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## **TOTVS S.A.**

**Quarterly information (ITR) at**

**March 31, 2013**

**and report on review of quarterly information**

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

(Unaudited)  
Version: 1

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### Company information / capital composition

Number of shares (In units)	Current quarter 3/31/2013
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#### Paid-up capital

Common shares	162,160,872
Preferred shares	-
<b>Total</b>	<b>162,160,872</b>

#### Treasury shares

Common shares	-
Preferred shares	-
<b>Total</b>	<b>-</b>

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### Company information / dividends

<b>Events</b>	<b>Approval</b>	<b>Sort</b>	<b>Early payment</b>	<b>Shares</b>	<b>Earnings per Share</b>
Annual Shareholders Meeting	3/05/2013	Dividends	4/10/2013	Common	0.48135
Board of Directors' Meeting	12/20/2012	Interest on equity	1/17/2013	Common	0.24871

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**Parent company financial statements / balance sheet - assets  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Current quarter 3/31/2013</b>	<b>Previous year 12/31/2012</b>
1	Total assets	<b>1,397,822</b>	1,407,213
1.01	Current assets	<b>628,799</b>	700,546
1.01.01	Cash and cash equivalents	<b>306,525</b>	398,753
1.01.02	Financial investments	<b>8,196</b>	10,168
1.01.02.02	Financial investments measured at amortized cost	<b>8,196</b>	10,168
1.01.02.02.01	Securities	<b>8,196</b>	10,168
1.01.03	Trade receivables	<b>281,782</b>	267,478
1.01.03.01	Customers	<b>281,782</b>	267,478
1.01.03.01.01	Trade receivables	<b>322,967</b>	306,644
1.01.03.01.02	Provision for impairment of trade receivables	<b>(41,185)</b>	(39,166)
1.01.06	Taxes recoverable	<b>13,955</b>	13,993
1.01.08	Other current assets	<b>18,341</b>	10,154
1.01.08.03	Other	<b>18,341</b>	10,154
1.01.08.03.02	Other assets	<b>18,341</b>	10,154
1.02	Non-current assets	<b>769,023</b>	706,667
1.02.01	Long-term receivables	<b>102,571</b>	109,700
1.02.01.02	Financial investments measured at amortized cost	<b>12,325</b>	13,123
1.02.01.02.01	Securities	<b>12,325</b>	13,123
1.02.01.03	Trade receivables	<b>43,888</b>	48,677
1.02.01.03.01	Customers	<b>34,369</b>	38,070
1.02.01.03.02	Other receivables	<b>9,519</b>	10,607
1.02.01.06	Deferred taxes	<b>35,825</b>	37,818
1.02.01.06.01	Deferred income tax and social contribution	<b>35,825</b>	37,818
1.02.01.08	Receivables from related parties	<b>2,501</b>	2,251
1.02.01.08.02	Receivables from subsidiaries	<b>2,501</b>	2,251
1.02.01.09	Other non-current assets	<b>8,032</b>	7,831
1.02.01.09.03	Judicial deposits	<b>8,032</b>	7,831
1.02.02	Investments	<b>146,301</b>	65,979
1.02.02.01	Equity investments	<b>146,301</b>	65,979
1.02.02.01.02	Interests in subsidiaries	<b>146,301</b>	65,979
1.02.03	Property, plant and equipment	<b>55,889</b>	53,961
1.02.03.01	Property, plant and equipment in service	<b>55,889</b>	53,961
1.02.04	Intangible assets	<b>464,262</b>	477,027
1.02.04.01	Intangible assets	<b>464,262</b>	477,027

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**Parent company financial statements / balance sheet - liabilities and equity  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Current Quarter 3/31/2013</b>	<b>Previous year 12/31/2012</b>
2	Total liabilities	<b>1,397,822</b>	1,407,213
2.01	Current liabilities	<b>314,738</b>	322,052
2.01.01	Social and labor obligations	<b>73,917</b>	88,639
2.01.01.01	Social obligations	<b>8,268</b>	9,286
2.01.01.02	Labor obligations	<b>65,649</b>	79,353
2.01.02	Trade payables	<b>27,109</b>	26,277
2.01.03	Tax obligations	<b>7,257</b>	3,091
2.01.03.01	Federal tax obligations	<b>7,257</b>	3,091
2.01.04	Borrowings	<b>68,717</b>	96,781
2.01.04.01	Borrowings	<b>26,096</b>	53,851
2.01.04.01.01	In local currency	<b>26,096</b>	53,851
2.01.04.02	Debentures	<b>42,621</b>	42,930
2.01.05	Other liabilities	<b>137,738</b>	107,264
2.01.05.02.01	Dividends and interest on capital payable	<b>78,333</b>	49,681
2.01.05.02.04	Obligations for purchases of investments	<b>9,127</b>	11,399
2.01.05.02.05	Commissions payable	<b>49,138</b>	44,872
2.01.05.02.06	Other liabilities	<b>1,140</b>	1,312
2.02	Non-current liabilities	<b>171,791</b>	172,015
2.02.01	Borrowings	<b>151,947</b>	150,815
2.02.01.01	Borrowings	<b>51,015</b>	51,068
2.02.01.01.01	In local currency	<b>51,015</b>	51,068
2.02.01.02	Debentures	<b>100,932</b>	99,747
2.02.02	Other liabilities	<b>12,733</b>	13,465
2.02.02.02.03	Obligations for purchases of investments	<b>12,733</b>	13,465
2.02.04	Provision	<b>7,111</b>	7,735
2.02.04.01	Tax, social security, labor and civil provision	<b>6,407</b>	6,370
2.02.04.01.01	Tax provision	<b>698</b>	687
2.02.04.01.02	Social security and labor provision	<b>4,737</b>	4,725
2.02.04.01.04	Civil provision	<b>972</b>	958
2.02.04.02	Other provision	<b>704</b>	1,365
2.02.04.02.04	Provision for losses on investments	<b>704</b>	1,365
2.03	Equity	<b>911,293</b>	913,146
2.03.01	Paid-up capital	<b>492,608</b>	480,598
2.03.02	Capital reserves	<b>81,455</b>	78,241
2.03.02.02	Special goodwill reserve on merger	<b>14,330</b>	14,330
2.03.02.04	Share options	<b>28,888</b>	25,674
2.03.02.07	Goodwill reserve	<b>31,557</b>	31,557
2.03.02.08	Debentures converted into shares	<b>32,198</b>	32,198
2.03.02.09	Goodwill on purchase of non-controlling interest	<b>(25,518)</b>	(25,518)
2.03.04	Revenue reserves	<b>339,611</b>	356,520
2.03.04.01	Legal reserve	<b>37,687</b>	37,687
2.03.04.05	Profit retention reserve	<b>301,924</b>	250,030

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2.03.04.08	Additional proposed dividends	-	68,803
2.03.06	Carrying value adjustments	<b>(2,381)</b>	<b>(2,213)</b>

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**Parent company financial statements / statement of income  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Current Quarter 3/31/2013</b>	<b>Same quarter of previous year 3/31/2012</b>
3.01	Sales and/or services revenue	<b>340,811</b>	287,136
3.01.01	Licensing fees	<b>75,724</b>	66,143
3.01.02	Services	<b>89,620</b>	61,118
3.01.03	Maintenance	<b>175,467</b>	159,875
3.02	Cost of sales and/or services	<b>(108,707)</b>	(88,564)
3.02.01	Cost of licensing fees	<b>(16,761)</b>	(11,308)
3.02.02	Cost of services	<b>(91,946)</b>	(77,256)
3.03	Gross profit	<b>232,104</b>	198,572
3.04	Operating income (expenses)	<b>(154,625)</b>	(133,329)
3.04.01	Selling expenses	<b>(20,191)</b>	(15,692)
3.04.02	General and administrative expenses	<b>(18,298)</b>	(16,915)
3.04.05	Other operating expenses	<b>(109,892)</b>	(112,227)
3.04.05.01	Research and development	<b>(42,153)</b>	(36,860)
3.04.05.02	Advertising expenses	<b>(4,388)</b>	(5,258)
3.04.05.03	Commissions	<b>(35,941)</b>	(33,560)
3.04.05.04	Management fees	<b>(6,412)</b>	(12,101)
3.04.05.05	Depreciation and amortization	<b>(17,887)</b>	(19,215)
3.04.05.06	Provision for impairment of trade receivables	<b>(3,070)</b>	(5,321)
3.04.05.08	Other operating expenses, net	<b>(41)</b>	88
3.04.06	Equity in the results of subsidiaries	<b>(6,244)</b>	11,505
3.05	Profit before finance result and taxes	<b>77,479</b>	65,243
3.06	Finance result	<b>1,374</b>	(228)
3.06.01	Finance income	<b>8,830</b>	9,153
3.06.02	Finance costs	<b>(7,456)</b>	(9,381)
3.07	Profit before taxes on income	<b>78,853</b>	65,015
3.08	Income tax and social contribution on net income	<b>(26,959)</b>	(15,095)
3.08.01	Current	<b>(24,880)</b>	(18,348)
3.08.02	Deferred	<b>(2,079)</b>	3,253
3.09	Profit for the period from continuing operations	<b>51,894</b>	49,920
3.11	Profit for the period	<b>51,894</b>	49,920
3.99	Earnings per share - (reais/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	<b>0.32</b>	0.31
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	<b>0.31</b>	0.30



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**Parent company financial statements / statement of comprehensive income  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Current Quarter 3/31/2013</b>	<b>Same quarter of previous year 3/31/2012</b>
4.01	Profit for the period	<b>51,984</b>	49,920
4.02	Other comprehensive income	<b>(168)</b>	(131)
4.02.01	Exchange variation on investments abroad	<b>(255)</b>	(198)
4.02.02	Deferred income tax	<b>87</b>	67
4.03	Comprehensive income for the period	<b>51,726</b>	49,789
4.03.01	Attributed to controlling shareholders	<b>51,726</b>	49,789

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**Parent company financial statements / statement of cash flows - indirect method  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Accumulated current quarter 3/31/2013</b>	<b>Accumulated same quarter of previous year 3/31/2012</b>
6.01	Net cash provided by operating activities	56,617	79,856
6.01.01	Cash provided by operations	113,630	86,622
6.01.01.01	<b>Profit before taxes of the period</b>	<b>78,853</b>	65,015
6.01.01.02	Depreciation and amortization	17,887	19,215
6.01.01.03	Share-based payments	3,214	2,123
6.01.01.04	Loss on sale of assets	74	171
6.01.01.05	Provision for doubtful accounts	3,070	5,321
6.01.01.06	Equity in the results of subsidiaries	6,244	(11,505)
6.01.01.07	Interest, monetary and exchange variations, net	4,251	6,148
6.01.01.09	Provision for (reversal of) contingencies	37	134
6.01.02	<b>Changes in assets and liabilities</b>	<b>(25,191)</b>	20,016
6.01.02.01	Trade receivables	(13,673)	(10,858)
6.01.02.02	Dividends received	-	9,510
6.01.02.03	Other assets	(7,354)	(2,264)
6.01.02.04	Judicial deposits	(201)	869
6.01.02.05	Social and labor obligations	(14,722)	13,740
6.01.02.06	Taxes to recover	38	8,886
6.01.02.07	Trade payables	832	(897)
6.01.02.08	Commission payable	4,266	(1,121)
6.01.02.09	Taxes payable	5,794	2,331
6.01.02.10	Other payables	(171)	(180)
6.01.03	<b>Other</b>	<b>(31,822)</b>	(26,782)
6.01.03.01	Interests paid	(5,314)	(8,434)
6.01.03.02	Income tax and social contribution paid	(26,508)	(18,348)
<b>6.02</b>	<b>Net cash used in investing activities</b>	<b>(94,841)</b>	(10,786)
6.02.01	Acquisition of investments, net of cash obtained on acquisition	-	-
6.02.02	Increase in capital of subsidiaries	(87,482)	(6,354)
6.02.03	Purchase of intangible assets	(1,926)	(2,711)
6.02.08	Purchase of property, plant and equipment	(5,433)	(3,365)
6.02.09	Cash and cash equivalents from merged companies, net	-	1,644
<b>6.03</b>	<b>Net cash used in financing activities</b>	<b>(54,004)</b>	(53,320)
6.03.01	Bank borrowings	(25,613)	(25,625)
6.03.03	Credits from related companies	(250)	6,494
6.03.04	Dividends paid	(40,151)	(34,957)
6.03.06	Increase in capital	12,010	768
6.05	Increase (decrease) in cash and cash equivalents	(92,228)	15,750
6.05.01	Cash and cash equivalents at the beginning of the period	398,753	221,898
6.05.02	Cash and cash equivalents at the end of the period	306,525	237,648

