

A free translation from Portuguese into English of quarterly financial information prepared in Brazilian currency in accordance with the specific instructions issued by Brazilian Securities and Exchange Commission (CVM)

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

June 30, 2008

Brazilian Corporate Law

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

01.01 - IDENTIFICATION

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

01.02 – HEAD OFFICE

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

01.03 - INVESTORS RELATIONS OFFICER (Company Mailing Address)

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

01.04 – ITR REFERENCE AND AUDITOR INFORMATION

CURRENT YEAR		CURRENT QUARTER			PREVIOUS QUARTER		
1 - BEGINNING	2 - END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
1/1/2008	12/31/2008	2	4/1/2008	6/30/2008	1	1/1/2008	3/31/2008
09 - INDEPENDENT AUDITOR Ernst & Young Auditores Independentes S.S.					10 - CVM CODE 00471-5		
11. TECHNICIAN IN CHARGE José Antonio de A. Navarrete					12 – TECHNICIAN'S CPF (INDIVIDUAL TAXPAYER'S ID) 120.817.178-08		

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01.05 - CAPITAL STOCK

Number of Shares (in units)	1 - CURRENT QUARTER 6/30/2008	2 - PREVIOUS QUARTER 3/31/2008	3 - SAME QUARTER, PREVIOUS YEAR 6/30/2007
Paid-up Capital			
1 - Common	26,688,402	26,688,402	26,688,402
2 - Preferred	0	0	0
3 - Total	26,688,402	26,688,402	26,688,402
Treasury Stock			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

01.06 - COMPANY PROFILE

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

01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

1 - ITEM	2 - EVENT	3 - APPROVAL	4 - TYPE	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
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01.09 – SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

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

1 – DATE	2 – SIGNATURE
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02.01 - BALANCE SHEET - ASSETS (in thousands of Reais)

1 - CODE	2 - DESCRIPTION	3 - 6/30/2008	4 - 3/31/2008
1	Total Assets	444,960	414,905
1.01	Current Assets	186,358	189,967
1.01.01	Cash and Banks	90,922	104,594
1.01.01.01	Cash and Cash Equivalents	82,311	104,594
1.01.01.02	Marketable Securities	8,611	0
1.01.02	Receivables	75,633	68,287
1.01.02.01	Trade Accounts Receivable	66,692	61,897
1.01.02.01.01	Accounts Receivable	74,175	67,657
1.01.02.01.02	Allowance for Doubtful Accounts	(7,483)	(5,760)
1.01.02.02	Sundry Receivables	8,941	6,390
1.01.02.02.01	Dividends Receivable	4,716	744
1.01.02.02.02	Recoverable Taxes	4,255	5,646
1.01.03	Inventories	0	0
1.01.04	Other	19,803	17,086
1.01.04.01	Deferred Income and Social Contribution Taxes	12,888	10,958
1.01.04.02	Other Current Assets	6,915	6,128
1.02	Noncurrent Assets	258,602	224,938
1.02.01	Long-term Assets	40,749	38,305
1.02.01.01	Sundry Credits	4,141	2,960
1.02.01.01.01	Accounts Receivable	4,141	2,960
1.02.01.02	Credit with Related Parties	6,027	6,671
1.02.01.02.01	Direct and Indirect Affiliates Companies	0	0
1.02.01.02.02	Subsidiaries	6,027	6,671
1.02.01.02.03	Other Related Parties	0	0
1.02.01.03	Other	30,581	28,674
1.02.01.03.01	Deferred Income and Social Contribution Taxes	23,526	22,041
1.02.01.03.02	Judicial Deposits	6,284	6,164
1.02.01.03.03	Other Assets	771	469
1.02.02	Permanent Assets	217,853	186,633
1.02.02.01	Investments	27,474	27,590
1.02.02.01.01	In Affiliates	0	0
1.02.02.01.02	In Affiliates - Goodwill	0	0
1.02.02.01.03	In Subsidiaries	27,470	27,535
1.02.02.01.04	In Subsidiaries - Goodwill	0	0
1.02.02.01.05	Other Investments	4	55
1.02.02.02	Equipment	13,019	12,213
1.02.02.02.01	Cost	30,117	28,313
1.02.02.02.02	(-) Depreciation	(17,098)	(16,100)
1.02.02.03	Intangible	177,360	146,830
1.02.02.03.01	Cost	289,215	245,237
1.02.02.03.02	(-) Amortization	(111,855)	(98,407)
1.02.02.04	Deferred Charges	0	0

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

1 – CODE	2 – DESCRIPTION	3 – 6/30/2008	4 – 3/31/2008
2	Total Liabilities	444,960	414,905
2.01	Current Liabilities	54,398	42,465
2.01.01	Loans and Financing	0	0
2.01.01.01	Notes Payable	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	4,354	3,967
2.01.04	Taxes, Charges and Contributions	1,739	1,177
2.01.05	Dividends Payable	253	257
2.01.06	Provisions	0	0
2.01.07	Debts with Related Parties	0	0
2.01.08	Other	48,052	37,064
2.01.08.01	Salaries and Charges Payable	29,203	25,587
2.01.08.02	Commissions Payable	11,549	11,192
2.01.08.03	Other Accounts Payable	7,300	285
2.02	Noncurrent Liabilities	11,874	4,488
2.02.01	Long-term Liabilities	11,874	4,488
2.02.01.01	Loans and Financing	0	0
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	2,704	2,380
2.02.01.03.01	Provisions for Contingencies	1,470	1,604
2.02.01.03.02	Provision for Losses from Investments	1,234	776
2.02.01.04	Debts with Related Parties	0	0
2.02.01.05	Advances for Future Capital Increase	0	0
2.02.01.06	Other	9,170	2,108
2.02.01.06.01	Taxes Payable	6	108
2.02.01.06.02	Other Liabilities	9,164	2,000
2.02.02	Deferred Income	0	0
2.04	Shareholders' Equity	378,688	367,952
2.04.01	Paid-up Capital	307,373	307,373
2.04.02	Capital Reserves	31,557	31,557
2.04.03	Revaluation Reserves	0	0
2.04.03.01	Own Assets	0	0
2.04.03.02	Affiliates	0	0
2.04.04	Income Reserves	17,734	17,734
2.04.04.01	Legal	3,549	3,549
2.04.04.02	Statutory	0	0
2.04.04.03	For Contingencies	0	0
2.04.04.04	Unrealized Profit	0	0
2.04.04.05	Retention of Profit	14,185	14,185
2.04.04.06	Special for Non-Distributed Dividends	0	0
2.04.04.07	Other Profit Reserves	0	0
2.04.05	Retained Earnings/Accumulated Losses	22,024	11,288
2.04.06	Advances for Future Capital Increase	0	0

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03.01 – STATEMENT OF INCOME (in thousands of Reais)

