,164	5,724
1.02.01.03.02	Other Assets	1,130	1,007
1.02.01.03.03	Deferred Income and Social Contribution Taxes	23,463	22,795
1.02.02	Permanent Assets	169,447	170,465
1.02.02.01	Investments	55	55
1.02.02.01.01	In Affiliates	0	0
1.02.02.01.02	In Affiliates - Goodwill	0	0
1.02.02.01.03	In Subsidiaries	0	0
1.02.02.01.04	In Subsidiaries - Goodwill	0	0
1.02.02.01.05	Other Investments	55	55
1.02.02.02	Equipment	20,376	18,768
1.02.02.03	Intangible	149,016	151,642
1.02.02.04	Deferred Charges	0	0

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**06.02 – CONSOLIDATED BALANCE SHEET - LIABILITIES (in thousands of Reais)**

1 - CODE	2 – DESCRIPTION	3 – 3/31/2008	4 – 12/31/2007
2	Total Liabilities	430,015	444,144
2.01	Current Liabilities	54,210	82,490
2.01.01	Loans and Financing	3,291	3,576
2.01.01.01	Loans and Financing	87	569
2.01.01.02	Leases Payable	3,204	3,007
2.01.01.03	Accounts Payable	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	4,761	5,469
2.01.04	Taxes, Charges and Contributions	3,313	3,686
2.01.05	Dividends Payable	399	29,888
2.01.06	Provisions	0	0
2.01.07	Debts with Related Parties	0	0
2.01.08	Other	42,446	39,871
2.01.08.01	Salaries and Charges Payable	30,066	28,103
2.01.08.02	Commissions Payable	11,355	10,635
2.01.08.03	Other Liabilities	1,025	1,133
2.02	Noncurrent Liabilities	5,945	3,754
2.02.01	Long-term Liabilities	5,945	3,754
2.02.01.01	Loans and Financing	1,951	2,056
2.02.01.01.01	Leases Payable	1,951	2,056
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	1,604	1,221
2.02.01.03.01	Provisions for Contingencies	1,604	1,221
2.02.01.03.02	Provision for Losses from Investments	0	0
2.02.01.04	Debts with Related Parties	0	0
2.02.01.05	Advances for Future Capital Increase	0	0
2.02.01.06	Other	2,390	477
2.02.01.06.01	Deferred Income Tax and Social Contribution	282	227
2.02.01.06.02	Taxes Payable	108	250
2.02.01.06.03	Other Liabilities	2,000	0
2.02.02	Deferred Income	0	0
2.03	Minority Interest	1,360	796
2.04	Shareholders' Equity	368,500	357,104
2.04.01	Paid-up Capital	307,373	307,373
2.04.02	Capital Reserves	31,557	31,557
2.02.03	Revaluation Reserves	0	0
2.04.03.01	Own Assets	0	0
2.04.03.02	Affiliates	0	0
2.04.04	Income Reserves	18,174	18,174
2.04.04.01	Legal	3,549	3,549
2.04.04.02	Statutory	0	0
2.04.04.03	For Contingencies	0	0
2.04.04.04	Unrealized Profit	0	0
2.04.04.05	Retention of Profit	14,625	14,625
2.04.04.06	Special for Non-Distributed Dividends	0	0
2.04.04.07	Other Profit Reserves	0	0
2.04.05	Retained Earnings/Accumulated Losses	11,396	0
2.04.06	Advances for Future Capital Increase	0	0



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March 31, 2008

Brazilian Corporate Law

**01.01 – IDENTIFICATION**

1 - CVM CODE 01999-2	2 - COMPANY NAME TOTVS S.A.	3 - CNPJ (Corporate Taxpayer's ID) 53.113.791/0001-22
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**07.01 – CONSOLIDATED STATEMENT OF INCOME (in thousands of Reais)**