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**Parent company financial statements / statement of changes in equity - 1/1/2013 to 3/31/2013  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, share options and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings</b>	<b>Other comprehensive income</b>	<b>Equity</b>
5.01	<b>Opening balances</b>	<b>480,598</b>	<b>78,241</b>	<b>356,520</b>	-	<b>(2,213)</b>	<b>913,146</b>
5.03	<b>Adjusted opening balances</b>	480,598	78,241	356,520	-	(2,213)	<b>913,146</b>
5.04	Capital transactions with owners	<b>12,010</b>	<b>3,214</b>	<b>(68,803)</b>	-	-	<b>(53,579)</b>
5.04.03	Share options recorded	12,010	3,214	-	-	-	<b>15,224</b>
5.04.06	Dividends	-	-	(68,803)	-	-	<b>(68,803)</b>
5.05	Total comprehensive income	-	-	-	<b>51,984</b>	<b>(168)</b>	<b>51,726</b>
5.05.01	Profit for the period	-	-	-	51,984	-	<b>51,984</b>
5.05.02	Other comprehensive income	-	-	-	-	(168)	<b>(168)</b>
5.05.02.04	Translation adjustments for the period	-	-	-	-	(168)	<b>(168)</b>
5.07	<b>Closing balances</b>	<b>492,608</b>	<b>81,455</b>	<b>287,717</b>	<b>51,984</b>	<b>(2,381)</b>	<b>911,293</b>

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**Parent company financial statements / statement of changes in equity - 1/1/2012 to 3/31/2012  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, share options and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings</b>	<b>Other comprehensive income</b>	<b>Equity</b>
5.01	<b>Opening balances</b>	<b>443,702</b>	<b>50,757</b>	<b>257,966</b>	-	<b>(2,558)</b>	<b>749,867</b>
5.03	<b>Adjusted opening balances</b>	<b>443,702</b>	<b>50,757</b>	<b>257,966</b>	-	<b>(2,558)</b>	<b>749,867</b>
5.04	Capital transactions with owners	<b>768</b>	<b>2,123</b>	<b>(59,396)</b>	-	-	<b>(56,505)</b>
5.04.03	Share options recorded	-	<b>2,123</b>	-	-	-	<b>2,123</b>
5.04.06	Dividends	-	-	<b>(59,396)</b>	-	-	<b>(59,396)</b>
5.04.08	Debentures converted into shares	<b>768</b>	-	-	-	-	<b>768</b>
5.05	Total comprehensive income	-	-	-	<b>49,920</b>	<b>(131)</b>	<b>49,789</b>
5.05.01	Profit for the period	-	-	-	<b>49,920</b>	-	<b>49,920</b>
5.05.02	Other comprehensive income	-	-	-	-	<b>(131)</b>	<b>(131)</b>
5.05.02.04	Translation adjustments for the period	-	-	-	-	<b>(131)</b>	<b>(131)</b>
5.07	<b>Closing balances</b>	<b>444,470</b>	<b>52,880</b>	<b>198,570</b>	<b>49,920</b>	<b>(2,689)</b>	<b>743,151</b>

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**Parent company financial statements / statement of value added  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Accumulated current quarter 3/31/2013</b>	<b>Accumulated same quarter of previous year 3/31/2012</b>
7.01	Revenue	368,954	302,582
7.01.01	Sale of goods and services	372,066	307,817
7.01.02	Other expenses	(42)	86
7.01.04	Provision for (reversal of) impairment of trade receivables	(3,070)	(5,321)
7.02	Inputs acquired from third parties	(114,398)	(83,622)
7.02.01	Cost of sales and services	(17,647)	(13,743)
7.02.02	Materials, energy, outsourced services and other	(96,751)	(69,879)
7.03	Gross value added	254,556	218,960
7.04	Retentions	(17,887)	(19,215)
7.04.01	Depreciation, amortization and depletion	(17,887)	(19,215)
7.05	Net value added generated	236,669	199,745
7.06	Value added received through transfer	1,751	19,842
7.06.01	Equity in the results of subsidiaries	(6,244)	11,505
7.06.02	Finance income	7,995	8,337
7.07	Total value added to distribute	238,420	219,587
7.08	Distribution of value added	238,420	219,587
7.08.01	Personnel	113,800	100,855
7.08.01.01	Direct remuneration	93,981	85,825
7.08.01.02	Benefits	11,878	8,901
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	7,941	6,129
7.08.02	Taxes and contributions	61,690	55,911
7.08.02.01	Federal	52,860	47,811
7.08.02.02	State	(30)	11
7.08.02.03	Municipal	8,860	8,089
7.08.03	Remuneration of third-party capital	11,036	12,901
7.08.03.01	Interest	5,735	7,891
7.08.03.02	Rent	5,301	5,010
7.08.04	Remuneration of own capital	51,894	49,920
7.08.04.03	Profits reinvested	51,894	49,920

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Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

(Unaudited)  
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**Consolidated financial statements / balance sheet - assets**  
**(R\$ thousand)**

1 - Code	2 - Description	Current Quarter 3/31/2013	Previous year 12/31/2012
1	Total assets	1,467,074	1,420,621
1.01	Current assets	688,666	744,980
1.01.01	Cash and cash equivalents	324,202	412,408
1.01.02	Financial investments	8,196	10,168
1.01.02.02	Financial investments measured at amortized cost	8,196	10,168
1.01.02.02.01	Securities	8,196	10,168
1.01.03	Trade receivables	312,057	289,595
1.01.03.01	Customers	312,057	289,595
1.01.03.01.01	Trade receivables	358,842	333,609
1.01.03.01.02	Provision for impairment of trade receivables	(46,785)	(44,014)
1.01.06	Taxes recoverable	21,305	19,506
1.01.08	Other current assets	22,906	13,303
1.01.08.03	Other	22,906	13,303
1.01.08.03.02	Other assets	22,906	13,303
1.02	Non-current assets	778,408	675,641
1.02.01	Long-term receivables	140,073	129,996
1.02.01.02	Financial investments measured at amortized cost	37,373	13,123
1.02.01.02.01	Securities	37,373	13,123
1.02.01.03	Trade receivables	46,008	51,041
1.02.01.03.01	Customers	35,431	39,583
1.02.01.03.02	Other receivables	10,577	11,458
1.02.01.06	Deferred taxes	48,660	58,001
1.02.01.06.01	Deferred income tax and social contribution	48,660	58,001
1.02.01.09	Other non-current assets	8,032	7,831
1.02.01.09.03	Judicial deposits	8,032	7,831
1.02.03	Property, plant and equipment	62,622	58,089
1.02.03.01	Property, plant and equipment in service	62,622	58,089
1.02.04	Intangible assets	575,713	487,556
1.02.04.01	Intangible assets	300,995	281,364
1.02.04.02	Goodwill	274,718	206,192

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

(Unaudited)  
Version: 1

**Consolidated financial statements / balance sheet - liabilities and equity  
(R\$ thousand)**

1 - Code	2 - Description	Current Quarter 3/31/2013	Previous year 12/31/2012
2	Total liabilities	1,467,074	1,420,621
2.01	Current liabilities	340,513	334,016
2.01.01	Social and labor obligations	84,717	95,072
2.01.01.01	Social obligations	9,233	9,901
2.01.01.02	Labor obligations	75,484	85,171
2.01.02	Trade payables	31,517	30,281
2.01.03	Tax obligations	8,307	3,518
2.01.03.01	Federal tax obligations	8,307	3,518
2.01.04	Borrowings	71,236	97,329
2.01.04.01	Borrowings	28,615	54,399
2.01.04.01.01	In local currency	28,615	54,399
2.01.04.02	Debentures	42,621	42,930
2.01.05	Other liabilities	144,736	107,816
2.01.05.02.01	Dividends and interest on capital payable	78,388	49,681
2.01.05.02.04	Obligations for purchases of investments	9,127	11,399
2.01.05.02.05	Commission payable	50,117	45,382
2.01.05.02.06	Other liabilities	7,104	1,354
2.02	Non-current liabilities	215,268	173,459
2.02.01	Borrowings	152,145	150,815
2.02.01.01	Borrowings	51,213	51,068
2.02.01.01.01	In local currency	51,213	51,068
2.02.01.02	Debentures	100,932	99,747
2.02.02	Other liabilities	56,716	16,274
2.02.02.02.03	Obligations for purchases of investments	52,781	13,465
2.02.02.02.04	Other	3,935	2,809
2.02.04	Provision	6,407	6,370
2.02.04.01	Tax, social security, labor and civil provision	6,407	6,370
2.02.04.01.01	Tax provision	698	687
2.02.04.01.02	Social security and labor provision	4,737	4,725
2.02.04.01.04	Civil provision	972	958
2.03	Equity	911,293	913,146
2.03.01	Paid-up capital	492,608	480,598
2.03.02	Capital reserves	81,455	78,241
2.03.02.02	Special goodwill reserve on merger	14,330	14,330
2.03.02.04	Share options	28,888	25,674
2.03.02.07	Goodwill reserve	31,557	31,557
2.03.02.08	Debentures converted into shares	32,198	32,198
2.03.02.09	Goodwill on purchase of non-controlling interest	(25,518)	(25,518)
<b>2.03.04</b>	<b>Revenue reserves</b>	<b>339,611</b>	<b>356,520</b>
2.03.04.01	Legal reserve	37,687	37,687
2.03.04.05	Profit retention reserve	301,924	250,030

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2.03.04.08	Additional proposed dividends	-	68,803
<b>2.03.06</b>	<b>Carrying value adjustments</b>	<b>(2,381)</b>	<b>(2,213)</b>



(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

(Unaudited)  
Version: 1

**Consolidated financial statements / statement of income  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Current Quarter 3/31/2013</b>	<b>Same quarter of previous year 3/31/2012</b>
3.01	Sales and/or services revenue	374,211	351,085
3.01.01	Licensing fees	82,668	85,800
3.01.02	Services	105,662	100,460
3.01.03	Maintenance	185,881	164,825
3.02	Cost of sales and/or services	(128,052)	(113,643)
3.02.01	Cost of licensing fees	(18,174)	(11,486)
3.02.02	Cost of services	(109,748)	(102,157)
3.02.03	Cost of sales	(130)	-
3.03	Gross profit	246,159	237,442
3.04	Operating income (expenses)	(170,194)	(166,431)
3.04.01	Selling expenses	(25,638)	(21,027)
3.04.02	General and administrative expenses	(21,989)	(20,540)
3.04.05	Other operating expenses	(122,567)	(124,864)
3.04.05.01	Research and development	(46,979)	(45,018)
3.04.05.02	Advertising expenses	(5,861)	(5,855)
3.04.05.03	Commission	(37,782)	(35,292)
3.04.05.04	Management fees	(7,218)	(12,249)
3.04.05.05	Depreciation and amortization	(21,562)	(21,124)
3.04.05.06	Provision for impairment of trade receivables	(3,129)	(5,389)
3.04.05.07	Other operating expenses, net	(36)	63
3.05	Profit before finance result and taxes	75,965	71,011
3.06	Finance result	1,285	1,101
3.06.01	Finance income	9,148	10,871
3.06.02	Finance costs	(7,863)	(9,770)
3.07	Profit before taxes on income	77,250	72,112
3.08	Income tax and social contribution on net income	(25,356)	(22,192)
3.08.01	Current	(25,412)	(23,170)
3.08.02	Deferred	56	978
3.09	Profit for the period from continuing operations	51,894	49,920
3.11	Profit for the period	51,894	49,920
3.99	Earnings per share - (reais/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	0.32	0.31
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	0.31	0.30

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

(Unaudited)  
Version: 1

**Consolidated financial statements / statement of comprehensive income  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Current Quarter 3/31/2013</b>	<b>Same quarter of previous year 3/31/2012</b>
4.01	Profit for the period	<b>51,984</b>	49,920
4.02	Other comprehensive income	<b>(168)</b>	(131)
4.02.01	Exchange variation on investment abroad	<b>(255)</b>	(198)
4.02.02	Deferred income tax	<b>87</b>	67
4.03	Comprehensive income for the period	<b>51,726</b>	49,789
4.03.01	Attributed to controlling shareholders	<b>51,726</b>	49,789

(A free translation of the original in Portuguese)