1 – CODE	2 – DESCRIPTION	3- 4/1/2008 to 6/30/2008	4- 1/1/2008 to 6/30/2008	5- 4/1/2007 to 6/30/2007	6-1/1/2007 to 6/30/2007
3.01	Gross Revenue from Sales and/or Services	124,748	242,484	101,511	166,737
3.01.01	License Fees	33,198	63,966	24,737	41,611
3.01.02	Services	33,073	64,215	28,611	49,257
3.01.03	Maintenance	58,477	114,303	48,163	75,869
3.02	Gross Revenue Deductions	(13,626)	(26,223)	(9,300)	(15,894)
3.02.01	Cancellation of Services and Sales	(4,784)	(9,057)	(1,965)	(3,521)
3.02.02	Taxes on Services and Sales	(8,842)	(17,166)	(7,335)	(12,373)
3.03	Net Revenue from Sales and/or Services	111,122	216,261	92,211	150,843
3.04	Cost of Goods and/or Services Sold	(29,878)	(59,249)	(24,543)	(41,630)
3.04.01	Cost of License Fees	(783)	(1,362)	(848)	(1,882)
3.04.02	Cost of Services	(29,095)	(57,887)	(23,695)	(39,748)
3.05	Gross Income	81,244	157,012	67,668	109,213
3.06	Operating Revenues/Expenses	(68,859)	(130,153)	(56,555)	(91,511)
3.06.01	Selling	(6,586)	(12,268)	(5,816)	(10,475)
3.06.02	General and Administrative	(9,923)	(19,796)	(8,750)	(15,843)
3.06.03	Financial	1,095	3,171	402	1,102
3.06.03.01	Financial Revenues	2,423	5,195	2,796	5,231
3.06.03.02	Financial Expenses	(1,328)	(2,024)	(2,394)	(4,129)
3.06.04	Other Operating Revenues	0	0	0	0
3.06.05	Other Operating Expenses	(53,081)	(100,344)	(44,204)	(76,535)
3.06.05.01	Research and Development	(12,689)	(23,811)	(9,930)	(16,636)
3.06.05.02	Advertising Expenses	(4,238)	(5,998)	(3,442)	(5,196)
3.06.05.03	Commissions	(15,292)	(31,502)	(13,176)	(20,683)
3.06.05.04	Management Fees	(3,396)	(7,722)	(3,454)	(5,883)
3.06.05.05	Depreciation and Amortization	(14,444)	(27,412)	(12,550)	(24,749)
3.06.05.06	Allowance for Doubtful Accounts	(2,331)	(2,527)	(1,021)	(2,272)
3.06.05.07	Extraordinary Expenses	0	0	0	0

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03.01 – STATEMENT OF INCOME (in thousands of Reais)

1 – CODE	2 – DESCRIPTION	3- 4/1/2008 to 6/30/2008	4- 1/1/2008 to 6/30/2008	5- 4/1/2007 to 6/30/2007	6-1/1/2007 to 6/30/2007
3.06.05.08	Other Net Operating Expenses	(691)	(1,372)	(631)	(1,116)
3.06.06	Equity Pickup	(364)	(916)	1.813	9.880
3.07	Operating results	12,385	26,859	11,113	17,702
3.08	Non-Operating (Expense) Income	(229)	(243)	(29)	379
3.08.01	Income	0	0	0	379
3.08.02	Expenses	(229)	(243)	(29)	0
3.09	Income Before Tax/Interests	12,156	26,616	11,084	18,081
3.10	Provision for Income Tax and Social Contribution	(4.835)	(8,386)	(3,055)	(6,089)
3.11	Deferred Income Tax	3,415	3,794	1,351	5,881
3.12	Statutory Interests/Contributions	0	0	0	0
3.12.01	Interests	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Own Capital	0	0	0	0
3.15	Income for the Period	10,736	22,024	9,380	17,873
	No. SHARES, EX-TREASURY (in Units)	26,688,402	26,688,402	26,688,402	26,688,402
	EARNINGS PER SHARE (In Reais)	0,40227	0.82523	0.35146	0.66969
	LOSS PER SHARE (In Reais)				

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04.01 – NOTES TO THE FINANCIAL STATEMENTS

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

1. Operations

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

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

2. Basis of Preparation and Presentation of the Financial Statements

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

The statements of cash flows (parent company and consolidated), prepared according to the NPC-20 of Ibracon – Independent Auditors Institute, are presented in Note 10. The changes to operating, investment and financing activities arising from acquisitions and mergers of subsidiaries performed in the course of quarters ended on June 30, 2008 and 2007, mentioned in the note 6, were included, line by line in these statements.

The balance sheets (parent company and consolidated) as of March 31, 2008 were reclassified in some lines to comply with the presentation format of June 30, 2008.

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04.01 – NOTES TO THE FINANCIAL STATEMENTS		

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

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

2.1 Reconciliation of shareholders' equity and net income of the Parent Company and the Consolidated

The balance sheets and statements of income for the periods of the "Consolidated" include the capitalization of assets leased as finance lease, as required by Law 11.638/07, whereas balance sheets and statements of income of the periods of the "Parent Company" these leases are recorded as operational lease.

The reconciliation of shareholders' equity and net income of the Parent Company and the Consolidated is summarized as follows:

	Shareholders' equity on		Net income for the six-month period ended on	
	June 30, 2008	March 31, 2008	June 30, 2008	June 30, 2007
According to Parent Company	378,688	367,952	22,024	17,873
- Lease payable	(4,904)	(5,155)	159	(724)
- Leased assets	9,752	9,854	473	600
- Depreciation of leased assets	(3,916)	(3,869)	(367)	(99)
- Deferred income and social contribution taxes on the net effects resulting from the lease	(317)	(282)	(90)	75
	615	548	175	148
According to the Consolidated	379,303	368,500	22,199	17,725

In view of the acquisition of BCS Holding e Participações Ltda. ("BCS" or "BCS Holding") Midbyte Informática S.A. ("Midbyte"), Inteligência Organizacional Serviços e Tecnologia em Software Ltda. ("IOSSTS") and Totvs BMI Consultoria S.A. ("Totvs BMI") performed during the fiscal years of 2007 and 2008 and the mergers of subsidiaries RM Sistemas S.A. ("RM") and RM Software Ltda. held during the fiscal year of 2007, Note 7, the comparison of Parent Company and Consolidated financial figures was impaired.

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

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

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04.01 – NOTES TO THE FINANCIAL STATEMENTS

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

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

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

The requirements of this new Law apply to financial statements for fiscal years beginning on or after January 1, 2008. These requirements do not characterize changes in circumstances or estimates, therefore, the adoption of the new practices introduced by Law No. 11638/07 shall be, as a general rule, on a retrospective basis, i.e. applying these new accounting practices as if they were in use during all the periods presented, observing the standard on “Accounting Practices, Changes in Accounting Estimates and Correction of Errors”, approved by the Brazilian Securities Commission (CVM), through Resolution No. 506.

CVM Ruling No. 469 was issued on May 2, 2008, which partially regulated Law No. 11638/07, establishing the minimum requirements to be observed in preparing quarterly financial information (ITR) in 2008. Under certain conditions, this Ruling allowed the provisions of the referred to Law not to be initially fully adopted. Company management did not choose the full adoption, as such applied Law No. 11638/07 within the minimum extent required by CVM Ruling No. 469, in preparing its quarterly financial information (ITR) in 2008.

