

ITAÚSA

Investimentos Itaú S.A.

Financial Statements
June 30, 2005



ITAÚSA INVESTIMENTOS ITAÚ S.A.

MANAGEMENT REPORT – FIRST HALF OF 2005

To our Stockholders

We present our Management Report and financial statements of Itaúsa - Investimentos Itaú S.A. and its subsidiaries for the first half of 2005, in accordance with the regulations established by the Brazilian Corporate Law and the Brazilian Securities Commission (CVM). These financial statements have been approved by the Fiscal Council.

THE ECONOMY

In the first half of 2005, the Gross Domestic Product (GDP) growth showed a slight downturn, from 0.4% to 0.3%, and the Brazilian trade balance reached US\$ 19.7 billion surplus at the end of the first half of 2005 and accumulated US\$ 38 billion in the last twelve-month period. Due to inflationary pressure, Central Bank kept increasing the Brazil's base rate (Selic) until May, when its average amount was established at 19.75%, and remained at this level until June. At the end of the first half, inflationary pressure finally showed signs of relief, so the outlook for the second half is a decrease in interest rates.

In the financial sector, the aggregated credit continued to grow. Total credit to individuals increased by 17.2%, from R\$ 117 billion at the end of 2004 to R\$ 137 billion in June 2005. Credit to businesses increased from R\$ 158 billion to R\$ 170 billion in the first half of the year.

Bank fund raising maintained its growth. Demand deposits grew in real terms by 7.1% in the first half of 2005, with seasonal adjustment. The investment fund's equity increased in real terms by 3.8% in the same period, from 490 billion to R\$ 508 billion.

Despite the economic slowdown, the financial system continued to carry out operations involving a significant amount of funds, thus helping to support the economic activity.

Industrial activity showed adjustment signs this half. In the first five months, industrial production increased 0.4% as compared to the same period of 2004, net of seasonal effects. The monetary restraint started in September contributed to this adjustment. However, cumulative industrial production in the last twelve months until May 2005 posts an expressive increase of 7.2%. The growth in exports has prevented a higher slowdown in the industrial activity, having contributed to a moderate increase in production in 2005.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ thousand

	Parent company		Minority stockholders		Conglomerate	
	1st H/05	1st H/04	1st H/05	1st H/04	1st H/05	1st H/04
Total net income	1,214,396	910,040	1,383,938	1,020,665	2,598,334	1,930,705
Recurring net income	1,497,790	972,253	1,485,524	1,018,082	2,983,314	1,990,335
Extraordinary results	(283,394)	(62,213)	(101,586)	2,583	(384,980)	(59,630)
Stockholders' equity	9,593,052	8,227,216	8,886,504	7,584,231	18,479,556	15,811,447
Annualized return (net income/stockholders' equity) (%)	26.92	23.35	33.57	28.73	30.10	25.91
Dividends/Interest on own capital	348,016	250,588	381,445	277,751	729,461	528,339

MAIN FINANCIAL INDICATORS

	1H/05	1H/04	Change %
Results per thousand shares - in R\$			
Net income	375.59	282.22	33.08
Book value	2,966.95	2,551.42	16.29
Price per common share (1)	5,177.50	3,845.00	34.66
Price per preferred share (1)	5,042.73	3,410.00	47.88
Market capitalization (2) - in thousands of R\$	16,550,492	11,520,531	43.66

(1) Based on the average quote during the month of June of each year.

(2) Calculated on the basis of the average quote of the shares during the month of June of each year.

MAIN INDICATORS OF THE COMPANIES CONTROLLED BY ITAÚSA

R\$ thousand

	1st HALF	INDUSTRIAL AREA			CONSOLIDATED / CONGLOMERATE (1)	
		FINANCIAL AREA Banco Itaú Holding Financeira S.A. Consolidated	Duratex S.A.	Itautec Philco S.A.		Elekeiroz S.A.
Total assets	2005	144,545,333	1,838,856	955,609	526,695	148,665,957
	2004	122,759,553	1,805,631	920,375	462,315	126,291,478
Operating revenue (2)	2005	14,871,185	622,430	761,738	330,107	17,077,133
	2004	15,980,749	551,859	726,202	304,240	17,664,338
Net income	2005	2,474,521	72,712	23,618	25,500	2,598,334
	2004	1,824,916	49,096	14,080	25,331	1,930,705
Stockholders' equity	2005	15,026,690	1,012,892	347,051	303,985	18,479,556
	2004	12,787,340	952,500	322,901	254,787	15,811,447
Annualized return (Net income/ Stockholders' equity) (%)	2005	35.65%	14.87%	14.07%	17.48%	30.10%
	2004	30.58%	10.57%	8.91%	20.87%	25.91%
Internal fund generation (3)	2005	4,439,336	113,526	53,501	37,438	4,683,592
	2004	3,905,506	88,092	62,953	38,267	4,029,811

(1) Data related to consolidated/conglomerate are net of consolidation eliminations and unrealized income from intercompany transactions.