(Unaudited)  
Version: 1

Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

**Consolidated financial statements / statement of cash flows - indirect method  
(R\$ thousand)**

1 - Code	2 - Description	Accumulated	Accumulated
		current quarter	same quarter of previous year
		3/31/2013	3/31/2012
6.01	Net cash provided by operating activities	53,945	75,729
6.01.01	Cash provided by operations	109,434	107,060
6.01.01.01	<b>Profit before taxes of the period</b>	<b>77,250</b>	72,112
6.01.01.02	Depreciation and amortization	21,562	21,124
6.01.01.03	Share-based payment	3,214	2,123
6.01.01.04	Loss on sale of assets	74	260
6.01.01.05	Provision for doubtful accounts	3,129	5,389
6.01.01.07	Interest, monetary and exchange variations, net	4,168	5,918
6.01.01.09	Provision for (reversal of) contingencies	37	134
6.01.02	<b>Changes in assets and liabilities</b>	<b>(23,135)</b>	273
6.01.02.01	Trade receivables	(16,033)	(19,126)
6.01.02.03	Other assets	(5,095)	(1,730)
6.01.02.04	Judicial deposits	(43)	869
6.01.02.05	Social and labor obligations	(13,342)	12,297
6.01.02.06	Taxes to recover	(621)	7,853
6.01.02.07	Trade payables	846	(1,418)
6.01.02.08	Commission payable	4,118	(1,019)
6.01.02.09	Taxes payable	5,915	2,931
6.01.02.10	Other payables	1,120	(384)
6.01.03	<b>Other</b>	<b>(32,354)</b>	(31,604)
6.01.03.01	Interests paid	(5,314)	(8,434)
6.01.03.02	Income tax and social contribution paid	(27,040)	(23,170)
<b>6.02</b>	<b>Net cash used in investing activities</b>	<b>(87,799)</b>	(6,388)
6.02.01	Acquisition of investments, net of cash obtained on acquisition	(4,144)	-
6.02.03	Purchase of intangible assets	(77,487)	(2,731)
6.02.08	Purchase of property, plant and equipment	(6,168)	(3,657)
<b>6.03</b>	<b>Net cash used in financing activities</b>	<b>(54,352)</b>	(60,265)
6.03.01	Bank borrowings	(26,211)	(26,076)
6.03.04	Dividends paid	(40,151)	(34,957)
6.03.06	Increase in capital	12,010	768
6.05	Increase (decrease) in cash and cash equivalents	(88,206)	9,076
6.05.01	Cash and cash equivalents at the beginning of the period	412,408	287,079
6.05.02	Cash and cash equivalents at the end of the period	324,202	296,155

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Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

(Unaudited)  
Version: 1

**Consolidated financial statements / statement of changes in equity - 1/1/2013 to 3/31/2013**  
**(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, share options and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings</b>	<b>Other comprehen sive income</b>	<b>Equity</b>	<b>Non- controlling interests</b>	<b>Consolidated equity</b>
5.01	<b>Opening balances</b>	<b>480,598</b>	<b>78,241</b>	<b>356,520</b>	-	<b>(2,213)</b>	<b>913,146</b>	-	913,146
5.03	<b>Adjusted opening balances</b>	<b>480,598</b>	<b>78,241</b>	<b>356,520</b>	-	<b>(2,213)</b>	<b>913,146</b>	-	913,146
5.04	Capital transactions with owners	12,010	3,214	(68,803)	-	-	(53,579)	-	(53,579)
5.04.03	Share options recorded	12,010	3,214	-	-	-	15,224	-	15,224
5.04.06	Dividends	-	-	(68,803)	-	-	(68,803)	-	(68,803)
5.05	Total comprehensive income	-	-	-	51,894	(168)	51,726	-	51,726
5.05.01	Profit for the period	-	-	-	51,894	-	51,894	-	51,894
5.05.02	Other comprehensive income	-	-	-	-	(168)	(168)	-	(168)
5.05.02.04	Translation adjustments for the period	-	-	-	-	(168)	(168)	-	(168)
5.07	<b>Closing balances</b>	<b>492,608</b>	<b>81,455</b>	<b>287,717</b>	<b>51,894</b>	<b>(2,381)</b>	<b>911,293</b>	-	<b>911,293</b>

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Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

(Unaudited)  
Version: 1

**Consolidated financial statements / statement of changes in equity - 1/1/2012 to 3/31/2012  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Paid-up share capital</b>	<b>Capital reserves, share options and treasury shares</b>	<b>Revenue reserves</b>	<b>Retained earnings</b>	<b>Other comprehens ive income</b>	<b>Equity</b>	<b>Non- controlling interests</b>	<b>Consolidated equity</b>
5.01	<b>Opening balances</b>	<b>443,702</b>	<b>50,757</b>	<b>257,966</b>	-	<b>(2,558)</b>	<b>749,867</b>	-	<b>749,867</b>
5.03	<b>Adjusted opening balances</b>	<b>443,702</b>	<b>50,757</b>	<b>257,966</b>	-	<b>(2,558)</b>	<b>749,867</b>	-	<b>749,867</b>
5.04	Capital transactions with owners	768	2,123	(59,396)	-	-	(56,505)	-	(56,505)
5.04.03	Share options recorded	-	2,123	-	-	-	2,123	-	2,123
5.04.06	Dividends	-	-	(59,396)	-	-	(59,396)	-	(59,396)
5.04.08	Debentures converted into shares	768	-	-	-	-	768	-	768
5.05	Total comprehensive income	-	-	-	49,920	(131)	49,789	-	49,789
5.05.01	Profit for the period	-	-	-	49,920	-	49,920	-	49,920
5.05.02	Other comprehensive income	-	-	-	-	(131)	(131)	-	(131)
5.05.02.04	Translation adjustments for the period	-	-	-	-	(131)	(131)	-	(131)
5.07	<b>Closing balances</b>	<b>444,470</b>	<b>52,880</b>	<b>198,570</b>	<b>49,920</b>	<b>(2,689)</b>	<b>743,151</b>	-	<b>743,151</b>

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Quarterly information (ITR) - 3/31/2013 - TOTVS S.A.

(Unaudited)  
Version: 1

**Consolidated financial statements / statement of value added  
(R\$ thousand)**

<b>1 - Code</b>	<b>2 - Description</b>	<b>Accumulated current quarter 3/31/2013</b>	<b>Accumulated same quarter of previous year 3/31/2012</b>
7.01	Revenue	404,598	370,370
7.01.01	Sale of goods and services	407,765	375,679
7.01.02	Other expenses	(38)	80
7.01.04	Provision for (reversal of) impairment of trade receivables	(3,129)	(5,389)
7.02	Inputs acquired from third parties	(130,694)	(107,554)
7.02.01	Cost of sales and services	(19,171)	(14,936)
7.02.02	Materials, energy, outsourced services and other	(111,523)	(92,618)
7.03	Gross value added	273,904	262,816
7.04	Retentions	(21,562)	(21,125)
7.04.01	Depreciation, amortization and depletion	(21,562)	(21,125)
7.05	Net value added generated	252,342	241,691
7.06	Value added received through transfer	8,313	10,075
7.06.02	Finance income	8,313	10,075
7.07	Total value added to distribute	260,655	251,766
7.08	Distribution of value added	260,655	251,766
7.08.01	Personnel	132,796	118,049
7.08.01.01	Direct remuneration	110,689	100,057
7.08.01.02	Benefits	13,575	11,032
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	8,532	6,960
7.08.02	Taxes and contributions	64,112	70,028
7.08.02.01	Federal	54,337	60,140
7.08.02.02	State	23	62
7.08.02.03	Municipal	9,752	9,826
7.08.03	Remuneration of third-party capital	11,853	13,769
7.08.03.01	Interest	6,075	8,221
7.08.03.02	Rents	5,778	5,548
7.08.04	Remuneration of own capital	51,894	49,920
7.08.04.03	Profits reinvested	51,894	49,920

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## **Comments on the performance**

TOTVS S.A., the leader in the development and marketing of integrated enterprise management software, as well as the provision of related services in Brazil and Latin America, announces its results for the first quarter of 2013.

### **Net Revenue**

Net revenue came to R\$374,211 thousand in 1Q13 (+6.6% vs. 1Q12), with net maintenance fee revenue representing 49.7% of total net revenue. International operations accounted for 1.4% of TOTVS' net revenue in 1Q13.

### **Net License Fee Revenue**

Net license fee revenue totaled R\$82,668 thousand in 1Q13 (-3.7% vs. 1Q12). This decrease is mainly due to the decrease of sales to new clients and lower level of incremental license fees from clients under the corporate model.

### **Net Service Revenue**

Net service revenue totaled R\$105,662 thousand in 1Q13 (+5.2% vs. 1Q12). The lower growth in net service revenue in 1Q13 when compared to past periods is mainly due to (i) the bigger participation of franchises - which provides software implementation directly to clients - in the sales mix and (ii) the established basis for comparison in 1Q12, when this line increased 22,7% over 1Q11.

### **Net Maintenance Fee Revenue**

Net maintenance fee revenue totaled R\$185,881 thousand in 1Q13 (+12.8% vs. 1Q12). The higher growth in maintenance fee revenue, when compared to the other revenue lines, is mainly due to (i) the loyalty of the Company's diversified customer base, consisting mainly of small and medium companies, (ii) the licenses sold in previous quarters, (iii) and the retention of maintenance agreements, subject to annual adjustments based on predefined inflation indexes, mostly the General Market Price Index (IGP-M), and (iv) the net maintenance fee revenue from PC Sistemas, acquired by TOTVS on January 24, 2013.

### **Operating Costs and Expenses**

The analysis of the Company's operating costs and expenses is broken down into three groups: (i) cost of license fees and services and research and development expenses; (ii) expenses associated with advertising, sales, commissions and allowance for doubtful accounts; and (iii) general and administrative expenses and management fees.

### **Cost of License Fees and Services and Research and Development Expenses**

These costs and expenses grew at a faster pace than net revenue in 1Q13, accounting for 46.8% of net revenue in 1Q13. This upturn above the increase in net revenue was chiefly due to a combination between: (i) the wage increases resulting from the regional collective bargaining agreements; and the sales of

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complementary solutions developed by third parties, which resulted in an increase in the cost of license fees.

Research and Development represented 12.6% of total net revenue at the end of 1Q13, versus 12.8% in 1Q12. TOTVS seeks to reach the level of 12% of net revenue in R&D by 2016 gradually, through gains of scale, without putting the investments required to implement the roadmap of R&D at risk.

#### **Advertising, Selling and Commission Expenses and Allowance for Doubtful Accounts**

These expenses accounted for 19.4% of the Company's total net revenue in 1Q13, versus 19.2% in 1Q12. This change in the year on year comparison is a consequence of the investments in both the vertical (10 segments) and the horizontal (e.g. Private Team and Series 1) segmentation of sales teams in the period.

In comparison with 1Q12, advertising expenses remained stable. It is important to point out that, historically speaking; first-quarter advertising expenses are lower than the average for the rest of the year, given that the new advertising campaign is traditionally launched at the end of the quarter.

#### **General and Administrative Expenses and Management Fees**

As a percentage of net revenue, these expenses fell by 1.5 bps, from 9.3% in 1Q12 to 7.8% of total net revenue in 1Q13. This line's scale gain is due to the Company's ongoing efforts to increase the efficiency of its administrative areas.

#### **Depreciation and Amortization**

Depreciation and amortization came to R\$21,562 thousand in 1Q13, R\$17,672 thousand of which refers to the amortization of intangible assets and R\$3,890 thousand refers to the depreciation of fixed assets.

#### **Net Income**

The Company recorded net income of R\$51,894 thousand in 1Q13, a 4.0% upturn versus the R\$49,920 thousand reported in 1Q12. The Company's net margin stood at 13.9% in 1Q13, 30 basis points lower than the net margin obtained in 1Q12. This decrease of net margin is chiefly due to the upturn in the effective tax rate.



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## **1. Operations**

TOTVS S.A. (hereinafter referred to as the “parent company”, “TOTVS” or the “Company”) is a publicly held corporation, headquartered at Av. Braz Leme, 1631 - 2º floor, in the City and State of São Paulo, whose shares are traded on the *Novo Mercado* of BM&FBOVESPA – the Securities, Commodities and Futures Exchange.

The Company’s business purpose is developing and selling the right to use information technology systems and the provision of implementation, consulting, assistance and maintenance services related thereto. The main software products developed by the Company are Enterprise Resource Planning (ERP) applications for the purpose of electronically integrating the strategic and operating levels of user companies, allowing the creation of information flows which meet the operating needs and those needs related to the management of information from different areas of the user company, The main areas covered by the Company’s ERP software products are: management, finance, operations, industrial, human resources and client services.

The TOTVS, parent company and consolidated Financial Statements were approved at the Board of Directors’ Meeting held on April 30, 2013.

All amounts presented in these Interim Financial Statements are expressed in thousands of reais, except where otherwise indicated. Due to rounding, the figures presented in this document may not precisely correspond to actual figures.

Non-financial data included in this report, such as the number of clients, average ticket, market share, and other data items were not reviewed by our independent auditors.

## **2. Presentation of interim financial information and summary of accounting policies, assumptions and estimates**

The principal accounting policies applied in preparing this interim financial information have been consistently applied to the years presented. As set forth in CVM Official Letter SNC/SEP 003/2011, this interim financial information does not include all of the information required for annual or complete financial statements, and therefore should be read together with the Company’s complete financial statements for the year ended December 31, 2012.

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## **2.1. Basis of preparation**

The financial statements were prepared using historical cost as the value basis, except for the valuation of certain assets and liabilities, such as financial instruments, which are measured at their fair value.

### **(a) Consolidated financial information**

The consolidated financial statements were prepared in accordance with CPC 21 (IAS 34) applicable to the preparation of interim financial information, and are presented in accordance with the accounting practices adopted in Brazil, in a manner consistent with the standards issued by the Securities and Exchange Commission (CVM) applicable to Quarterly Information (ITR) and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

### **(b) Individual financial information**

The individual financial statements of the Company have been prepared, in all material respects in accordance with CPC 21(R1), applicable to the preparation of interim financial information, presented in a manner consistent with the standards issued by the Securities and Exchange Commission applicable to Quarterly Information (ITR), and is disclosed in conjunction with the consolidated financial statements.