Among the main changes in accounting standards introduced by the referred to Law, we highlight below those which, according to a preliminary analysis made by management, may come to significantly affect the financial statements of the Company and its subsidiaries:

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04.01 – NOTES TO THE FINANCIAL STATEMENTS		

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

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

- In business combinations between independent parties with effective control transfer, the assets and liabilities of the company to be merged, or resulting from merger or spin-off, shall be stated at market value. In the six-month period ended June 30, 2008, the Company acquired 70% ownership interest in Midbyte Informática S.A. (“Midbyte”), with goodwill of R\$7,976, and 100% ownership interest in BCS Holding e Participações Ltda. (“BCS”), with goodwill of R\$42,307 (Note 7). The computed goodwill has a temporary nature since Company management is performing a detailed analysis to identify and measure the market value of the assets and liabilities resulting from these acquisitions.
- Compulsory recording in property, plant and equipment account of rights related to tangible assets destined to maintenance of Company activities, including those resulting from operations transferring to the Company the rewards, risks and control related to the assets, such as for instance financial leasing. The Company adopts the accounting practice of recognizing financial leasing in its consolidated financial statements (Note 2.1), as such, if these leases were recognized in the financial statements of the Company at June 30, 2008, shareholders' equity and net income for the six-month period then ended would be increased by R\$615 and R\$175, respectively, after tax effects (Note 2.1).
- Remuneration of employees and directors, even when made in the form of financial instruments, such as shares and stock purchase options. The Company disclosed in Note 11 the terms of the Stock Options Plan and the possible accounting effects existing at quarterly financial information date.
- Introduction of adjustment to present value of noncurrent and material current assets and liabilities operations. The Company has not identified any operation generating significant effect on the financial statements related to adjustment to present value.
- Inclusion of the Statement of Value Added in the financial statements. Company management will present the referred to statement in the annual December 31, 2008 financial statements.

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04.01 – NOTES TO THE FINANCIAL STATEMENTS

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

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

The other changes introduced by the Law No. 11638/07 should not generate significant impact in the financial statements for the year-ending December 31, 2008 or may not be applicable, as follows:

- Analysis of recoverability of fixed and intangible assets as established by CPC Pronouncement 01, approved by CVM Resolution No. 527. The Company performs quarterly analyses about level of recoverability of its assets, considering cash generation history and projections. These analyses did not indicate any evidence of asset impairment. The Company will perform the analysis based on the requirements of the referred to pronouncement in preparing its December 31, 2008 financial statements, however, it does not expect significant effects from this analysis.
- Investments in financial instruments, including derivatives, shall be recorded: (i) at market or equivalent value, when for trading or available for sale; and (ii) at cost of acquisition or issue value, restated according to legal or contractual provisions, adjusted to probable realization value when this is lower. The Company already complies with these provisions.
- Change in the criteria and basis for investment treated under the equity method. The investments held by the Company are in subsidiaries that continue to be treated under the equity method.

The Company already discloses the cash flow statements, thus the requirement introduced by the Law No. 11638/07 does not generate any changes in the disclosures adopted by the Company.

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

3. Cash and Cash Equivalents

	Parent Company		Consolidated	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
Cash and banks	14,991	6,230	16,558	8,536
Financial investments:				
Interbank Deposit (DI) mutual funds	54,891	68,919	58,725	72,189
Multi-market funds	3,370	3,312	3,370	3,312
Fixed-income	4,479	4,399	4,479	4,399
Operations with repurchase agreement	4,580	21,734	13,084	30,497
	82,311	104,594	96,216	118,933

Financial investments are represented by Interbank Deposits (DI) mutual funds, fixed income, multi-market funds and operations with repurchase agreement (debentures backed operations with repurchase agreement with the issuer), and are redeemable at maturity of less than 90 days from the date of the balance sheet.

Those investments were signed with first-grade financial institutions and bear interest based on the Interbank Certificate of Deposit Rate (CDI).

4. Marketable Securities

Marketable securities balances amount to R\$8,611 in the parent company and R\$10,168 in the consolidated figures as of June 30, 2008, and refers to operations with repurchase agreement, and redeemable period of 90 to 180 days from the date of the financial statements.

Those investments were signed with first-grade financial institutions and bear interest based on the Interbank Certificate of Deposit Rate (CDI).

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5. Income and Social Contribution Taxes

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

Expense from income and social contribution taxes reconciliation:

	Parent Company		Consolidated	
	June 30,		June 30,	
	2008	2007	2008	2007
Income for the quarter period before taxes	26,616	18,081	28,022	21,438
Income and social contribution taxes at nominal rate of 34%	(9,049)	(6,148)	(9,528)	(7,289)
Adjustments for calculation of effective rate				
Equity pickup	(311)	3,359	-	-
Law 11,196/05 (Incentive to Research & Development)	5,089	3,555	5,089	3,982
Effect of differentiated taxation of subsidiaries	-	-	(998)	762
Uncollectible receivables	(10)	(105)	(10)	(105)
Management fee	(33)	-	(33)	-
Other	(278)	(869)	(374)	(889)
Expense from income tax and social contribution	(4,592)	(208)	(5,854)	(3,539)
Effective rate	17.3%	1.2%	20.9%	16.5%

Deferred income and social contribution taxes are as follows:

	Parent Company		Consolidated	
	June 30,	March 31,	June 30,	March 31,
	2008	2008	2008	2008
<u>Assets</u>				
Resulting from temporary differences:				
Amortized goodwill	16,226	15,585	16,226	15,585
Provision for commissions	4,958	4,592	5,023	4,656
Advanced revenues or billing	7,403	6,147	7,700	6,402
Allowance for doubtful accounts	1,936	1,316	2,073	1,479
Provision for contingencies and other liabilities	5,365	5,141	5,365	5,141
Income and social contribution tax loss carryforwards	-	-	1,294	1,259
Other	526	218	526	234
Total deferred income and social contributions – assets	36,414	32,999	38,207	34,756
Current assets	(12,888)	(10,958)	(13,249)	(11,293)
Noncurrent assets	23,526	22,041	24,958	23,463
<u>Liabilities</u>				
Resulting from temporary differences:				
Leasing	-	-	317	282
Total deferred income and contributions – liabilities	-	-	317	282

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6. Investments

The breakdown of investments is presented below:

	Investees' amounts on June 30, 2008		Equity pickup in the quarter period ended on June 30,		Balance of investments on		Balance of provision for losses on	
	Shareholders' Equity	Results for the period	2008	2007	June 30, 2008	March 31, 2008	Junho 30, 2008	March 31, 2008
Totvs Rio Software Ltda.	8,271	1,087	1,087	856	8,271	7,704	-	-
Microsigla Argentina S.A.	2,042	89	89	473	2,042	2,549	-	-
Microsigla México S.A.	4,465	(3,674)	(3,601)	(724)	4,375	4,587	-	-
Makira do Brasil S.A.	875	815	815	840	875	4,442	-	-
Totvs Corporation	1,973	47	47	(108)	1,973	2,146	-	-
Totvs Vitória Software Ltda.	1,906	47	47	90	1,906	1,884	-	-
Totvs Brasil Central Software Ltda.	-	164	164	72	-	458	-	-
Totvs Nordeste Software Ltda.	(114)	(18)	(18)	317	-	-	114	81
Totvs Brasília Software Ltda.	(512)	25	25	95	-	-	512	471
RM Sistemas S.A. (a)	-	-	-	7,743	-	-	-	-
RM Software Ltda. (a)	-	-	-	31	-	-	-	-
Inteligência Organizacional Serviços, Sistemas e Tecnologia em Software Ltda. ("IOSSTS") (b)	(608)	(639)	(639)	-	-	-	608	224
Eurototvs Lda. (c)	339	(44)	(44)	-	339	276	-	-
Midbyte Informática S.A. (d)	750	505	354	-	525	333	-	-
TQTVD Software Ltda. ("TQTVD") (d)	3,310	-	-	-	2,441	1,720	-	-
BCS Holding Participações Ltda. (d)	2,998	863	863	-	2,998	-	-	-
Look S.A.	220	(21)	(11)	-	112	-	-	-
RO Resultados em Outsourcing S.A.	1,284	(294)	(176)	95	772	772	-	-
Totvs BMI Consultoria Ltda.	841	82	82	100	841	664	-	-
			(916)	9,880	27,470	27,535	1,234	776
Other investments	-	-	-	-	4	55	-	-
			(916)	9,880	27,474	27,590	1,234	776

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

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7. Intangible

	Parent Company				Consolidated			
	June 30, 2008			March 31, 2008	June 30, 2008			March 31, 2008
	Cost	Accumulated amortization	Net	Net	Cost	Accumulated amortization	Net	Net
Goodwill from the acquisitions:								
RM	202,206	(90,994)	111,212	121,323	202,206	(90,994)	111,212	121,323
Logocenter	24,443	(16,295)	8,148	9,370	24,443	(16,295)	8,148	9,370
Totvs BMI	2,933	(587)	2,346	2,492	2,933	(587)	2,346	2,492
Midbyte	7,976	(499)	7,477	7,728	7,976	(499)	7,477	7,728
BCS	42,307	(1,322)	40,985	-	42,307	(1,322)	40,985	-
IOSSTS	3,384	(403)	2,981	3,150	3,834	(403)	2,981	3,150
	283,249	(110,100)	173,149	144,063	283,249	(110,100)	173,149	144,063
Other intangibles:								
Right to explore areas	3,815	(1,685)	2,130	2,308	3,836	(1,685)	2,130	2,308
Product development	-	-	-	-	3,444	-	3,444	2,186
Brands and patents	460	-	460	459	509	-	509	459
Software	1,691	(70)	1,621	-	1,691	(70)	1,621	-
	5,966	(1,755)	4,211	2,767	9,459	(1,755)	7,704	4,953
	289,215	(111,855)	177,360	146,830	292,708	(111,855)	180,853	149,016

During the six-month period ended on June 3, 2008, the Company acquired all quotas of BCS Holding Participações Ltda. BCS Holding e Participações Ltda. is the full parent company of BCS Comércio e Serviços de Informática Ltda., BCS Engenheiros Associados Ltda., BCSFLEX Comércio e Serviços de Informática Ltda. e HBA Informática Ltda., which operate in the development of software for the management of law firms and legal departments, as well as in providing advisory services in technology solutions, from the analysis and development of projects to the implementation and management of the operation, all headquartered in the city of São Paulo. The transaction amount of R\$30,000 was paid on demand in April 2008, with two variable annual installments (“variable annual installments”), between floor of R\$3,000 and cap of R\$9,000 each, to be paid upon attaining of operating performance target agreed by the parties, computed based on “BCS” results for 2008 and 2009. The Company recorded the variable annual installments payable, namely R\$6,419 in current liabilities and R\$7,789 in non-current liabilities, considering BCS projected operating performance, supported by a valuation report.

Also during the six-month period ended on June 30, 2008, the Company acquired 28,000 common shares, corresponding to 70% of the capital stock of Midbyte Informática S.A. (“Midbyte”), company that develops software headquartered in São Paulo. The purchase value may reach up to R\$8,000, being R\$6,000 paid in cash in January 2008, R\$625 recorded as current liabilities and R\$1,375 recorded as non-current liability, to be paid upon accomplishment of the operating performance target agreed between the parties, determined based on the results of Midbyte’s operations for the years of 2008, 2009 and 2010. The Company recorded the acquisition at total amount agreed (R\$8,000) according to the expectation that the operational performance target of Midbyte will be achieved and the commitment will be honored by the total value.

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7. Intangible (continued)

Goodwill from the acquisitions of BCS and Midbyte totaled R\$42,307 and R\$7,976, respectively, and is being amortized according to expected future profitability of investment, currently in ninety six months.

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

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

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

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

Product development represents expenses incurred with the development of the software “Ginga TQTVD” that will allow the implementation of interactive applications for digital TV. Such software is being developed by the subsidiary TQTVD Software Ltda., in which the Company has made investments in the six-month period, representing 74% of subsidiary’s capital.

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8. Provision for Contingencies and Legal Obligations Related to Legal Proceedings

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

	Parent Company		Consolidated	
	June 30, 2008	March 31, 2008	June 30, 2008	March 31, 2008
Provision				
Social security	9,992	9,613	9,992	9,613
Tax	5,061	4,787	5,061	4,787
Labor	725	720	725	720
	<u>15,778</u>	<u>15,120</u>	<u>15,778</u>	<u>15,120</u>
Judicial deposits				
Social security	(9,865)	(9,489)	(9,865)	(9,489)
Tax	(4,443)	(4,027)	(4,443)	(4,027)
	<u>(14,308)</u>	<u>(13,516)</u>	<u>(14,308)</u>	<u>(13,516)</u>
	<u>1,470</u>	<u>1,604</u>	<u>1,470</u>	<u>1,604</u>

a) Ongoing proceedings with recorded provision for contingencies

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

Social Security: The Company filed: (i) declaratory action to avoid the collection of the social contribution taxes destined to SESC (Social Service for Trade) and SENAC (National Service for Commercial Training), as well as an ordinary suit requesting the refund of contributions paid to the INSS; (ii) writ of mandamus pleading the unenforceability of the contribution to the INCRA (National Institute of Colonization and Agrarian Reform); and (iii) writ of mandamus pleading the unconstitutionality of the social security collection set forth by Laws No. 9876/96 and 5471/71, levied on the income earned by the cooperatives. The judicial deposits made by the Company until June 30, 2008 amounted to R\$9,865 (R\$9,489 on March 31, 2008), recorded as reduction of the provisions for social security contingencies.