(2) Following a worldwide trend, Operating Income by area of operation was obtained as follows:

- Banco Itaú Holding Financeira S.A.: totality of Income from financial intermediation, Income from services rendered, Income from insurance premiums, Capitalization and Pension plans and other Operating Income.
- Duratex S.A., Itautec Philco S.A. and Elekeiroz S.A.: taking into consideration Net revenue from sales of products and/or services.

(3) Covers resources arising from operations:

- plus expenses from allowance for loan losses;
- not taking into consideration changes in mathematical provisions for capitalization and pension plan and considering the changes in unsettled claims, credits and debts from insurance operations and deferred selling expenses from insurance, pension plan and capitalization.

FINANCIAL AREA

Banco Itaú Holding Financeira

Consolidated net income of Banco Itaú Holding Financeira (Itaú) for the first half of 2005 was R\$ 2,475 million, with an annualized return of 35.6% on the consolidated stockholders' equity of R\$ 15,027 million, which grew 17.5% as compared to the first half of 2004.

The loan portfolio, including guarantees and sureties, grew 20.4% as compared to the same period in 2004, reaching R\$ 58,647 million. The highlight was the portfolio of credit to individuals, which grew 65.6%.

Credit Portfolio Development

In millions of R\$	1st H/2005	1st H/2004	Change %
Individuals	22,836	13,789	65.61
Credit Card	5,539	3,182	68.40
Personal Loans	9,276	5,694	62.91
Vehicles	8,200	4,912	66.92
Businesses	31,561	30,855	2.29
Corporate	21,944	24,287	(9.65)
Small and Medium-Sized companies	9,616	6,569	46.39
Mandatory Loans	4,251	4,068	4.49
Total	58,647	48,713	20.39

The amount of raised and managed funds increased 17.4% as compared to the first half of 2004, totaling R\$ 228,576 million. Time deposits grew by 80.4%.

Itaú still holds the highest market value in stock exchanges among the Latin American banks, reaching R\$ 49,355 million on June 30, 2005.

Since 2004, Itaú has strengthened its operations in the consumer credit area by implementing many initiatives and partnerships related to the Taií brand, which, by the end of 2005, will have 600 points of sales. Taií, which has been operating for one year, has focused on low-income consumers, having already opened 79 stores by the end of the first half of 2005. In February, Itaú and Lojas Americanas (LASA) entered into a partnership to incorporate a new financial institution, Financeira Americanas Itaú S.A. – Crédito, Financiamento e Investimento (FAI), with the sole purpose of marketing financial products and services to LASA's clients. Financeira Itaú CBD S.A - Crédito, Financiamento e Investimento (FIC), which was created as a result of a partnership between Itaú and Companhia Brasileira de Distribuição, opened its first pilot stores.

In February, Itaú and Citigroup entered into a New Agreement to manage the customer base and the 7.6 million credit cards issued with the Credicard brand. During 2005, the company's management will be carried out jointly and at the end of the year, the customer base, credit cards, and assets and liabilities will be transferred to the partners. This operation reinforces Itaú's business growth strategy, and provides products and services to clients who do not hold bank accounts.

Moody's and Fitch Ratings, major international rating agencies, raised Itaú's Financial Strength by Moody's and Individual and Support by Fitch ratings. This increase reflects the strong financial performance of the Bank, associated to improvements in operating efficiency and consistent profitability. These ratings render Itaú as the best bank in this type of ratings in Brazil.

Among the awards received in this half, it should be noted that the Itaú brand was considered for the 4th time in a row the most valuable in the country, in accordance with the British consulting company Interbrand. This year, it has been valued at US\$ 1,342 million, representing an increase of 11.7% as compared to 2004 (US\$ 1,204 million). In this half, Banco Itaú Holding received the first GoodPriv@cy certificate, issued by Fundação Carlos Alberto Vanzolini (FCAV), to a national company. This means that the information provided by users, via WEB, are gathered and safeguarded in accordance with the strictest security and reliability standards. Itaú has also won for the eighth time in a row the Euromoney magazine award for being the Best Brazilian Bank.

ITAÚSA PORTUGAL

The financial activities of the Itaú conglomerate in the European Union are concentrated in the holding Itaúsa Portugal, SGPS, S.A., which, at the end of the first half, posted a net income of €19.3 million and consolidated assets of € 2.7 billion, a 32.6% and 14.6% increase, respectively, as compared to the same period in 2004. Itaúsa Portugal has the full control over Banco Itaú Europa S.A., with head office in Lisboa. Banco Itaú Europa S.A. holds 100% of interest in the capital stock of Banco Itaú Europa Luxembourg S.A., and 51% of the interest that Itaú holds in Banco BPI S.A..