In the individual financial statements, subsidiaries are accounted for using the equity method. The same adjustments are made in the financial statements as in the consolidated financial statements to achieve the same result on equity attributable to shareholders of the parent company. In TOTVS's case, the accounting practices adopted in Brazil applicable to individual financial statements differ from IFRS applicable to separate financial statements; the measurement of investments in subsidiaries, jointly controlled entities and associates is done by the equity method, while under IFRS it would be at cost or fair value.

### **(c) Changes in accounting policies and disclosures**

There are no new pronouncements or interpretations of CPCs / IFRS effective from 2013 that could have a significant impact on the Company's interim financial information.

## **2.2. Consolidated interim financial information**

The consolidated interim financial information includes the Company's operations and those of the following subsidiaries, for which the percentage interest held by the Company on its balance sheet is summarized below:

(A free translation of the original in Portuguese)

<u>Corporate Name</u>	<u>Head office</u>	<u>Denomination</u>	<u>Interest %</u>	
			<u>3/31/2013</u>	<u>12/31/2012</u>
TOTVS Rio Software Ltda.	BRA	TOTVS Rio	100	100
TOTVS Nordeste Software Ltda.	BRA	TOTVS Nordeste	100	100
TOTVS Brasília Software Ltda.	BRA	TOTVS Brasília	100	100
TQTVD Software Ltda.	BRA	TQTVD	100	100
TOTVS Argentina S.A.	ARG	Microsiga Argentina	100	100
Datasul Argentina S.A.	ARG	Datasul Argentina	100	100
TOTVS México S.A.	MEX	Microsiga Mexico	100	100
Datasul S.A. de CV	MEX	Datasul Mexico	100	100
DTS Consulting Partner. AS de CV	MEX	Partner	100	100
EuroTOTVS Lda.	POR	Eurototvs	100	100
TOTVS Corporation	BVI	Microsiga Corporation	100	100
TOTVS Incorporation	USA	TOTVS Inc.	100	100
W&D Participações S.A.	BRA	W&D	(a) 100	-
PC Informática S.A.	BRA	PC informática	(a) 100	-
TOTVS Venture Participações Ltda.	BRA	Totvs Venture	(b) 100	-

(a) Business Combination in 2013.

(b) Company created in 2013.

In January 2013, the Company established a subsidiary, TOTVS Venture Participações Ltda., which will be a holding company for investments in start-ups aiming to boost revenue-generation and the growth of investee companies.

The results of subsidiaries acquired during the period ended March 31, 2013 are included in the statements of income as at the date of their acquisition. Therefore, for the purposes of comparison between the consolidated and parent company results of 2013 and of 2012, the dates of acquisition and incorporation of each subsidiary's results must be considered.

All intercompany balances and transactions were eliminated in the consolidation.

### **2.3. Critical accounting estimates and assumptions**

Accounting estimates and assumptions are continually assessed and are based on historical experience and other factors, including expected future events considered to be relevant. Accounting estimates will rarely be equal to actual results.

No changes in estimates and assumptions entailing a significant risk of causing a relevant adjustment in the book values of assets and liabilities for the following fiscal year were recognized for the period ended March 31, 2013 in addition to those detailed in Note 2.23 to the latest annual financial statements.

Law No. 12,546 of December 14, 2011, among other changes, reduced the tax burden on the payroll of companies in the information technology sector, among other segments, by changing the calculation base of the INSS (Social Security Contribution on Payroll), to a rate of 2.5% of gross services revenue from April 2012, which was previously levied at 20% of the payroll of the Company. In light of the changes introduced

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by the Act, the Company believes that the INSS has become a tax on sales and, consequently, for the purposes of the presentation of interim financial information ended on March 31, 2013, the sales revenue is presented net of tax (Note28).

### **3. Business Combination**

On 24 January 2013 the subsidiary TOTVS Brasilia acquired the entire share capital of W&D Participações S.A., and it owns the companies PC SISTEMAS S.A. (incorporated by PC INFORMÁTICA S.A. on January 29, 2013) and PC INFORMÁTICA S.A. (together "W&D"), focused on developing software for the distribution, wholesale and retail segments in Brazil.

The transaction involved the amount of R\$95,000, R\$55,000 of which was paid on the date of signing the contract and the remainder of which is to be paid according to the following conditions:

- R\$ 25,000 deposited / invested in an escrow account to remedy any liabilities prior to the date of purchase, in the case of no occurrences of which the seller can withdraw 80% in late 2016 and the remainder in 2017; and
- R\$ 15,000, variable according to the performance minimum expected results up until December 31, 2013 set out in the agreement.

The acquisition of W&D is aligned with the Company's strategy to maintain its own operations in the major centers of the country and continue the consolidation of distribution channels and the diversification of its portfolio within the solution-specific niche.

The fair value of identifiable assets acquired was measured and recognized at the acquisition date. The methods and assumptions used for fair value measurements were based on cash flows discounted to present value and replacement cost. To estimate the value the discounted cash flow method was used with a rate of 15.47% p.a. (in real terms). The amortization of intangible assets is based on their estimated useful lives. Intangible assets' identified and recognized values and the useful lives of assets are based on a technical study done by an independent specialized company. The amount of assets not identifiable from this business combination was preliminarily allocated to goodwill, based on technical studies of future profitability.

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The fair value, goodwill and cost of participation of the identifiable assets acquired at the acquisition date and recorded in TOTVS Brasilia and that impacted the consolidation interim financial information are shown in the table below:

<b><i>R\$ Thousand</i></b>	<b>Fair Value</b>
<b>Current assets</b>	<b>13,754</b>
Cash and equivalents	392
Trade receivables	9,244
Other current assets	4,118
<b>Non-current assets</b>	<b>38,020</b>
Other non-current assets	674
Property, plant and equipment	2,298
Intangible assets (a)	35,048
Current liabilities	11,505
Non-current liabilities	13,795
Deferred taxes	11,762
Others	2,033
<b>Net assets and liabilities</b>	<b>26,474</b>
Acquisition cost	95,000
<b>Goodwill</b>	<b>68,526</b>

(a) Includes the allocation of the fair value attributed to brand (R\$ 3,599); client portfolio (R\$ 13,587) and software (R\$ 17,409).

W&D and its subsidiary PC Informática contributed gross revenue of R\$14,450 and net profit of R\$2,406 in the Company's consolidated results this in interim financial information.

## **4. Financial Instruments**

The Company and its subsidiaries evaluated their financial assets and liabilities in relation to the market value using the information available and the appropriate evaluation methodologies. In the first quarter ended in March 31, 2013 there were no facts or circumstances that would have had an impact on market instruments and the financial risk management of those presented at the end of the Company's last fiscal year ended December 31<sup>st</sup>, 2012.

### **4.1. Sensitivity analysis of financial assets and liabilities**

The Company's financial instruments are represented by cash and cash equivalents, accounts receivable, payables, debentures, loans and financing, and are recorded at cost plus income or charges incurred, which at March 31, 2013 and December 31, 2012 approximate their market values.

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The main risks of the Company's transactions are associated with variations in the Interbank Deposit Certificate (CDI), for financial investments, and with variations in the Long-term Interest Rate (TJLP) and the Extended Consumer Price Index (IPCA), for loans obtained from the Brazilian Development Bank (BNDES) and for the debentures issued.

#### a) Financial assets

In order to check the sensitivity of the Company's investment index to the financial investments it was exposed to as at March 31, 2013, three different scenarios were created, Based on forecasts by financial institutions, we arrived at a nine-month forecast for CDI, with an average rate of 7.25% for the fiscal year 2013, which was the most likely scenario, From this rate, we assessed the sensitivity to variations at from 25% to 50%.

For each of these scenarios the gross financial revenue was estimated, with taxes on investment returns not included. The reference date for the portfolio was March 31, 2013, with a one-year projection period to check the CDI's sensitivity to each scenario.

<b>Operation</b>	<b>Balances at 03/31/2013</b>	<b>Risk</b>	<b>Most probable Scenario (I)</b>	<b>Scenario (II)</b>	<b>Scenario (III)</b>
Financial investments	<b>R\$298,958</b>	CDI	7.25%	5.44%	3.63%
<b>Estimated financial income</b>			<b>R\$ 21,674</b>	<b>R\$ 16,256</b>	<b>R\$ 10,837</b>

#### b) Financial liabilities

Aiming at checking the sensitivity of the index the Company is exposed to when estimating debts as at March 31, 2013, three different scenarios were created. Based on TJLP and the IPCA in force as at March 31, 2013, the most probable scenario was determined for 2013 and, from this, variations from 25% to 50% were estimated.

For each scenario, the gross financial expense was calculated, not taking into account the tax levy and the maturities flow for each agreement scheduled for 2013. The reference date used for the financing and debentures was March 31, 2013, projecting the rates for one year and checking their sensitivity in each scenario.

<b>Operation</b>	<b>Balances at 03/31/2013</b>	<b>Risk</b>	<b>Most probable Scenario I</b>	<b>Scenario II</b>	<b>Scenario III</b>
Financing	<b>R\$ 79,828</b>	TJLP	5.00%	6.25%	7.50%
Rate subject to variation			<b>R\$ 5,189</b>	<b>R\$ 6,187</b>	<b>R\$ 7,185</b>
Debentures	<b>R\$ 131,244</b>	IPCA	5.62%	7.03%	8.43%
		TJLP	5.00%	6.25%	7.50%
Rate/index subject to variation			<b>R\$ 12,516</b>	<b>R\$ 12,984</b>	<b>R\$ 13,448</b>

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## 5. Cash and cash equivalents

Cash equivalents are maintained for the purpose of meeting short-term cash requirements and not for investment or other purposes and are redeemable in a period of up to 90 days from the date of the respective transactions, and present a low risk of change in value.

	Company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Cash and cash equivalents	<b>15,141</b>	25,732	<b>25,244</b>	31,353
Cash equivalents	<b>291,384</b>	373,021	<b>298,958</b>	381,055
Purchase and sale commitments	<b>186,633</b>	278,839	<b>193,812</b>	286,474
CDB	<b>408</b>	93,672	<b>408</b>	94,071
DI Funds	<b>104,343</b>	510	<b>104,738</b>	510
	<b>306,525</b>	<b>398,753</b>	<b>324,202</b>	<b>412,408</b>

The Company has financial investment policies which establish that investment should focus on low-risk securities, and be significantly remunerated with reference to CDI with rate variations of around 0.55%.

## 6. Marketable Securities

The balances of securities refer to secured accounts for the payment of acquisitions of controlled companies (Note 17), composed of CDB operations with a repurchase commitment from the bank, as shown below:

	Company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Tech Prod	-	450	-	450
Tools	-	1,711	-	1,711
Datasul MG	<b>2,055</b>	2,012	<b>2,055</b>	2,012
Datasul Saude MG	<b>641</b>	641	<b>641</b>	641
TotalBanco	<b>1,405</b>	1,383	<b>1,405</b>	1,383
Hery	<b>2,590</b>	2,549	<b>2,590</b>	2,549
ERP Cedente	<b>265</b>	261	<b>265</b>	261
SRC	<b>4,396</b>	4,325	<b>4,396</b>	4,325
Mafipa	<b>1,324</b>	1,302	<b>1,324</b>	1,302
Gens FDES	<b>7,845</b>	8,361	<b>7,845</b>	8,361
W&D Participações	-	-	<b>25,048</b>	-
Tech Serv.	-	296	-	296
	<b>20,521</b>	<b>23,291</b>	<b>45,569</b>	<b>23,291</b>
Current assets	<b>8,196</b>	10,168	<b>8,196</b>	10,168
Non-current assets	<b>12,325</b>	13,123	<b>37,373</b>	13,123

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## 7. Trade accounts receivable

The following are the amounts receivable in domestic and foreign markets:

	<b>Company</b>		<b>Consolidated</b>	
	<b>3/31/2013</b>	<b>12/31/2012</b>	<b>3/31/2013</b>	<b>12/31/2012</b>
Domestic market	<b>357,336</b>	344,714	<b>384,472</b>	364,100
Foreign market	-	-	<b>9,801</b>	9,092
	<b>357,336</b>	344,714	<b>394,273</b>	373,192
Current assets	<b>322,967</b>	306,644	<b>358,842</b>	333,609
Non-current assets	<b>34,369</b>	38,070	<b>35,431</b>	39,583

Below are the net receivables in connection with the allowance for doubtful accounts by aging, as at March 31, 2013 and December 31, 2012:

	<b>Company</b>		<b>Consolidated</b>	
	<b>3/31/2013</b>	<b>12/31/2012</b>	<b>3/31/2013</b>	<b>12/31/2012</b>
Falling due	<b>277,865</b>	268,514	<b>304,996</b>	287,946
<b>Overdue</b>				
1 to 30 days	<b>17,396</b>	17,631	<b>18,967</b>	19,208
31 to 60 days	<b>6,025</b>	7,810	<b>6,471</b>	8,243
61 to 90 days	<b>4,603</b>	4,822	<b>5,280</b>	5,760
91 to 180 days	<b>7,889</b>	5,428	<b>8,879</b>	6,189
181 to 360 days	<b>2,373</b>	1,343	<b>2,835</b>	1,786
more than 360 days	-	-	<b>60</b>	46
	<b>316,151</b>	305,548	<b>347,488</b>	329,178

Changes in allowance for doubtful accounts are as follows:

	<b>Company</b>		<b>Consolidated</b>	
	<b>3/31/2013</b>	<b>12/31/2012</b>	<b>3/31/2013</b>	<b>12/31/2012</b>
Balance at the beginning of the year	<b>39,166</b>	21,306	<b>44,014</b>	31,812
Additional provision in the period	<b>3,070</b>	20,787	<b>3,129</b>	23,234
Written off from the provision	<b>(1,051)</b>	(2,927)	<b>(358)</b>	(11,032)
Balance as at December 31	<b>41,185</b>	39,166	<b>46,785</b>	44,014

Management believes that the risk related to the trade accounts receivable is minimized by the fact that the Company's customer portfolio is highly diluted.