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

a) Ongoing proceedings with recorded provision for contingencies--Continued

Tax: The Company (Belo Horizonte branch) is discussing in five court deposit actions brought against the city governments of São Paulo, Rio de Janeiro, Uberlândia, Vitória, and Campo Grande if they are required to pay the ISS (Tax on Services) at rates ranging from 2% to 5%, or if the tax is payable to the city government of Belo Horizonte where the rate is 2%. The Company understands that the ISS is due to the municipality of Belo Horizonte, where service is developed. Thus, the Company has been providing the court deposits under the scope of said lawsuits, taking into account the rates required by the city governments and recording provision for contingencies for these city governments by the 2% rate. The judicial deposits made until June 30, 2008, amounted to R\$5,397 (R\$6,013 on March 31, 2008).

On May 22, 2001, the Company issued the writ of mandamus pleading the unenforceability of COFINS and PIS on the installments which stated as income, requesting that the undue amounts were paid back. The amounts involved in the lawsuit were judicially deposited by the Company and amount to R\$116 on June 30, 2008 (R\$107 on March 31, 2008).

b) Others ongoing proceedings

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

On September 21, 2000, a court claim for taxes against the Company was filed by the INSS in the amount of R\$3,738 (R\$8,535 – restated until June 30, 2008), referring to the tax delinquency notices to collect the social security contribution, SAT, contribution to third parties and respective formal penalties under the claim of non-compliance with the ancillary liabilities. The Company offered a real estate located at Rua XV de Novembro, 3950, in the city of Joinville, state of Santa Catarina, as well as the respective improvements and permanent assets as a guarantee at that time, whose residual book value on June 30, 2008 is R\$1,076.

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

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

c) Others ongoing proceedings--Continued

On May 4, 2007, the INSS filed a court claim for taxes against the Company in the amount of R\$1,604 (R\$1,806 – restated until June 30, 2008) referring to the social contributions destined to third parties (SESC and SENAC) levied on the compensation paid to employees who rendered services from March 1999 until July 2000. This amount of R\$1,626 was judicially deposited on May 25, 2007, and registered in non-current assets.

As a result of inspection procedures by the Brazilian Internal Revenue Service, the Company was assessed in 2006 in the amount of R\$6,045 (R\$7,719 – restated until June 30, 2008), referring to discussions on commission and rental expenses and their respective effects on the calculation of income and social contribution taxes on net income for the fiscal year 2001. The Company challenged this notice, which is pending analysis of the Federal Revenue Office.

The Company had 8 assessments from the city government of São Paulo levying the ISS related to the period between 1996 and 2000, in the amount of R\$804 (R\$3,656 – restated until June 30, 2008). Such assessments result from the understanding of the São Paulo city government that the services rendered by the Joinville branch would be developed within the limits of the city of São Paulo. The Company's management and its legal advisors understand that all services were developed by the branch in the city of Joinville and deem that the tax was duly paid to that city.

d) Legislation in force

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

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9. Shareholders' Equity

The Company's shareholding structure at June 30, 2008 is summarized at the section "Other Information Deemed as Relevant by the Company".

10. Statements of Cash Flows

	Parent Company		Consolidated	
	Quarters ended on		Quarters ended on	
	June 30,		June 30,	
	2008	2007	2008	2007
Cash flows provided by operating activities				
Net income for the period	22,024	17,873	22,199	17,725
Adjustment for reconciliation of net income with net amounts from operating activities:				
Depreciation and amortization	27,412	24,749	28,395	25,668
Book value of disposed assets	574	464	705	864
Allowance for doubtful accounts	2,527	2,272	3,614	3,359
Deferred income and social contribution taxes	(3,794)	(11,318)	(4,206)	(6,651)
Equity pickup	916	(9,880)	-	-
Exchange variation	544	951	-	-
Losses on investments	39	68	-	-
Provision for contingencies	1,384	4,379	1,384	1,175
Minority interest	-	-	1,009	89
Variations in operating assets and liabilities:				
Marketable securities	(8,611)	-	(10,168)	-
Trade accounts receivable	(13,085)	(18,745)	(16,095)	(6,201)
Dividends received	-	28,113	-	-
Other assets	1,252	(1,265)	(756)	1,694
Judicial deposits	(1,695)	(7,991)	(1,695)	(3,048)
Suppliers	(205)	1,815	332	877
Taxes payable	95	44	578	3,448
Salaries and charges payable	4,933	11,175	7,717	6,442
Commissions payable	1,044	5,769	1,074	647
Other accounts payable	11	(1,008)	567	(646)
Net cash flow provided by operating activities	35,365	47,465	34,654	38,546
Cash flows from investments activities				
Addition to investments	(9,028)	(2,181)	-	-
Addition to intangible	(36,300)	(1,500)	(38,515)	(1,500)
Reduction in investment due to merger of subsidiary	-	8,982	-	200
Acquisition of equipment	(3,809)	(4,439)	(7,620)	(3,284)
Funds used in investment activities	(49,137)	862	(46,135)	(4,584)
Cash flows from financing activities				
Bank loans	-	-	(14)	48
Obligations mercantile	-	-	(159)	724
Credit with related companies	242	(251)	-	-
Dividends paid	(29,533)	(22,431)	(29,533)	(22,497)
Funds used in financing activities	(29,291)	(22,682)	(29,706)	(21,725)
Increase (decrease) in cash and cash equivalents	(43,063)	25,645	(41,187)	12,237
Cash and cash equivalents at the beginning of the period	125,374	74,637	137,403	98,550
Cash and cash equivalents at the end of the period	82,311	100,282	96,216	110,787
Payment of interest	70	94	98	108
Payment of income and social contribution taxes	-	-	377	3,492

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11. Stock Option Plan

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

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

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

If the Company had recognized the expense of granting options (net of tax deferred) in the period of six-month period ended June 30, 2008, using the method of market value, as required by Circular CVM Number 001/2007, the effect on net income and shareholders' equity would be as follows:

	Parent Company	
	Shareholders' Equity on June 30, 2008	Net Income for the six-month period ended June 30, 2008
Balance at June 30, 2008	378,688	22,024
Expense of granting options	-	(655)
Pro forma balance	367,952	21,369

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

12. Financial Instruments

At June 30, 2008 and December 31, 2007, the Company and its subsidiaries had not entered into swap agreements or any other derivative financial instrument. The Company's financial instruments consist of cash and equivalents, trade accounts receivable and payable, which are recorded at cost plus interest or charges incurred, which approximates their market value.

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13. Subsequent Event

a) Acquisition of Setware

On July 1, 2008, the Company acquired all the units of interest of Setware Informática Ltda. (“Setware”). The transaction amount may reach R\$3,450, of which R\$3,250 was paid in July 2008 and R\$200 will be paid upon attaining of operating performance target agreed by the parties, computed based on “Setware” results for 2008 and 2009.

b) Absorption of Datasul shares

Through notice to the market issued on July 23, 2008, management of Totvs and Datasul S.A. (“Datasul”) (Totvs and Datasul referred together as “Companies”) communicated that the Board of Directors of both companies agreed on said date to submit to the corresponding shareholders, in extraordinary general meetings to be held on August 19, 2008, the proposal of corporate reorganization of both Companies into a sole group.