1 - CODE	2 – DESCRIPTION	3- 1/1/2008 to 3/31/2008	4- 1/1/2008 to 3/31/2008	5- 1/1/2007 to 3/31/2007	6- 1/1/2007 to 3/31/2007
3.01	Gross Revenue from Sales and/or Services	137,559	137,559	112,701	112,701
3.01.01	License Fees	34,522	34,522	27,710	27,710
3.01.02	Services	45,938	45,938	37,732	37,732
3.01.03	Maintenance	57,099	57,099	47,259	47,259
3.02	Gross Revenues Deductions	(16,508)	(16,508)	(11,540)	(11,540)
3.02.01	Cancellation of Services and Sales	(6,338)	(6,338)	(2,836)	(2,836)
3.02.02	Taxes on Services and Sales	(10,170)	(10,170)	(8,704)	(8,704)
3.03	Net Revenue from Sales and/or Services	121,051	121,051	101,161	101,161
3.04	Cost of Goods and/or Services Sold	(40,101)	(40,101)	(29,998)	(29,998)
3.04.01	Cost of License Fees	(586)	(586)	(1,170)	(1,170)
3.04.02	Cost of Services	(39,515)	(39,515)	(28,828)	(28,828)
3.05	Gross Income	80,950	80,950	71,163	71,163
3.06	Operating Revenues/Expenses	(66,076)	(66,076)	(62,017)	(62,017)
3.06.01	Selling	(7,798)	(7,798)	(7,888)	(7,888)
3.06.02	General and Administrative	(11,246)	(11,246)	(9,710)	(9,710)
3.06.03	Financial	2,029	2,029	1,013	1,013
3.06.03.01	Financial Revenues	3,079	3,079	3,376	3,376
3.06.03.02	Financial Expenses	(1,050)	(1,050)	(2,363)	(2,363)
3.06.04	Other Operating Revenues	0	0	0	0
3.06.05	Other Operating Expenses	(49,061)	(49,061)	(45,432)	(45,432)
3.06.05.01	Research and Development	(11,126)	(11,126)	(9,198)	(9,198)
3.06.05.02	Advertising Expenses	(1,852)	(1,852)	(2,399)	(2,399)
3.06.05.03	Commissions	(17,062)	(17,062)	(15,303)	(15,303)
3.06.05.04	Management Fees	(4,496)	(4,496)	(3,809)	(3,809)
3.06.05.05	Depreciation and Amortization	(13,414)	(13,414)	(12,778)	(12,778)
3.06.05.06	Allowance for Doubtful Accounts	(1,029)	(1,029)	(1,655)	(1,655)

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1 - CODE	2 – DESCRIPTION	3- 1/1/2008 to 3/31/2008	4- 1/1/2008 to 3/31/2008	5- 1/1/2007 to 3/31/2007	6- 1/1/2007 to 3/31/2007
3.06.05.07	Extraordinary Expenses	0	0	0	0
3.06.05.08	Other Net Operating Expenses	(82)	(82)	(290)	(290)
3.06.06	Equity Pickup	0	0	0	0
3.07	Operating results	14,874	14,874	9,146	9,146
3.08	Non-Operating Income	28	28	235	235
3.08.01	Income	28	28	235	235
3.08.02	Expenses	0	0	0	0
3.09	Income (loss) before Tax/Interests	14,902	14,902	9,381	9,381
3.10	Provision for Income Tax and Social Contribution	(4,200)	(4,200)	(6,313)	(6,313)
3.11	Deferred Income Tax	603	603	5,358	5,358
3.12	Statutory Interests/Contributions	0	0	0	0
3.12.01	Interests	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Own Capital	0	0	0	0
3.14	Minority Interests	91	91	(43)	(43)
3.15	Net Income/Loss for the Period	11,396	11,396	8,383	8,383
	No. SHARES, EX-TREASURY (in Units)	26,688,402	26,688,402	26.688.402	26.688.402
	EARNINGS PER SHARE (Reais)	0,42700	0,42700	0,31411	0,31411
	LOSS PER SHARE (Reais)				

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<b>08.01 – COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER</b>		

TOTVS S.A., the leader in the development and marketing of enterprise application software and in providing related services for small and medium-sized companies in Brazil and Latin America, announces its results for the first quarter of 2008. The following figures are presented in thousands of reais, except when otherwise indicated.

### **📊 Gross/Net Sales and Service Revenue**

Gross service and sales revenue reached R\$137,559 in 1Q08, representing an increase of 22.1% when compared to the same period of 2007. This strong growth is demonstrated in all revenue lines, especially in license fee revenues, with 24.6%, which was further influenced by the recurrent revenue arising from corporate model.

Net revenue from services and sales in 1Q08 totaled R\$121,051,. This net revenue amount represents 19.7% growth over 1Q07.

### **📊 License Fee Revenue**

License fee revenue grew 24.6% in the comparison of 1Q08 with the same period of the previous year, reaching R\$34,522 against to R\$27,710 recorded in 1Q07. This growth rate was positively affected by the effort of sales in the company's customer base, especially by the increase of 66.4% in recurrent revenue of corporate model, which reached R\$ 8,955 in the quarter.

### **📊 Service Revenue**

Service revenue 1Q08 reached R\$45,938, growth of 21.7% in comparison with 1Q07, when this revenue reached R\$37,732. First quarter is characterized by vacation period. However, the revenue from services 1T08 was only 0.8%, or R\$0,377, below the recorded in 4T07.