The Company does not require any guarantee on sales in installments.



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## 8. Taxes recoverable

	Company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Recoverable taxes				
Withholding income tax	11,357	11,357	13,968	12,730
Withholding social contribution tax	3,201	3,201	4,625	4,249
Withholding PIS and COFINS taxes	-	22	173	91
Other	(603)	(587)	2,539	2,436
	<u>13,955</u>	<u>13,993</u>	<u>21,305</u>	<u>19,506</u>

## 9. 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 tax are calculated on temporary differences and income and social contribution tax loss carry forwards.

### 9.1. Reconciliation of income tax and social contribution expenses

The reconciliation of the expenses calculated by applying the income and social contribution tax rates is as follows:

	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Income before taxes	78,853	65,015	77,250	72,112
Income and social contribution taxes at combined nominal rate of 34%	(26,810)	(22,105)	(26,265)	(24,518)
Adjustments for the statement of effective rate				
Equity pick-up	(2,123)	3,912	-	-
Law No, 11196/05 (incentive for research and development)	2,683	4,852	2,683	4,934
Effect of subsidiaries' taxable income based on a percentage of gross sales	-	-	(1,001)	(917)
Management stake	278	(1,232)	252	(1,232)
Accounts receivable deemed uncollectible	(26)	-	(58)	(56)
Workers' Food Program (PAT)	448	330	456	330
Stock Options	(1,093)	(722)	(1,093)	(722)
Other	(316)	(130)	(330)	(11)
Income tax and social contribution expense	<u>(26,959)</u>	<u>(15,095)</u>	<u>(25,356)</u>	<u>(22,192)</u>
Effective rate	34.2%	23.2%	32.8%	30.8%

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The income and social contribution tax expenses recorded in the consolidated income statement for the period ended March 31, 2013 and 2012 are broken down as follows:

	<b>Company</b>		<b>Consolidated</b>	
	<b>3/31/2013</b>	3/31/2012	<b>3/31/2013</b>	3/31/2012
Current income and social contribution tax	<b>(24,880)</b>	(18,348)	<b>(25,412)</b>	(23,170)
Deferred income and social contribution tax	<b>(2,079)</b>	3,253	<b>56</b>	978
	<b>(26,959)</b>	(15,095)	<b>(25,356)</b>	(22,192)

## 9.2. Breakdown of deferred income and social contributions taxes

	<b>Company</b>		<b>Consolidated</b>	
	<b>3/31/2013</b>	12/31/2012	<b>3/31/2013</b>	12/31/2012
Deriving from temporary differences				
Goodwill in business combination	<b>89,181</b>	85,033	<b>90,472</b>	86,263
Provision for commission	<b>17,447</b>	16,036	<b>17,799</b>	16,237
Anticipated income or revenue	<b>4,883</b>	4,423	<b>6,997</b>	5,238
Allowance for doubtful accounts	<b>14,003</b>	13,316	<b>14,967</b>	14,025
Provision for contingencies and other liabilities	<b>2,178</b>	2,166	<b>2,178</b>	2,166
Tax losses and social contribution tax loss carry forward	-	-	<b>19,807</b>	16,710
Provision for premium due to non-conversion of debentures	<b>11,300</b>	10,897	<b>11,300</b>	10,897
Present value adjustment	<b>2,330</b>	2,387	<b>2,330</b>	2,387
Other	<b>4,881</b>	7,767	<b>4,939</b>	8,824
Total deferred income and social contribution tax assets	<b>146,203</b>	142,025	<b>170,789</b>	162,747
<b>LIABILITIES</b>				
Deriving from temporary differences				
Intangible asset allocation	<b>109,463</b>	103,442	<b>121,034</b>	103,778
Other	<b>915</b>	765	<b>1,095</b>	968
Total deferred income and social contribution tax liabilities	<b>110,378</b>	104,207	<b>122,129</b>	104,746
Net deferred income and social contribution tax	<b>35,825</b>	37,818	<b>48,660</b>	58,001

The Company is presenting deferred income tax on a net basis in non-current assets.

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### 9.3. Estimated tax credit recovery

Based on projections of deferred income approved by the Board of Directors, the Company expects to recover tax credits recorded in non-current assets and realize non-current liabilities in the following years:

	<u>Company</u>		<u>Consolidated</u>	
	<u>3/31/2013</u>	<u>12/31/2012</u>	<u>3/31/2013</u>	<u>12/31/2012</u>
Deferred tax asset				
Deferred tax asset to be recovered before 12 months	<b>32,524</b>	33,999	<b>33,056</b>	35,379
Deferred tax asset to be recovered after 12 months	<b>113,679</b>	108,026	<b>137,733</b>	127,368
	<b>146,203</b>	142,025	<b>170,789</b>	162,747
Deferred tax liability				
Deferred tax liability to be recovered before 12	<b>33,202</b>	33,052	<b>33,382</b>	33,255
Deferred tax liability to be recovered after 12 months	<b>77,176</b>	71,155	<b>88,747</b>	71,491
	<b>110,378</b>	104,207	<b>122,129</b>	104,746
<b>Net deferred tax liability</b>	<b>35,825</b>	37,818	<b>48,660</b>	58,001

During the quarter ended March 31, 2013, no material event occurred to indicate any limitations on the full recoverability of deferred taxes recognized.

Changes in deferred income and social contribution tax:

	<u>Company</u>	<u>Consolidated</u>
On January 1	37,818	58,001
Expense in the income statement	(2,079)	56
Tax related to other comprehensive income	87	87
Acquisition of subsidiary	-	(9,444)
Others	(1)	(40)
On march 31	<u>35,825</u>	<u>48,660</u>

## 10. Related parties

Transactions between the Company and subsidiaries are carried out in accordance with the conditions and prices established by the parties, and are eliminated for consolidation purposes.

### 10.1. Receivables from related companies

As at March 31, 2013 and December 31, 2012, the balance of transactions with related parties classified as receivables from related parties in non-current assets may be stated as follows:

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	<b>Company</b>	
	<u>3/31/2013</u>	<u>12/31/2012</u>
Totvs Nordeste	<b>2,525</b>	2,275
Others	<b>(24)</b>	(24)
	<u><b>2,501</b></u>	<u>2,251</u>

The amounts refer to accounts payable and receivable among subsidiaries, without remuneration and/or forecast maturity. There were no transactions of purchase and sale or supply of services between subsidiaries or between subsidiaries and the parent. Credits are related to loan transactions.

## 10.2. Transactions or relationships with shareholders

The Company maintains property lease agreements, including those for the facilities where its head offices are located, these premises are owned by one of its shareholders (LC-EH Empreendimentos e Participações S.A.). The rent paid was R\$1,854 for the period ended March 31, 2013 (R\$1,740 for the period ended March 31, 2012), which is in line with market rates. The rental agreements are effective for 60 months and are adjusted by the IGP-M (General Price Index – Market) rate every 12 months.

Some Company officers directly or indirectly held a total of 17.8% of the Company's shares as at March 31, 2013 (17.8% as at December 31, 2012), and the indirect interest is held through LC-EH Empreendimentos e Participações S.A.

The Company maintains loans and financing operations (Note 15) and debentures (Note 16), transactions which are carried out with the National Bank for Economic and Social Development (BNDES), a TOTVS shareholder.

## 10.3. Management fees

Expenses related to the compensation of the senior executives and management of the Company and its subsidiaries are summarized below:

	<b>Company</b>		<b>Consolidated</b>	
	<u>3/31/2013</u>	<u>3/31/2012</u>	<u>3/31/2013</u>	<u>3/31/2012</u>
Short-term benefits to employees (a)				
Salaries, fees and payroll charges	<b>3,909</b>	6,229	<b>4,638</b>	6,377
Private pension plan	<b>107</b>	125	<b>107</b>	125
Variable bonus	<b>(818)</b>	3,624	<b>(741)</b>	3,624
	<u><b>3,198</b></u>	<u>9,978</u>	<u><b>4,004</b></u>	<u>10,126</u>
Share-based payments (b)	<b>3,214</b>	2,123	<b>3,214</b>	2,123
	<u><b>6,412</b></u>	<u>12,101</u>	<u><b>7,218</b></u>	<u>12,249</u>

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- a) **Short-term benefits:** Short-term benefits include fixed compensation (salaries and fees, vacation pay, 13<sup>th</sup> monthly salary and private pension plans), payroll charges (Social Security Contributions - INSS, FGTS and others) and variable compensation, such as profit-sharing and bonuses, as well as private pension plans.
- b) **Share-based compensation:** Management (chief executive officer, executive officers and vice chief executive officers) participate in the Stock Option Plan, as approved by the Extraordinary General Meeting (see Note 23).

The Company does not have any additional post-employment liabilities, nor does it provide other long-term benefits, such as paid leave based on years of service and other benefits for years of service at the Company. Neither does it provide other benefits in the event of departure of its senior management beyond those established by the Brazilian labor laws.

## 11. Investments

The breakdown of investments in subsidiaries is shown below:

	Summarized financial statements of affiliate companies and subsidiaries as at March 31, 2013					Equity pick-up (parent company) for periods ended :		Balance of investments as at:	
	Assets	Liabilities	Equity	Gross revenue	P&L for the year	3/31/2013	3/31/2012	3/31/2013	12/31/2012
TOTVS Rio	23,982	2,246	21,736	7,011	(1,635)	(1,635)	2,550	21,736	23,371
TOTVS Argentina	8,454	3,655	4,798	3,078	(763)	(763)	(421)	4,798	4,816
TOTVS México	5,346	6,049	(704)	2,202	(946)	(946)	(1,477)	-	-
TOTVS Corporation	-	-	-	-	-	-	1	-	-
TOTVS Nordeste	11,971	4,054	7,917	2,824	(266)	(266)	(45)	7,917	8,183
TOTVS Brasília	126,153	41,214	84,939	1,642	(1,120)	(1,120)	(333)	84,939	4,931
IOSSTS (a)	-	-	-	-	-	-	4,160	-	-
Eurototvs	277	4	274	-	(13)	(13)	(726)	274	259
Midbyte (a)	-	-	-	-	-	-	722	-	-
TQTV D	22,450	2,135	20,314	5,206	(294)	(294)	878	20,314	18,908
BCS Comércio (a)	-	-	-	-	-	-	830	-	-
TOTVS Serviços (a)	-	-	-	-	-	-	36	-	-
Gens (a)	-	-	-	-	-	-	666	-	-
YMF (a)	-	-	-	-	-	-	3,300	-	-
Tools (a)	-	-	-	-	-	-	746	-	-
Datasul México	2,898	1,719	1,179	-	43	43	68	1,179	1,094
TOTVS Inc.	3,994	14	3,980	-	(1,263)	(1,263)	(183)	3,980	3,199
Datasul Argentina	1,173	9	1,164	13	13	13	48	1,164	1,218
Hery (a)	-	-	-	-	-	-	(8)	-	-
Total banco (a)	-	-	-	-	-	-	693	-	-
						<b>(6,244)</b>	<b>11,505</b>	<b>146,301</b>	<b>65,979</b>

(a) Companies incorporated in 2012.