As informed on the mentioned notice to the market, if approved by shareholders of the Companies, the operation would be implemented through: (i) absorption of all the shares of Datasul by Makira do Brasil S.A. (“Makira”), a closely-held company currently controlled by Totvs (Note 6); and subsequently, (ii) merger of Makira into Totvs, so that the shareholding structure of Datasul be integrated with the shareholding structure of Totvs. Upon conclusion of the operation: (i) all the shareholders of Datasul will become Totvs shareholders, through issue by Totvs to Datasul shareholders of 4,464,000 new common shares representing approximately 14.3% ownership interest in Totvs; and (ii) Datasul shareholders will receive the total amount of R\$480,000, part as payment for redemption of preferred shares of Makira and part as Datasul dividends to be approved by Datasul shareholders.

This Quarterly Financial Information (ITR) form contains information relating to a proposed merger transaction of Datasul S.A. and Totvs S.A. and it does not constitute an offer of securities in the United States or a solicitation of an offer to buy securities in the United States of America. The information included in such form, as well as any other materials related to the proposed merger transaction, shall not be furnished or sent to U.S. residents or into the United States of America.

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05.01 – COMMENTS ON THE COMPANY'S PERFORMANCE IN THE QUARTER

As described in section '08.01 – Comments on the consolidated performance in the quarter.'

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01.01 - IDENTIFICATION

1 - CVM CODE 01999-2	2 - COMPANY NAME TOTVS S.A.	3 - CNPJ (Corporate Taxpayer's ID) 53.113.791/0001-22
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06.01 – CONSOLIDATED BALANCE SHEET - ASSETS (in thousands of Reais)

1 – CODE	2 – DESCRIPTION	3 – 6/30/2008	4 – 3/31/2008
1	Total Assets	464,416	430,015
1.01	Current Assets	224,599	227,233
1.01.01	Cash and Banks	106,384	118,933
1.01.01.01	Cash and Cash Equivalents	96,216	118,933
1.01.01.02	Marketable Securities	10,168	0
1.01.02	Receivables	95,875	88,988
1.01.02.01	Trade accounts receivable	89,896	82,376
1.01.02.01.01	Accounts Receivable	100,102	91,398
1.01.02.01.02	Allowance for Doubtful Accounts	(10,206)	(9,022)
1.01.02.02	Sundry Receivables	5,979	6,612
1.01.02.02.01	Recoverable Taxes	5,979	6,612
1.01.03	Inventories	13	0
1.01.04	Other	22,327	19,312
1.01.04.01	Deferred Income and Social Contribution Taxes	13,249	11,293
1.01.04.02	Other Current Assets	9,078	8,019
1.02	Noncurrent Assets	239,817	202,782
1.02.01	Long-term Assets	36,180	33,335
1.02.01.01	Sundry Credits	4,141	2,960
1.02.01.01.01	Trade accounts receivable	4,141	2,960
1.02.01.02	Credit with Related Parties	0	0
1.02.01.02.01	Direct and Indirect Affiliates Companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other Related Parties	0	0
1.02.01.03	Other	32,039	30,375
1.02.01.03.01	Judicial Deposits	6,284	6,164
1.02.01.03.02	Other Assets	797	748
1.02.01.03.03	Deferred Income and Social Contribution Taxes	24,958	23,463
1.02.02	Permanent Assets	203,637	169,447
1.02.02.01	Investments	4	55
1.02.02.01.01	In Affiliates	0	0
1.02.02.01.02	In Affiliates – Goodwill	0	0
1.02.02.01.03	In Subsidiaries	0	0
1.02.02.01.04	In Subsidiaries - Goodwill	0	0
1.02.02.01.05	Other Investments	4	55
1.02.02.02	Equipment	22,780	20,376
1.02.02.02.01	Cost	45,112	42,250
1.02.02.02.02	(-) Depreciation	(22,332)	(21,874)
1.02.02.03	Intangible	180,853	149,016
1.02.02.03.01	Cost	292,708	247,423

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1.02.02.03.02	(-) Amortization	(111,855)	(98,407)
1.02.02.04	Deferred Charges	0	0

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

1 - CODE	2 – DESCRIPTION	3 – 6/30/2008	4 – 3/31/2008
2	Total Liabilities	464,416	430,015
2.01	Current Liabilities	70,631	54,210
2.01.01	Loans and Financing	3,739	3,291
2.01.01.01	Loans and Financing	555	87
2.01.01.02	Leases Payable	3,184	3,204
2.01.01.03	Accounts Payable	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	5,801	4,761
2.01.04	Taxes, Charges and Contributions	4,508	3,313
2.01.05	Dividends Payable	402	399
2.01.06	Provisions	0	0
2.01.07	Debts with Related Parties	0	0
2.01.08	Other	56,181	42,446
2.01.08.01	Salaries and Charges Payable	35,820	30,066
2.01.08.02	Commissions Payable	11,709	11,355
2.01.08.03	Other Liabilities	8,652	1,025
2.02	Noncurrent Liabilities	12,677	5,945
2.02.01	Long-term Liabilities	12,677	5,945
2.02.01.01	Loans and Financing	1,720	1,951
2.02.01.01.01	Leases Payable	1,720	1,951
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	1,470	1,604
2.02.01.03.01	Provisions for Contingencies	1,470	1,604
2.02.01.03.02	Provision for Losses from Investments	0	0
2.02.01.04	Debts with Related Parties	0	0
2.02.01.05	Advances for Future Capital Increase	0	0
2.02.01.06	Other	9,487	2,390
2.02.01.06.01	Deferred Income Tax and Social Contribution	317	282
2.02.01.06.02	Taxes Payable	6	108
2.02.01.06.03	Other Liabilities	9,164	2,000
2.02.02	Deferred Income	0	0
2.03	Minority Interest	1,805	1,360
2.04	Shareholders' Equity	379,303	368,500
2.04.01	Paid-up Capital	307,373	307,373
2.04.02	Capital Reserves	31,557	31,557
2.02.03	Revaluation Reserves	0	0
2.04.03.01	Own Assets	0	0
2.04.03.02	Affiliates	0	0
2.04.04	Income Reserves	18,174	18,174
2.04.04.01	Legal	3,549	3,549
2.04.04.02	Statutory	0	0
2.04.04.03	For Contingencies	0	0
2.04.04.04	Unrealized Profit	0	0

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2.04.04.05	Retention of Profit	14,625	14,625
2.04.04.06	Special for Non-Distributed Dividends	0	0
2.04.04.07	Other Profit Reserves	0	0
2.04.05	Retained Earnings/Accumulated Losses	22,199	11,396
2.04.06	Advances for Future Capital Increase	0	0

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07.01 – CONSOLIDATED STATEMENT OF INCOME (in thousands of Reais)