Besides the implementation services, related to sales of software licenses, the Company also offers consulting services in Business Management by TOTVS Consulting, which is highlighted with growth of 44.3% between 1Q07 and 1Q08, from R\$1,887 to R\$2,722 of gross revenue.

### **📊 Maintenance Revenue**

Maintenance revenue increased 20.8% in 1Q08 when compared to 1Q07, reaching R\$57,099. This increase in revenue is due to maintenance revenue from license fees originated in earlier periods, obtained from the new customers and customers of the base, also including customers under corporate model.

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08.01 – COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

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**Operating Costs and Expenses (excluding net financial result)**

Operating costs and expenses presented an increase of 16.3% in 1Q08 over to same quarter of 2007, amounting to R\$108,206 .

Excluding depreciation and goodwill amortization expenses, corresponding to R\$13,414, the total cost and expenses in 1Q08 amounted to R\$94,792, a growth of 3.0% in relation to 4Q07.

Throughout the year of 2007, TOTVS obtained benefit of synergies gains from the integration with RM Sistemas. From second half of 2007, the Company started implementation of its Shared Service Center (SSC). This implementation process will continue in 2008.

**Cost of License Fees**

Cost of license fees reached R\$0,586 in 1Q08, a decrease of 49.9% year-on-year. This decrease is due to replacement of third-party solutions to other solutions developed on TOTVS technology.

**Cost of Service**

The cost of services rendered reached R\$39,515 in 1Q08, an increase of 37.1% when compared to 1Q07. The cost of service growth is directly related to four factors: (i) the hiring of new employees in 2007 and in 1Q08 for working with software implementation, (ii) expansion of domestic presence to regions outside big cities, (iii) inauguration of new branches in Mexico, and (iv) the collective bargaining agreement in São Paulo and Rio de Janeiro involving higher wage increment than in the previous year.

**Research and Development**

Research and development expenses reached R\$11,126 in 1Q08, representing 9.2% of net revenue. 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 reached R\$1,852 in 1Q08, representing a reduction of 22.8% when compared to 1Q07, when expenses reached R\$2,399 . The higher level of advertising expenses in last year was related to the launch of Family 10 (new product versions) in 1Q07.

**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 to R\$7,798. This decline in selling expenses partially shows the

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#### 08.01 – COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER

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opportunities provided by the unification of the distribution channels, started in December 2007 and which can still be explored.

#### **Commission Expenses**

Commission expenses amounted R\$17,062 in 1Q08, 11.5% higher than the R\$15,303 in 1Q07, reducing its participation in the Company's net revenues from 15.1% to 14.1% in 1Q08. The participation of commission in the Company's net revenue essentially reflects the changes in the sales mix between own channels and franchises.

#### **General and Administrative Expenses**

General and administrative expenses amounted R\$11,246 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.

#### **Management Fees**

Management fees totaled R\$4,496 in 1Q08, presenting 18.0% of increase over the R\$3,809 in 1Q07. In comparison with 4Q07, management fees were 26.4% higher, mainly due to the growth in the Company's results.

#### **Depreciation and Amortization**

Expenses with depreciation and amortization amounted to R\$13,414 in 1Q08, representing an increase of 5.0% when compared to 1Q07. The increase is mainly due to the additional amortization of goodwill from the acquisitions of Midbyte, IOSSTS and TOTVS BMI.

#### **Allowance for doubtful accounts**

Allowance for doubtful accounts totaled R\$1,029 in 1Q08, against R\$ 1,655 in 1Q07, a reduction of 37.8%.

#### **Other Revenues and Expenses**

The Company recorded net expense in line with other revenues/expenses of R\$0,082 in 1Q08, compared to a net expense of R\$0,290 in 1Q07.

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**08.01 – COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER**

** Operating Income (before net financial result) and Net Income**

This quarter, the Company posted an operating income (before net financial result) of R\$12,845, a 57.9% growth over 1Q07. This significant growth is the result of the better operating performance in the past quarters, especially in 1Q08. The best performing revenue items also returned the best margins: license fees, with growth of 24.6%, and maintenance, with 20.8%. 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.

The Company's net income in 1Q08 was R\$11,396, which represents earnings per share of R\$0.427. 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.

Non-financial information related to market leadership were not reviewed by our independent auditors.

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**16.01 – OTHER INFORMATION DEEMED AS RELEVANT BY THE COMPANY**

In compliance with the Rules of Corporate Governance Differentiated Practices, we present below the ownership structure disclosing any shareholder or investor holding more than 5% of the voting capital, directly or indirectly, to the level of individual, at March 31, 2008.