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Provision for losses was made for the following investments and recorded in non-current liabilities:

	<b>Company</b>	
	<b>3/31/2013</b>	<b>12/31/2012</b>
Totvs México	<b>704</b>	1,365
	<b>704</b>	<b>1,365</b>

The changes in the investment accounts for the period ended March 31, 2013 were as follow:

	<b>12/31/2012</b>	<b>Additions</b>	<b>Equity pick-up</b>	<b>Foreign exchange</b>	<b>3/31/2013</b>
TOTVS Rio	23,371	-	(1,635)	-	21,736
TOTVS Nordeste	8,183	-	(266)	-	7,917
TOTVS Brasília	4,931	81,128	(1,120)	-	84,939
TQTVD	18,908	1,700	(294)	-	20,314
TOTVS Argentina	4,816	893	(763)	(148)	4,798
Datasul Argentina	1,218	-	13	(67)	1,164
Datasul México	1,094	-	43	42	1,179
EuroTOTVS	259	43	(13)	(15)	274
TOTVS Inc.	3,199	2,066	(1,263)	(22)	3,980
Total investments	<b>65,979</b>	<b>85,830</b>	<b>(5,298)</b>	<b>(210)</b>	<b>146,301</b>
TOTVS México	(1,365)	1,653	(946)	(46)	(704)
Provision for losses on investments	(1,365)	1,653	(946)	(46)	(704)
Net investments	<b>64,614</b>	<b>87,483</b>	<b>(6,244)</b>	<b>(256)</b>	<b>145,597</b>

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## 12. Property, plant and equipment

A breakdown of the Company's property, plant and equipment is shown below:

						Company
	Computers and software	Vehicles	Furniture and fixtures	Facilities, machinery and equipment	Other	Total property, plant and equipment
<b>Cost or valuation</b>						
Balance as at December 31, 2011	53,065	6,603	7,941	10,482	13,701	91,792
Additions	9,588	3,237	508	1,895	1,803	17,031
Incorporation	5,595	139	738	131	303	6,906
Transfers	(1,979)	(1,909)	(66)	(5)		(3,959)
Balances as at December 31, 2012	<u>66,269</u>	<u>8,070</u>	<u>9,121</u>	<u>12,503</u>	<u>15,807</u>	<u>111,770</u>
Additions	<b>2,401</b>	<b>433</b>	<b>168</b>	<b>346</b>	<b>2,085</b>	<b>5,433</b>
Write-offs	<b>(227)</b>	<b>(57)</b>	<b>(34)</b>	-	-	<b>(318)</b>
Transfers	<b>(1)</b>	-	-	<b>(1)</b>	<b>1</b>	<b>(1)</b>
<b>Balance as at March 31, 2013</b>	<b><u>68,442</u></b>	<b><u>8,446</u></b>	<b><u>9,255</u></b>	<b><u>12,848</u></b>	<b><u>17,893</u></b>	<b><u>116,884</u></b>
<b>Depreciation</b>						
Balance as at December 31, 2011	(29,814)	(3,303)	(3,365)	(2,605)	(5,419)	(44,506)
Depreciation in the period	(8,679)	(1,170)	(775)	(1,067)	(952)	(12,643)
Incorporation	(3,951)	(85)	(377)	(23)	(78)	(4,514)
Write-offs	2,567	1,007	214	17	49	3,854
Balance as at December 31, 2012	<u>(39,877)</u>	<u>(3,551)</u>	<u>(4,303)</u>	<u>(3,678)</u>	<u>(6,400)</u>	<u>(57,809)</u>
Depreciation in the period	<b>(2,450)</b>	<b>(320)</b>	<b>(207)</b>	<b>(281)</b>	<b>(172)</b>	<b>(3,430)</b>
Write-offs	<b>174</b>	<b>36</b>	<b>34</b>	-	-	<b>244</b>
Transfers	-	-	<b>(1)</b>	-	<b>1</b>	-
<b>Balance as at March 31, 2013</b>	<b><u>(42,153)</u></b>	<b><u>(3,835)</u></b>	<b><u>(4,477)</u></b>	<b><u>(3,959)</u></b>	<b><u>(6,571)</u></b>	<b><u>(60,995)</u></b>
<b>Residual value</b>						
<b>Balance as March 31, 2013</b>	<b><u>26,289</u></b>	<b><u>4,611</u></b>	<b><u>4,778</u></b>	<b><u>8,889</u></b>	<b><u>11,322</u></b>	<b><u>55,889</u></b>
Balance as at December 31, 2012	<u>26,392</u>	<u>4,519</u>	<u>4,818</u>	<u>8,825</u>	<u>9,407</u>	<u>53,961</u>
Average annual depreciation rate	20%	20%	10%	10%	4%a10%	

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						<b>Consolidated</b>
	<b>Computers and software</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Facilities, machinery and equipment</b>	<b>Other</b>	<b>Total property, plant and equipment</b>
<b>Cost or valuation</b>						
Balance as at December 31, 2011	62,537	7,331	9,599	10,918	14,557	104,942
Additions	15,961	3,686	1,478	2,102	2,607	25,834
Write-offs	(7,707)	(2,209)	(858)	(179)	(305)	(11,258)
Exchange variation	(76)	9	41	-	24	(2)
Balance as at December 31, 2012	<u>70,715</u>	<u>8,817</u>	<u>10,260</u>	<u>12,841</u>	<u>16,883</u>	<u>119,516</u>
Additions	<b>2,770</b>	<b>433</b>	<b>369</b>	<b>506</b>	<b>2,090</b>	<b>6,168</b>
Business Combination	<b>1,328</b>	<b>1</b>	<b>482</b>	<b>477</b>	<b>10</b>	<b>2,298</b>
Write-offs	<b>(227)</b>	<b>(57)</b>	<b>(34)</b>	<b>-</b>	<b>-</b>	<b>(318)</b>
Exchange rate variation	<b>2</b>	<b>-</b>	<b>10</b>	<b>(2)</b>	<b>15</b>	<b>25</b>
<b>Balance as at March 31, 2013</b>	<b><u>74,588</u></b>	<b><u>9,194</u></b>	<b><u>11,087</u></b>	<b><u>13,822</u></b>	<b><u>18,998</u></b>	<b><u>127,689</u></b>
<b>Depreciation</b>						
Balance as at December 31, 2011	(34,857)	(3,687)	(4,254)	(2,737)	(5,614)	(51,149)
Depreciation in the year	(9,947)	(1,277)	(978)	(1,109)	(1,036)	(14,347)
Write-offs	2,648	1,146	266	43	1	4,104
Exchange variation	(132)	7	108	(18)	-	(35)
Balance as at December 31, 2012	<u>(42,288)</u>	<u>(3,811)</u>	<u>(4,858)</u>	<u>(3,821)</u>	<u>(6,649)</u>	<u>(61,427)</u>
Depreciation in the period	<b>(2,781)</b>	<b>(350)</b>	<b>(259)</b>	<b>(312)</b>	<b>(188)</b>	<b>(3,890)</b>
Write-offs	<b>174</b>	<b>36</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>244</b>
Exchange rate variation	<b>6</b>	<b>(5)</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>6</b>
<b>Balance as at March 31, 2013</b>	<b><u>(44,889)</u></b>	<b><u>(4,130)</u></b>	<b><u>(5,082)</u></b>	<b><u>(4,130)</u></b>	<b><u>(6,836)</u></b>	<b><u>(65,067)</u></b>
<b>Residual value</b>						
<b>Balance as at March 31, 2013</b>	<b><u>29,699</u></b>	<b><u>5,064</u></b>	<b><u>6,005</u></b>	<b><u>9,692</u></b>	<b><u>12,162</u></b>	<b><u>62,622</u></b>
Balance as at December 31, 2012	<u>28,427</u>	<u>5,006</u>	<u>5,402</u>	<u>9,020</u>	<u>10,234</u>	<u>58,089</u>
Average annual depreciation rate	20%	20%	10%	10%	4%a10%	



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### 13. Intangible Assets

Intangible assets and changes in this group's balances are as follows:

							Company
	Software	Trademarks & patents	Franchising	Client portfolio	Other	Goodwill	Total intangible assets
<b>Cost/valuation</b>							
Balance as at Dec 31, 2011	169,426	61,987	83,222	201,043	14,015	339,435	869,128
Additions	5,289	-	-	-	3,000	-	8,289
Incorporation	9,973	1,624	-	3,273	-	-	14,870
Write-offs	(2,757)	(462)	-	-	(2,086)	-	(5,305)
Transfers	1	-	-	-	(1)	-	-
Balance as at Dec 31, 2012	<u>181,932</u>	<u>63,149</u>	<u>83,222</u>	<u>204,316</u>	<u>14,928</u>	<u>339,435</u>	<u>886,982</u>
Additions	<u>1,692</u>	-	-	-	-	-	<u>1,692</u>
Write-offs	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
<b>Balance as at March, 31,2013</b>	<u><b>183,624</b></u>	<u><b>63,149</b></u>	<u><b>83,222</b></u>	<u><b>204,316</b></u>	<u><b>14,928</b></u>	<u><b>339,435</b></u>	<u><b>888,674</b></u>
<b>Amortization</b>							
Balance as at Dec 31, 2011	(58,351)	(14,508)	(63,729)	(66,944)	(8,876)	(134,214)	(346,622)
Amortization in the year	(18,892)	(4,165)	(14,469)	(22,335)	(2,820)	-	(62,681)
Incorporation	(4,600)	(433)	-	(1,267)	-	-	(6,300)
Write-offs	3,072	489	-	-	2,086	-	5,647
Transfers	1	-	-	(1)	1	-	1
Balance as at Dec 31, 2012	<u>(78,770)</u>	<u>(18,617)</u>	<u>(78,198)</u>	<u>(90,547)</u>	<u>(9,609)</u>	<u>(134,214)</u>	<u>(409,955)</u>
Amortization in the period	<u>(4,941)</u>	<u>(1,050)</u>	<u>(2,153)</u>	<u>(5,621)</u>	<u>(692)</u>	-	<u>(14,457)</u>
Write-offs	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
<b>Balance as at March, 31,2013</b>	<u><b>(83,711)</b></u>	<u><b>(19,667)</b></u>	<u><b>(80,351)</b></u>	<u><b>(96,168)</b></u>	<u><b>(10,301)</b></u>	<u><b>(134,214)</b></u>	<u><b>(424,412)</b></u>
<b>Residual value</b>							
<b>Balance as at March, 31,2013</b>	<u><b>99,913</b></u>	<u><b>43,482</b></u>	<u><b>2,871</b></u>	<u><b>108,148</b></u>	<u><b>4,627</b></u>	<u><b>205,221</b></u>	<u><b>464,262</b></u>
Balance as at Dec 31, 2012	<u>103,162</u>	<u>44,532</u>	<u>5,024</u>	<u>113,769</u>	<u>5,319</u>	<u>205,221</u>	<u>477,027</u>
Average annual amortization rates	10% a 16,7%	8%	20% to 50%	10% to 12,5%	20% to 50%	(*)	

(\*) Amortized up to December 31, 2008 at an average rate of 20% p.a.

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							Consolidated
	Software	Trademarks & patents	Franchising	Client portfolio	Other	Goodwill	Total intangible assets
<b>Cost/valuation</b>							
Balance as at Dec 31, 2011	181,384	63,611	83,222	210,753	29,239	341,021	909,230
Additions	6,022	-	-	800	3,000	-	9,822
Write-offs	(3,419)	(521)	-	(800)	(2,086)	-	(6,826)
Transfers	(849)	70	-	459	-	-	(320)
Balance as at Dec 31, 2012	<u>183,138</u>	<u>63,160</u>	<u>83,222</u>	<u>211,212</u>	<u>30,153</u>	<u>341,021</u>	<u>911,906</u>
Additions	<b>19,149</b>	<b>3,599</b>	-	<b>13,587</b>	-	<b>68,526</b>	<b>104,861</b>
Business Combination	<b>956</b>	-	-	-	-	-	<b>956</b>
Write-offs	-	-	-	-	-	-	-
Exchange rate variation	<b>(60)</b>	<b>(1)</b>	-	<b>6</b>	<b>1</b>	-	<b>(54)</b>
<b>Balance as at March 31, 2013</b>	<u><b>203,183</b></u>	<u><b>66,758</b></u>	<u><b>83,222</b></u>	<u><b>224,805</b></u>	<u><b>30,154</b></u>	<u><b>409,547</b></u>	<u><b>1,017,669</b></u>
<b>Amortization</b>							
Balance as at Dec 31, 2011	(64,260)	(14,878)	(63,729)	(69,788)	(15,987)	(134,829)	(363,471)
Amortization in the year	(19,333)	(4,255)	(14,469)	(23,223)	(5,601)	-	(66,881)
Write-offs	3,072	521	-	-	2,086	-	5,679
Transfer	589	(5)	-	(261)	-	-	323
Balance as at Dec 31, 2012	<u>(79,932)</u>	<u>(18,617)</u>	<u>(78,198)</u>	<u>(93,272)</u>	<u>(19,502)</u>	<u>(134,829)</u>	<u>(424,350)</u>
Amortization in the period	<b>(5,869)</b>	<b>(1,350)</b>	<b>(2,153)</b>	<b>(6,509)</b>	<b>(1,791)</b>	-	<b>(17,672)</b>
Write-offs	-	-	-	-	-	-	-
Exchange rate variation	<b>62</b>	-	-	<b>5</b>	<b>(1)</b>	-	<b>66</b>
<b>Balance as at March 31, 2013</b>	<u><b>(85,739)</b></u>	<u><b>(19,967)</b></u>	<u><b>(80,351)</b></u>	<u><b>(99,776)</b></u>	<u><b>(21,294)</b></u>	<u><b>(134,829)</b></u>	<u><b>(441,956)</b></u>
<b>Residual value</b>							
<b>Balance as at March 31, 2013</b>	<u><b>117,444</b></u>	<u><b>46,791</b></u>	<u><b>2,871</b></u>	<u><b>125,029</b></u>	<u><b>8,860</b></u>	<u><b>274,718</b></u>	<u><b>575,713</b></u>
Balance as at Dec 31, 2012	<u>103,206</u>	<u>44,543</u>	<u>5,024</u>	<u>117,940</u>	<u>10,651</u>	<u>206,192</u>	<u>487,556</u>
Average annual amortization rate	10% a 16,7%	8%	20% a 50%	10% a 12,5%	20% a 50%		(*)

(\*) Amortized up to December 31, 2008 at an average rate of 20% p.a. from January 1, 2009, goodwill was no longer amortized.