1 - CODE	2 – DESCRIPTION	3- 4/1/2008 to 6/30/2008	4- 1/1/2008 to 6/30/2008	5- 4/1/2007 to 6/30/2007	6- 1/1/2007 to 6/30/2007
3.01	Gross Revenue from Sales and/or Services	149,333	286,892	119,748	232,449
3.01.01	License Fees	37,697	72,219	27,908	55,618
3.01.02	Services	51,976	97,914	42,359	80,091
3.01.03	Maintenance	59,660	116,759	49,481	96,740
3.02	Gross Revenues Deductions	(16,544)	(33,052)	(11,420)	(22,960)
3.02.01	Cancellation of Services and Sales	(5,317)	(11,655)	(2,247)	(5,083)
3.02.02	Taxes on Services and Sales	(11,227)	(21,397)	(9,173)	(17,877)
3.03	Net Revenue from Sales and/or Services	132,789	253,840	108,328	209,489
3.04	Cost of Goods and/or Services Sold	(44,660)	(84,761)	(33,379)	(63,377)
3.04.01	Cost of License Fees	(1,018)	(1,604)	(847)	(2,017)
3.04.02	Cost of Services	(43,642)	(83,157)	(32,532)	(61,360)
3.05	Gross Income	88,129	169,079	74,949	146,112
3.06	Operating Revenues/Expenses	(74,684)	(140,760)	(62,732)	(124,749)
3.06.01	Selling	(9,083)	(16,881)	(7,656)	(15,544)
3.06.02	General and Administrative	(12,452)	(23,698)	(10,084)	(19,794)
3.06.03	Financial	1,079	3,108	326	1,339
3.06.03.01	Financial Revenues	2,724	5,803	3,038	6,414
3.06.03.02	Financial Expenses	(1,645)	(2,695)	(2,712)	(5,075)
3.06.04	Other Operating Revenues	0	0	0	0
3.06.05	Other Operating Expenses	(54,228)	(103,289)	(45,318)	(90,750)
3.06.05.01	Research and Development	(12,730)	(23,856)	(9,646)	(18,844)
3.06.05.02	Advertising Expenses	(4,406)	(6,258)	(3,555)	(5,954)
3.06.05.03	Commissions	(15,847)	(32,909)	(13,481)	(28,784)
3.06.05.04	Management Fees	(3,640)	(8,136)	(3,839)	(7,648)
3.06.05.05	Depreciation and Amortization	(14,981)	(28,395)	(12,890)	(25,668)
3.06.05.06	Allowance for Doubtful Accounts	(2,585)	(3,614)	(1,704)	(3,359)

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07.01 – CONSOLIDATED STATEMENT OF INCOME (in thousands of Reais)

1 - CODE	2 – DESCRIPTION	3- 4/1/2008 to 6/30/2008	4- 1/1/2008 to 6/30/2008	5- 4/1/2007 to 6/30/2007	6- 1/1/2007 to 6/30/2007
3.06.05.07	Extraordinary Expenses	0	0	0	0
3.06.05.08	Other Net Operating Expenses	(39)	(121)	(203)	(493)
3.06.06	Equity Pickup	0	0	0	0
3.07	Operating results	13,445	28,319	12,217	21,363
3.08	Non-Operating Income	(325)	(297)	(160)	75
3.08.01	Income	0	0	0	75
3.08.02	Expenses	(325)	(297)	(160)	0
3.09	Income (loss) before Tax/Interests	13,120	28,022	12,057	21,438
3.10	Provision for Income Tax and Social Contribution	(5,860)	(10,060)	(3,851)	(10,164)
3.11	Deferred Income Tax	3,603	4,206	1,267	6,625
3.12	Statutory Interests/Contributions	0	0	0	0
3.12.01	Interests	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Own Capital	0	0	0	0
3.14	Minority Interests	(60)	31	(131)	(174)
3.15	Net Income/Loss for the Period	10,803	22,199	9,342	17,725
	No. SHARES, EX-TREASURY (in Units)	26,688,402	26,688,402	26.688.402	26.688.402
	EARNINGS PER SHARE (Reais)	0,40478	0,83178	0,35004	0,66415
	LOSS PER SHARE (Reais)				

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'01999-2	TOTVS S.A.	53.113.791/0001-22
08.01 – COMMENTS ON THE CONSOLIDATED PERFORMANCE IN THE QUARTER		

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

Gross/Net Sales and Service Revenue

Gross service and sales revenue reached R\$149,333 in 2Q08, representing an increase of 24.7% when compared to the same period of 2007. All revenue lines grew more than 20.0%, and the highlight was the license fee revenue line's growth, which grew 35.1%, in relation to the 2Q07.

Net revenue from services and sales in 2Q08 totaled R\$132,789, growth of 22.6% when compared to 2Q07. Even with the growth of cancellation of trade notes, TOTVS established historic sales record for the 14th trimester in a row.

The company closed the first half of 2008 with R\$286,892 in gross revenue and R\$253,840 in net revenue, growth, respectively, of 23.4% and 21.2% in comparison to the 1H07.

License Fee Revenue

License fee revenue grew 35.1% in the comparison of 2Q08 with the same period of the previous year, reaching R\$37,697 against to R\$27,908 recorded in 2Q07. This growth rate was positively affected by the increase in sales both to new and base customers and by the increase in the average purchase amount of these clients.

The semester presented revenue from license fee of R\$72,219, growth of 29.8% in relation to the 2Q07 closed with R\$55,618.

Service Revenue

License fee sales in previous trimesters gave TOTVS R\$51,976 of service revenue in the 2Q08, growth of 22.7% in comparison to the 2Q07, when it reached R\$42,359.

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📌 Maintenance Revenue

Maintenance revenue increased 20.6% in 2Q08 when compared to 2Q07, reaching R\$59,660. The semester accumulated R\$116,759, increase of 20.7% over 2Q07. This increase in revenue is due to maintenance revenue from license fees originated in earlier periods, obtained from the new and base customers, also including customers under corporate model.

📌 Operating Costs and Expenses (excluding net financial result)

Operating costs and expenses totaled R\$120,423, growth, in 2Q08, of 24.9% over to same quarter of 2007. The semester corresponded to R\$228,629, increase of 20.7% over 1H07. This growth was due to the collective bargaining agreement in São Paulo occurred in 1Q08.

📌 Cost of License Fees

The trimester reached a cost of license fees of R\$1,018 in 2Q08, an increase of 20.2% year-on-year, however, the six-month period totaled R\$1,604, a decrease of 20.5% in comparison to 1H07. This decrease - due to replacement of third-party solutions to other solutions developed on TOTVS technology – became more representative when compared to the license fee's growth, which was 29.8% in the same period.

📌 Cost of Service and Sales

Sales cost totaled R\$43,642 in 2Q08, increase of 34.2% in relation to 2Q07. The semester totaled R\$83,157, growth of 35.5% if compared to R\$61,360 from 1H07. The cost of service growth is related to the hiring of 195 new employees for BCS.

📌 Research and Development

Research and development expenses reached R\$12,730 in 2Q08, representing 9.6% of net revenue, in line with company's long term guidance. Investments for localization of TOTVS' products in international markets consumed great part of the resources directed to research and development in the quarter.

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Advertising Expenses

Advertising expenses reached R\$4,406 in 2Q08, representing an increase of 23.9% when compared to 2Q07, when expenses reached R\$3,555. This expenses was directed to TOTVS' new communication plan, that contemplated advertising campaign in many medias. The semester ended with R\$6,258, increase of 5.1% over the R\$5,954 in 1H07.