Ownership Structure - Totvs S/A	3.31.07		3.31.08	
	Common		Common	
	Number of shares	%	Number of shares	%
LC EH Participações e Empreendimentos S/A	8,021,037	30.05%	5,360,897	20.09%
BNDES Participações S/A	2,032,215	7.61%	2,032,214	7.61%
Fidelity Management & Research Company	1,350,200	5.06%	1,747,000	6.55%
T. Rowe Price International, Inc.	793,700	2.97%	1,439,400	5.39%
Genesis Asset Managers, LLP	793,600	2.97%	1,373,413	5.15%
Others	13,697,650	51.32%	14,735,478	55.21%
<b>Total</b>	<b>26,688,402</b>	<b>100.00%</b>	<b>26,688,402</b>	<b>100.00%</b>

**Ownership Structure - LC EH Participações e Empreendimentos S/A**

Shareholder	Common		Preferred		Total	
	Number of shares	%	Number of shares	%	Number of shares	%
Laércio José de Lucena Cosentino	273,058	60.18%	0	0.00%	273,058	50.00%
Ernesto Mário Haberkorn	180,706	39.82%	92,351	100.00%	273,057	50.00%
<b>Total</b>	<b>453,764</b>	<b>100.00%</b>	<b>92,351</b>	<b>100.00%</b>	<b>546,115</b>	<b>100.00%</b>

In compliance with Rules of Corporate Governance Differentiated Practices, we present below the number and characteristics of the securities issued by the Company which are held, directly or indirectly, by the Controlling Shareholder, Officers and the number of outstanding shares, on March 31 2008.

Ownership Structure - Totvs S/A	3.31.07		3.31.08	
	Common		Common	
	Number of shares	%	Number of shares	%
Controlling Shareholder	8,021,037	30.05%	0	0.00%
Officers	293,588	1.10%	157,172	0.59%
Board of Directors	6,225	0.02%	629,344	2.36%
Related Parties(*)	1,006	0.00%	5,361,563	20.09%
Outstanding Shares	18,366,546	68.82%	20,540,323	76.96%
<b>Total</b>	<b>26,688,402</b>	<b>100.00%</b>	<b>26,688,402</b>	<b>100.00%</b>

(\*) Parties related to officers and/or Board of Directors. LC EH Participações e Empreendimentos S/A has been included as related parties since it is a company controlled by the chairman of the Board of Directors and is not longer considered a controlling shareholder of the Company.

In accordance with article 54 of its Bylaws, the Company is bound to arbitrage at the Market Arbitration Panel.

## INDEPENDENT AUDITORS' SPECIAL REVIEW REPORT

To  
The Board of Directors and Shareholders of  
**Totvs S.A.**  
São Paulo – SP

1. We have performed a special review of the Quarterly Information - ITR of Totvs S.A. and subsidiaries (parent company and consolidated) for the quarter ended March 31, 2008, comprising their balance sheet and the respective statements of income and cash flows, the performance report and accompanying notes. These financial statements are the responsibility of the Company's management.
2. We conducted our review in accordance with the specific rules established by IBRACON – Brazilian Institute of Independent Auditors, coupled with the Federal Accounting Council, consisting mainly of: (a) inquiry and discussion with the managers in charge of the Company's accounting, financial and operating areas in relation to the main criteria adopted in the preparation of the Quarterly Information; and (b) review of information and subsequent events which have or may have relevant effects on the financial position and operations of the Company.
3. Based on our special review, we are not aware of any material modifications that should be made to the Quarterly Information referred to above for them to be in conformity with the rules issued by the Brazilian Securities and Exchange Commission, specifically applicable to the preparation of the Quarterly Information, including the *Notice to the Market dated January 14, 2008*.
4. As mentioned in Note 2.1, on December 28, 2007, Law No. 11638 was enacted, becoming effective on and after January 1, 2008. This Law amends and revokes Law No. 6404 (Corporation Law), introduces new provisions thereto, and shall require changes in accounting practices adopted in Brazil. Although this Law has already become effective, the main changes introduced by it depend on specific regulation to be set by relevant regulators to be fully adopted by the companies. Accordingly, in this phase of transition, CVM, through *Notice to the Market dated January 14, 2008*, allowed non-adoption of the provisions of Law No. 11638/07 in the preparation of the Quarterly Information (ITR). Thus, the accounting information contained in the ITR for the quarter ended March 31, 2008, were prepared in accordance with specific instructions issued by the CVM, and do not include the changes in accounting practices introduced by Law No. 11638/07.

São Paulo, April 24, 2008.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP015199/O-6

José Antonio de A. Navarrete  
Accountant CRC1SP198698/O-4

Silvio Takahashi  
Accountant CRC1SP185268/O-6



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