The group "Other" is basically composed of the right to explore geographical areas in Brazil and the development of new products with the characteristics described in Note 13.1 to the financial statements as at December 31, 2012.

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### 13.1. Changes in goodwill

The composition of goodwill on March 31, 2013 and December 31, 2012 and the movement in the year 2013 are presented as follows:

<u>Incorporated</u>	<u>12/31/2012</u>	<u>Additions</u>	<u>3/31/2013</u>
RM	90,992	-	<b>90,992</b>
Logo Center	5,703	-	<b>5,703</b>
TOTVS BMI	2,053	-	<b>2,053</b>
Midbyte	1,765	-	<b>1,765</b>
IOSSTS	2,643	-	<b>2,643</b>
BCS	11,821	-	<b>11,821</b>
Datasul	30,084	-	<b>30,084</b>
Setware	961	-	<b>961</b>
Hery	2,927	-	<b>2,927</b>
TotalBanco	6,008	-	<b>6,008</b>
M2S	12	-	<b>12</b>
SRC	33,688	-	<b>33,688</b>
Mafipa	1,195	-	<b>1,195</b>
Gens FDES	16,340	-	<b>16,340</b>
W&D (a)	-	<b>68,526</b>	<b>68,526</b>
	<u>206,192</u>	<u>68,526</u>	<u>274,718</u>

(a) Business combination according to Note 3.

### 13.2. Asset impairment tests

The Company assesses the recoverable book value of goodwill by employing the value-in-use concept through discounted cash flow models of cash-generating units representing the group of tangible and intangible assets used in the development and sale of different solutions to – customers. The Company's management has not identified any factors occurring during the period ended March 31, 2013 that indicate the need for impairment testing.

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## 14. Payroll and labor obligations

Salaries and charges payable balances are broken down as follows:

	Company		Consolidated	
	3/31/2013	12/31/2012	03/31/2013	12/31/2012
<b>Labor liabilities</b>				
Salaries payable	15,742	18,666	17,291	19,694
Pension plan payable	640	602	662	623
Vacations payable	37,819	39,108	42,516	41,922
Profit-sharing and bonus	1,000	18,259	1,113	18,264
13 <sup>th</sup> monthly salary	7,201	-	8,310	-
Other	3,247	2,718	5,592	4,668
	<u>65,649</u>	<u>79,353</u>	<u>75,484</u>	<u>85,171</u>
<b>Payroll liabilities</b>				
FGTS payable	2,170	3,107	2,462	3,325
INSS payable	6,098	6,179	6,771	6,576
	<u>8,268</u>	<u>9,286</u>	<u>9,233</u>	<u>9,901</u>
<b>Total</b>	<u>73,917</u>	<u>88,639</u>	<u>84,717</u>	<u>95,072</u>

## 15. Loans and Financing

Loans and financing are as follows:

	Company		Consolidated	
	3/31/2013	12/31/2012	03/31/2013	12/31/2012
BNDES (a)	77,055	104,495	77,055	104,495
FINEP (b)	56	424	56	424
Secured accounts and others	-	-	2,717	548
	<u>77,111</u>	<u>104,919</u>	<u>79,828</u>	<u>105,467</u>
Current liabilities	26,096	53,851	28,615	54,399
Non-current liabilities	51,015	51,068	51,213	51,068

### a) BNDES – National Bank for Economic and Social Development

The purpose of BNDES is to finance software innovation research, brand repositioning and the restructuring of sales channels. It bears a TJLP plus 1.5% interest p.a., maturing every six months. To guarantee this agreement the Company has signed a bank guarantee amounting to R\$204 million with Santander Bank.

### b) FINEP – Research and Project Financing: Software development

FINEP bears TJLP plus 5% interest p.a. and is secured by bank letters of guarantee.

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Amounts recognized in non-current liabilities as at March 31, 2013 and December 31, 2012 mature as follows:

	Company		Consolidated	
	3/31/2013	12/31/2012	03/31/2013	12/31/2012
2014	<b>51,015</b>	51,068	<b>51,213</b>	51,068
Non-current liabilities	<b>51,015</b>	51,068	<b>51,213</b>	51,068

The changes in loans and financing as at March 31, 2013 and December 31, 2012 are as follows:

	Company		Consolidated	
	3/31/2013	12/31/2012	03/31/2013	12/31/2012
Balances at the beginning of the period	<b>104,919</b>	160,842	<b>105,467</b>	162,968
Additions	-	-	<b>2,558</b>	-
Interest rates	<b>1,210</b>	7,455	<b>1,419</b>	6,973
Amortization	<b>(29,018)</b>	(63,378)	<b>(29,616)</b>	(64,474)
Balances at the end of the period	<b>77,111</b>	104,919	<b>79,828</b>	105,467

## 16. Debentures

The operation, issue characteristics, interest paid, conditions and history of conversion of debentures into shares and the payment of non-conversion premiums are detailed in Note 16 to the financial statements for the year ended December 31, 2012.

As at March 31, 2013 and December 31, 2012, the balances were broken down as follows:

Issue	Debentures	Annual financial charges	Unit price	Company and Consolidated	
				3/31/2013	12/31/2012
Series 1	100,000	IPCA* + 3.5% limited to TJLP + 1.5%	1.00	<b>55,158</b>	55,313
Series 2	100,000	TJLP + 1.5%	1.00	<b>55,158</b>	55,313
		Subtotal		<b>110,316</b>	110,626
		Premium due to non-conversion		<b>20,928</b>	19,743
		Fair value of future conversions (a)		<b>12,309</b>	12,308
		Total		<b>143,553</b>	142,677
		Current liabilities		<b>42,621</b>	42,930
		Non-current liabilities		<b>100,932</b>	99,747

\* Extended National Consumer Price Index

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The main amount, long-term, matures as shown below:

	<b>Company and Consolidated</b>	
	<b>3/31/2013</b>	<b>12/31/2012</b>
August 2015	<b>32,002</b>	32,002
August 2016	<b>48,002</b>	48,002
After February 2017	<b>20,928</b>	19,743
	<b>100,932</b>	99,747

The changes that occurred in the periods considered were as shown below:

	<b>Debentures and premiums from non-conversions</b>	
	<b>Company and Consolidated</b>	
	<b>3/31/2013</b>	<b>12/31/2012</b>
Balance at the beginning of the year	<b>130,369</b>	157,111
Interest rates	<b>2,784</b>	13,896
Amortization	<b>(1,909)</b>	(40,638)
Balance	<b>131,244</b>	130,369

	<b>Fair value of future conversions</b>	
	<b>Company and Consolidated</b>	
	<b>3/31/2013</b>	<b>12/31/2012</b>
Balance at the beginning of the year	<b>12,308</b>	13,477
Restatement at Market value	<b>1</b>	17,311
Reversals	<b>-</b>	(18,480)
Balance	<b>12,309</b>	12,308

**(a) Fair value of future conversions**

Considering the clauses of the deed of debenture issue, an assessment was carried out, using the fair value, for the conversion option defined in that deed, and the amount was recognized after the assessment of probable conversion of options into shares in the Company in all tranches, based on the best estimate resulting from the model used for this economic evaluation (which considers the future prices of shares compared to the “strike price” established for the conversion and other variables set forth in the debentures using the Monte Carlo method for pricing options) as at the date of closing of the interim financial statements. CPC 38 (IAS 39) and 39 (IAS 32), as well as the amounts involved, were taken into account when evaluating the transaction. As at March 31, 2013 the Company had a liability of R\$12,309 corresponding to tranches not yet exercised (R\$12,308 at December 31, 2012), in a counter-entry to the financial results.

As the assumptions used in these calculations may vary over time, the estimated amounts recorded may vary in the future compared to the actual amounts.

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## 17. Obligations relating to acquisitions

These refer to installments payable in relation to investments carried out by the Company and its subsidiaries, negotiated with payment in installments, recorded in current and non-current liabilities, as follows:

	Company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
Tools (a)	-	1,711	-	1,711
Techprod (a)	-	450	-	450
Techserv (a)	-	296	-	296
Datasul MG	<b>2,055</b>	2,012	<b>2,055</b>	2,012
Datasul Saude MG	<b>641</b>	641	<b>641</b>	641
ERP Cedente	<b>265</b>	261	<b>265</b>	261
TotalBanco	<b>1,405</b>	1,383	<b>1,405</b>	1,383
Hery	<b>2,590</b>	2,549	<b>2,590</b>	2,549
TQTVD	<b>447</b>	380	<b>447</b>	380
SRC	<b>4,396</b>	4,325	<b>4,396</b>	4,325
Mafipa	<b>1,324</b>	1,302	<b>1,324</b>	1,302
Exitus	<b>300</b>	600	<b>300</b>	600
W&D Participações	-	-	<b>40,048</b>	-
Gens - Porto Alegre (a)	<b>8,437</b>	8,954	<b>8,437</b>	8,954
	<b>21,860</b>	24,864	<b>61,908</b>	24,864
Passivo circulante	<b>9,127</b>	11,399	<b>9,127</b>	11,399
Passivo não circulante	<b>12,733</b>	13,465	<b>52,781</b>	13,465

(a) *Installment adjustment indexes vary from 100% to 100.5% of CDI.*

Installments registered in non-current liabilities mature as follows:

<u>Year</u>	Company		Consolidated	
	3/31/2013	12/31/2012	3/31/2013	12/31/2012
2014	<b>4,388</b>	4,763	<b>19,388</b>	4,763
2015	<b>3,310</b>	3,526	<b>3,310</b>	3,526
2016	<b>5,035</b>	5,176	<b>25,083</b>	5,176
2017	-	-	<b>5,000</b>	-
Non-current liabilities	<b>12,733</b>	13,465	<b>52,781</b>	13,465

(\* *the amounts recognized in non-current liabilities are adjusted to their present value at the rate of 11.2% p.a., in March, 31,2013 and December 31,2012.*

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## 18. Provision for obligations relating to legal proceedings

The Company and its subsidiaries, during the regular course of their operations, are parties in several legal proceedings related to tax, social security, labor and civil matters. Provision for contingencies has been 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:

Provision for contingencies	Company and Consolidated	
	3/31/2013	12/31/2012
Tax	698	687
Civil	972	958
Labor	4,737	4,725
	<b>6,407</b>	<b>6,370</b>

Changes in provision taking place in the periods ended March 31, 2013 and December 31, 2012 are as follows:

	Tax	Labor	Civil	Total
<b>Balance as at December 31, 2011</b>	686	1,281	621	2,588
(+) Additional provision	-	3,201	316	3,517
(+) Monetary restatement	1	243	21	265
(-) Reversal of provision not used	-	-	-	-
<b>Balance as at December 31, 2012</b>	687	4,725	958	6,370
(+) Additional provision	-	392	-	392
(+) Monetary restatement	11	84	14	109
(-) Reversal of provision not used	-	(464)	-	(464)
<b>Balance as at March 31, 2013</b>	<b>698</b>	<b>4,737</b>	<b>972</b>	<b>6,407</b>

The breakdown of the main lawsuits ongoing until March 31, 2013 is as detailed in Note 18 to the financial statements for December 31, 2012.

The court deposits linked or not to provision for individual lawsuits are stated below and are recorded under non-current assets:

Judicial deposits	Company and Consolidated	
	3/31/2013	12/31/2012
Social security	2,602	2,575
Tax	2,123	1,956
Labor	2,685	2,689
Civil	622	611
	<b>8,032</b>	<b>7,831</b>



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## 19. Contingent Liabilities

The Company and its subsidiaries are involved in other actions which risk loss, according to outside counsel and responsible management, and for which no provision has been recognized as follows:

Type	Company and Consolidated	
	3/31/2013	12/31/2012
Social security	17,293	17,935
Tax	31,327	20,018
Civil	53,280	52,841
Labor	17,408	8,466
	<b>119,308</b>	<b>99,260</b>

A breakdown of the main ongoing lawsuits through December 31, 2012 is given in Note 18 to the financial statements for 2012. No significant differences in ongoing lawsuits assessed as possible by the Company for the period ended March 31, 2013 were recognized.