Selling Expenses

In the second quarter of 2008, selling expenses rose 18.6% in comparison with the same period in 2007, from R\$7,656 to R\$9,083. The semester accumulated R\$16,881, 8.6% higher than the 1H07 that presented R\$15,544. The fact that the selling expenses grew in a smaller proportion than the revenue lines show, partially, the opportunities brought with the unification of TOTVS' distribution channels.

Commission Expenses

Commission expenses amounted R\$15,847 in 2Q08, growth of 17.6% in comparison to R\$13,481 in 2Q07. In the semester, this line totaled R\$32,909, increase of 14.3% in relation to R\$28,784 in 2H07, however, it reduced its participation in the Company's net revenue, from 13.7% in 2H07 to 13.0% in 2H08.

The participation of commission in the Company's net revenue essentially reflects the changes in the sales mix between own channels and franchises.

General and Administrative Expenses

General and administrative expenses amounted R\$12,452 in 2Q08, representing an increase of 23.5% in relation to 2Q07. The first semester of the year ended with R\$23,698 against R\$19,794 computed in 1H07.

The implementation of the Shared Services Center (SSC) will continue to be extended in 2008 and will provide services to other TOTVS units (e.g.: Midbyte and BCS), in order to continue to capture economies of scale and ensure greater cost control.

Management Fees

Management fees totaled R\$3,640 in 2Q08, a 5.2% increase over 2Q07. In 1H08, management fees totaled R\$8,136, a 6.4% increase year on year.

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Depreciation and Amortization

Depreciation and amortization totaled R\$14,981 in 2Q08, representing a 16.2% increase over 2Q07. The increase is mainly due to the additional amortization of goodwill from the acquisitions of BCS, Midbyte, IOSSTS and TOTVS Consulting.

The goodwill evaluated by the Company on the acquisition of Midbyte, which was booked this quarter, was R\$42,307 and will be amortized in 96 months, starting from April 2008.

Allowance for doubtful accounts

Provision for doubtful accounts totaled R\$2.585 in 2Q08, against R\$ 1,704 in 2Q07 – a 51.7% increase, and from R\$3,359 in 1H07 to R\$3,614 in 2H08 – a 7.6% increase.

Operating Income (before net financial result) and Net Income

The Company posted an operating profit of R\$12,366 in 2Q08, 4.0% up on 2Q07, driven by the strong sales performance. However, operating profit this quarter was negatively impacted by bigger marketing and R&D spending. The higher amortization of goodwill from the acquisitions in the second half of 2007 and beginning of 2008 also negatively affected the 2Q08 operating profit.

The net income of R\$10,803 in 2Q08 represents Earnings Per Share of R\$0.40, a 15.6% growth over 2Q07.

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

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16.01 – OTHER INFORMATION DEEMED AS RELEVANT BY THE COMPANY

In compliance with the Rules of Corporate Governance Differentiated Practices, we present below the ownership structure disclosing any shareholder or investor holding more than 5% of the voting capital, directly or indirectly, to the level of individual, at June 30, 2008.

Ownership Structure - Totvs S/A	6.30.07		6.30.08	
	Common		Common	
	Number of shares	%	Number of shares	%
LC EH Participações e Empreendimentos S/A	5,352,197	20.05%	5,360,898	20.09%
BNDES Participações S/A	2,032,214	7.61%	2,032,214	7.61%
Fidelity Management & Research Company (*)	1,494,200	5.60%	1,971,600	7.39%
T. Rowe Price International, Inc. (*)	995,100	3.73%	1,441,900	5.40%
Genesis Asset Managers, LLP (*)	1,062,600	3.98%	1,435,098	5.38%
Others	15,752,091	59.02%	14,446,692	54.13%
Total	26,688,402	100.00%	26,688,402	100.00%

(*) Foreign Investor

Ownership Structure - LC EH Participações e Empreendimentos S/A

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

In compliance with Rules of Corporate Governance Differentiated Practices, we present below the number and characteristics of the securities issued by the Company which are held, directly or indirectly, by the Controlling Shareholder, Officers and the number of outstanding shares, on June 30, 2008.

Ownership Structure - Totvs S/A	6.30.07		6.30.08	
	Common		Common	
	Number of shares	%	Number of shares	%
Controlling Shareholder	5,352,197	20.05%	0	0.00%
Officers	145,632	0.55%	162,331	0.61%
Board of Directors	630,245	2.36%	629,345	2.36%
Related Parties(*)	1,016	0.00%	5,362,614	20.09%
Outstanding Shares	20,559,312	77.03%	20,534,112	76.94%
Total	26,688,402	100.00%	26,688,402	100.00%

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

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

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A free translation from Portuguese into English of Special Review Report of Independent Auditors on Quarterly Financial Information prepared in Brazilian currency in accordance with the specific instructions issued by Brazilian Securities and Exchange Commission (CVM)

SPECIAL REVIEW REPORT OF INDEPENDENT AUDITORS

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

1. We have performed a special review of the Quarterly Financial Information - ITR of Totvs S.A. (parent company and consolidated) for the quarter and six-month period ended June 30, 2008, comprising their balance sheet and the respective statements of income and cash flows, the performance report and accompanying notes. These financial statements are the responsibility of the Company's management.
2. We conducted our review in accordance with the specific rules established by IBRACON – Brazilian Institute of Independent Auditors, in conjunction with the CFC – Federal Accounting Council, consisting mainly of: (a) inquiry and discussion with the managers in charge of the Company's accounting, financial and operating areas in relation to the main criteria adopted in the preparation of the Quarterly Financial Information; and (b) review of information and subsequent events which have or may have relevant effects on the financial position and operations of the Company.
3. Based on our special review, we are not aware of any material modifications that should be made to the Quarterly Financial Information referred to above for them to be in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM), specifically applicable to the preparation of the Quarterly Financial Information, including CVM Ruling No. 469/08.

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4. As mentioned in Note 2, on December 28, 2007, Law No. 11,638/07 was enacted, and became effective as from January 1, 2008. This Law has modified, revoked and introduced new rules to Law No. 6,404/76 (Corporation Law), which resulted in some changes in the accounting practices adopted in Brazil. Although this Law is already effective, some changes required depend on regulations to be issued by regulatory bodies in order to be adopted by the companies. Therefore, during this transition period, CVM issued Ruling No. 469/08, allowing the partial adoption of the provisions established in Law No. 11,638/07 for the preparation of the Quarterly Financial Information. Thus, the accounting information included in the Quarterly Financial Information for the quarter and six-month period ended June 30, 2008, were prepared in accordance with specific instructions issued by CVM, and do not include all changes in the accounting practices introduced by Law No. 11,638/07. As described in Note 2.2, there was no relevant impact on Quarterly Financial Information for the quarter ended June 30, 2008 or other prior periods herein presented due to the application of the Law No. 11,638/07.

São Paulo, July 28, 2008.

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

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

Silvio Takahashi
Accountant CRC1SP185268/O-6

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