## 20. Equity

### a) Capital

As at March 31, 2013, the Company's capital comprised 162,160,872 non-par common shares, issued and fully paid (161,629,945 shares as at December 31, 2012), as follow:

Shareholder	3/31/2013		12/31/2012	
	Shares	%	Shares	%
LC-EH Empreendimentos e Participações S.A.	26,760,990	16.50%	26,760,990	16.56%
Fundação Petrobras de Seguridade Social – Petros	16,042,359	9.89%	16,042,359	9.93%
BlackRock Inc.	7,169,200	4.42%	8,102,220	5.01%
BNDES Participações S/A	6,319,048	3.90%	6,319,048	3.91%
Laércio José de Lucena Cosentino	1,784,521	1.10%	1,766,265	1.09%
Ernesto Mário Haberkorn	16,810	0.01%	16,810	0.01%
CSHG Senta Pua Fia (***)	43,500	0.03%	43,500	0.03%
Others	104,024,444	64.15%	102,578,753	63.47%
	<b>162,160,872</b>	<b>100.00%</b>	<b>161,629,945</b>	<b>100.00%</b>

The authorized capital as at March 31, 2013, was R\$540,000. The Company may, within the authorized capital limit and as authorized by the Board of Directors, increase the capital without amending the bylaws.

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## **b) Capital reserves**

The balances of capital reserves at March 31, 2013 and December 31, 2012 are broken down as follows:

	<u>3/31/2013</u>	<u>12/31/2012</u>
Goodwill reserve (a)	31,557	31,557
Goodwill reserve for merger	14,330	14,330
Debentures converted into shares (fair value) (Note 16)	32,198	32,198
Stock option plan (Note 23)	28,888	25,674
	<u>106,973</u>	<u>103,759</u>

(a) Goodwill reserve amounting to R\$31,557 is the result of payments made in the 2005 fiscal year.

## **c) Legal reserve**

The Brazilian Corporation Law requires publicly-held companies to allocate 5% of their annual net income to the income reserve before profits are distributed, limiting this reserve balance to 20% of the total value of capital.

## **21. Dividends**

The Company's bylaws provide for a minimum mandatory dividend of 25% of the year's net income, adjusted by the creation of a legal reserve, pursuant to the Brazilian Corporation Law.

## **22. Insurance coverage**

The Company and its subsidiaries, based on the opinion of their advisors, keep insurance coverage in amounts deemed sufficient to cover risks on their own and leased assets, and civil liability risks.

The insurance policy considers the geographical dispersion and the individual value of the assets used, and the fact that the Company and its subsidiaries are service providers and therefore depend less on tangible assets than a manufacturing company.

Insured assets include owned and leased vehicles and the buildings where the Company and its subsidiaries operate.

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## 23. Stock option plan

The main events associated with the stock option plan through December 31, 2012 are described in Note 23 to the financial statements for the year ended December 31, 2012. In the period ended March 31, 2013 there were two new stock options plans, approved in the meeting of the Board of Directors on November 29, 2012 and estimated at their fair values as at the grant date based on the Black-Scholes model for option pricing, which considered the variables and results shown below:

Plan	Premises of fair value				Pricing options
	Expectancy:		Interest rate risk-free	Term to maturity	
	Dividends	Volatility			
2/20/2013	1.7%	30.90%	7.25%	3 years	11.97
2/20/2013	1.7%	30.90%	7.25%	3 years	41.60

The breakdown of options in the period is as follows:

	Company and Consolidated (*)			
	3/31/2013		12/31/2012	
	Number	Average cost (R\$)	Number	Average cost (R\$)
Stock option balance at the beginning of the year	3,139,655	10.67	4,091,480	8.86
Breakdown:				
Exercised	(519,727)	23.11	(882,020)	2.46
Granted	780,214	15.64	90,000	11.35
Cancelled	-	-	(159,805)	10.03
Stock option balance at the end of the year/period	<b>3,400,142</b>	<b>12.24</b>	<b>3,139,655</b>	<b>10.67</b>

(\*) Value after share split of March 21, 2011.

The accumulated effect for the period ended March 31, 2013 was R\$3,214 (R\$2,123 at March 31, 2012) and was recorded as stock option granting expenses in the management fee account.

The accumulated balance of the line item "stock option plan" in equity is R\$28,888 (R\$25,674 as at December 31, 2012). As at March 31, 2013, there were 700,063 exercisable options, since the 36-month term from the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>d</sup> grant dates had already elapsed.

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## 24. Financial income and expenses

The financial income and expenses incurred in the periods ended March 31, 2013 and 2012 were as follow:

	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
<u>Financial income</u>				
Short-term investment yield	<b>5,263</b>	6,738	<b>5,417</b>	7,773
Exchange gains	<b>113</b>	(308)	<b>219</b>	(201)
Discounts obtained	<b>1,192</b>	446	<b>1,217</b>	449
Adjustment to market value	<b>836</b>	816	<b>836</b>	816
Interest received	<b>1,226</b>	953	<b>1,256</b>	976
Other financial income	<b>200</b>	508	<b>203</b>	1,058
	<b>8,830</b>	9,153	<b>9,148</b>	10,871
<u>Financial expenses</u>				
Interest rate paid or incurred	<b>(3,513)</b>	(6,674)	<b>(3,653)</b>	(6,733)
Exchange losses	-	(3)	<b>(65)</b>	(85)
Bank commission and expenses	<b>(886)</b>	(674)	<b>(952)</b>	(752)
Debentures marked at market value	<b>(1,252)</b>	(1,180)	<b>(1,252)</b>	(1,180)
Discounts granted	<b>(1,512)</b>	(728)	<b>(1,597)</b>	(769)
Other financial expenses	<b>(293)</b>	(122)	<b>(344)</b>	(251)
	<b>(7,456)</b>	(9,381)	<b>(7,863)</b>	(9,770)
Net financial income (expenses)	<b>1,374</b>	(228)	<b>1,285</b>	1,101

## 25. Private pension plan – Defined contribution

The Company offers the “TOTVS” Private Pension Plan, managed by Itaú Vida e Previdência which counts on contributions made by the participants and by the Company, described in the Agreement of Subscription to the Program. The three types of contribution are:

- Basic Contribution – corresponds to 2% of the employee’s salary; in the case of directors ruled by bylaws, the contribution ranges from 2% to 5%.
- Volunteer Contribution – made exclusively by the employees, with no matching contribution by the Company.
- Company Contribution – corresponds to 100% of the basic contribution. The Company is allowed to make extraordinary contributions, in the amounts and with the frequency it chooses.

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## 26. Earnings per share

The charts below show the earnings and shares data used to calculate the basic earnings and diluted earnings per share:

	<b>Company and Consolidated</b>	
	<u>3/31/2013</u>	<u>3/31/2012</u>
<b>Basic earnings per share</b>		
<b>Numerator</b>		
Net income for the period assigned to the Company's shareholders	<b>51,894</b>	49,920
<b>Denominator (in thousand shares)</b>		
Weighted average number of common shares	<b>161,735</b>	159,482
<b>Basic earnings per share</b>	<b>0.32</b>	0.31

	<b>Company and Consolidated</b>	
	<u>3/31/2013</u>	<u>3/31/2012</u>
<b>Diluted earnings per share</b>		
<b>Numerator</b>		
Net income for the period assigned to the Company's shareholders	<b>51,894</b>	49,920
<b>Denominator (in thousand shares)</b>		
Weighted average number of common shares		
Dilution effect	<b>161,735</b>	159,482
• Stock options	<b>3,579</b>	4,020
• Debentures	<b>1,175</b>	2,443
Weighted average number of common shares adjusted according to dilution effect	<b>166,489</b>	165,945
<b>Diluted earnings per share</b>	<b>0.31</b>	0.30

There were no other transactions involving common shares or potential common shares between the date of the balance sheet and the date when these interim financial statements were concluded.

(A free translation of the original in Portuguese)

## 27. Expenses by nature

The Company presents below information on the nature and function of expenses for the period ended March 31, 2013 and 2012:

Nature	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Inputs	114,398	83,622	130,694	107,227
Personnel	113,800	100,858	132,796	118,049
Depreciation and amortization	17,887	19,215	21,562	21,124
Rental	5,301	5,010	5,778	5,549
Allowance for doubtful accounts	3,070	5,321	3,129	5,389
Other	2,632	19,372	4,287	22,736
<b>Total</b>	<b>257,088</b>	<b>233,398</b>	<b>298,246</b>	<b>280,074</b>

Function	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
Cost of goods sold / services rendered	108,707	88,564	128,052	113,643
Selling expenses	20,191	15,692	25,638	21,027
Administrative expenses	18,298	16,915	21,989	20,540
Other operating expenses	109,892	112,227	122,567	124,864
<b>Total</b>	<b>257,088</b>	<b>233,398</b>	<b>298,246</b>	<b>280,074</b>

## 28. Gross sales revenue

In compliance with Brazilian Corporation Law (Art.187 of Law No.6404/76), the Company presents below information about gross revenue and the deductions for the calculation of net revenue presented in the Income Statement:

	Company		Consolidated	
	3/31/2013	3/31/2012	3/31/2013	3/31/2012
<b>Gross revenue</b>	<b>375,404</b>	<b>310,773</b>	<b>411,243</b>	<b>380,148</b>
License fees	83,761	71,398	90,945	92,190
Services	100,345	67,596	117,824	110,564
Maintenance	191,298	171,779	202,474	177,394
<b>Deductions</b>	<b>(34,593)</b>	<b>(23,637)</b>	<b>(37,032)</b>	<b>(29,063)</b>
Cancellations of sales	(3,338)	(2,956)	(3,478)	(4,470)
Sales tax	(31,255)	(20,681)	(33,554)	(24,593)
PIS/COFINS/ISS	(24,421)	(20,681)	(26,210)	(24,593)
INSS	(6,834)	-	(7,344)	-
<b>Net revenue</b>	<b>340,811</b>	<b>287,136</b>	<b>374,211</b>	<b>351,085</b>

(A free translation of the original in Portuguese)

## **29. Subsequent Events**

### Acquisition of uMov.me

On April 2, 2013 the Company acquired, through its subsidiary TOTVS Ventures, a holding company for investments in start-ups, minority interest of 20% of the capital of uMov.me Tecnologia S.A. (formerly denomination uMov.me S.A.) and is still providing for future investments until 2017, based on the future performance of the investee.

uMov.me is a provider of enterprise mobility technology platforms in the cloud, in the form of software as a service. By buying a minority stake in uMov.me, TOTVS Ventures will enable the acceleration of this start-up, and TOTVS will have as a partner a user and distributor of mobile technology. The investment complements the provision of mobility solutions for the customer base of TOTVS, with applications that meet the segments of retail, distribution, logistics, manufacturing and services, among others.

### Acquisition of PRX

On April 18, 2013, the Company acquired a majority of 60% of the capital of PRX SOLUÇÕES GESTÃO AGROINDUSTRIAL LTDA. and P2RX SOLUÇÕES EM SOFTWARE LTDA. (Together "PRX") in the amount of R\$11 million (eleven million of reais). There is also a proposal for the future purchase of the remaining shares for a variable amount, which shall be fixed according to metrics defined in the contract based on the performance of PRX up until the last day of February 2015 (the "Transaction"). The Transaction is subject to conditions precedent set in the contract.

PRX has over 22 years' experience in the marketing and agribusiness segments and operates in Brazil and Latin America with over 180 employees to serve customers of all sizes with software solutions and services specific to this sector. Currently, 60% of the sugarcane mills of the country are served by PRX, which had net sales of R\$ 21 million in 2012, and had grown 47% over the last four years.

With this purchase, TOTVS reinforces its strategy of specialization and its positioning in the agribusiness segment and will seize opportunities for international expansion through the high expertise in the industry and differentiated services that PRX brings.

Under Article 256 of Law 6,404 of 1976, the acquisition will be subject to ratification by the shareholders at the Extraordinary Shareholders' General Meeting, which will be organized at an opportune date. Shareholders dissenting from the resolution at the Extraordinary Shareholders' General Meeting that ratifies the acquisition of PRX may exercise appraisal rights under Law 6,404/76, and the right to withdraw will be granted to them on April 18, 2013 (business conducted from April 19, 2013 will not be considered for the purposes of such withdrawal rights).

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## Guidances Tracking

### EBITDA margin

Projected EBITDA margin in the range between 27% and 30% for the fiscal years of 2013 and 2016.

TOTVS' EBITDA Margin was of **26.1%** in 1Q13 and **26.7%** in LTM.

The Company intends to reach this guidance for the full year by (i) the dilution of the cost structure due to projected sales growth rate higher than the costs and expenses growth rate for the period and (ii) the increase of efficiency of services.



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## **Report on review of quarterly information**

To the Board of Directors and Stockholders  
TOTVS S.A.

### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of TOTVS S.A., included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2013, comprising the balance sheet as at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the parent company interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

(A free translation of the original in Portuguese)

**Conclusion on the consolidated interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

**Other matters**

**Statements of value added**

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2013. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, April 30, 2013

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Marco Aurélio de Castro e Melo  
Contador CRC 1SP153070/O-3