The investment grade status of Banco Itaú Europa S.A. has allowed it to diversify its liabilities by issuing short and long-term eurobonds in the international capital market under competitive condition to support the business flow of its clients.

The expansion in different business areas resulted in a diversified source of income and contributed for the banking products result, which amounted to € 31.4 million – 35.4% over the prior year. This result was reached by the financial margin of asset operations, and mainly by the performance of capital market, treasury, international private banking areas, and the interest held in Banco BPI S.A. Net income reached € 19.6 million, an increase of 31.6% as compared to the first half of 2004.

The Banco Itaú Europa S.A.'s consolidated assets, plus the assets under the management of Banco Itaú Europa Luxembourg S.A. total € 5.7 billion, a 23.2% growth as compared with the first half of 2004. The highlight was the performance of the credit to business operations, which reached € 952 million (US\$ 1.15 billion).

The contribution of Banco Itaú Europa Luxembourg S.A. to Banco Itaú Europa S.A.'s activity represented 27.7% of its banking product. At the end of the first half of 2005, managed assets exceeded US\$ 2.4 billion.

INDUSTRIAL AREA

Duratex

In May, Duratex was listed in the Level 1 of Differentiated Corporate Governance Practices of the São Paulo Stock Exchange (Bovespa). In June, it carried out a 1:200 split of its shares. This operations resulted in the issuance of approximately 59 million shares, and a trading unit that is more accessible to non-corporate investors.

This half, consolidated gross revenues of Duratex reached R\$ 835.4 million and net revenues R\$ 622.4 million, an increase of 15% and 13%, respectively, as compared to the first half of 2004. Exports grew 12%, totaling US\$ 31.5 million. The operating cash generation, under the EBITDA concept, totaled R\$ 187.5 million, a 33% increase as compared to the first half of 2004, resulting in an EBITDA margin of 30%. Net income was R\$ 72.7 million, a 48% growth as compared to the same period in 2004.

The net debt of Duratex totaled R\$ 399.4 million at the end of the half. The annualized net debt/EBITDA ratio was 1.06, lower than the 1.16 multiple recorded at the end of the first quarter of 2005, showing the low financial leverage of the company.

The Wood Division registered a decrease in shipments because of the slow down in the economy. However, the revested products shipment presented a slight improvement, and the price adjustments, which implementation started in 2004 and continued in the beginning of 2005, remained unchanged. Consequently, the net revenue grew 14%, as compared to the first half of 2004, totaling R\$ 424.9 million. Exports in the period grew 11%, totaling US\$ 28.8 million. The EBITDA of this division totaled R\$138.4 million, 26% higher than the first half of 2004, and corresponding to 74% of consolidated EBITDA.

The total volume shipped by the Deca Division posted a 10% drop; however, the operating improvement reflects the results of actions focused on cost reductions and process streamlining. Consequently, net revenues increased 11% as compared to the previous year, totaling R\$ 197.5 million. Exports grew 28%, totaling US\$ 2.7 million. Noteworthy are foreign sales of sanitary porcelain fixtures, which totaled US\$ 2.2 million, an increase of 42% as compared to the first half of 2004. EBITDA grew 56%, totaling R\$ 49.1 million at the end of this period.

Itautec Philco

In the first half, the gross revenue from sales and services of Itautec Philco reached R\$ 869.5 million. The net income amounted to R\$ 23.6 million, a 67.7% increase as compared to the first quarter of 2004. The annualized return on investment capital (ROIC) and the annualized return on equity was of 15.2%. The EBITDA totaled R\$ 67.8 million, resulting in an EBITDA margin of 8.9%.

The revenues of its companies abroad increased 102.8%, totaling R\$ 25.2 million.

The company's net debt reached R\$ 73.4 million, equivalent to US\$ 31.2 million, corresponding to a 54% increase of annualized EBITDA.

Investments in this half amounted to R\$ 63.7 million, of which R\$ 26.4 million were invested in technology development.

The table below breaks down Itautec Philco's gross sales and services by business unit:

<i>R\$ million</i>	1st H/05	1st H/04	Change %
Solution & Automation	128.8	192.2	(33.0)
Information Technology	209.5	204.2	2.6
Consumer products	302.5	246.3	22.8
Services	127.2	108.7	17.0
Components	101.5	98.6	2.9
TOTAL	869.5	850.0	2.3

The Banking Automation segment shipped 1,294 units, a decrease of 66.1% as compared to the same period in 2004.

Operations of Itec S.A. - Grupo Itautec Philco grew 48.6% in sales revenue as compared to the first half of the previous year. Domestic operations represented 52.2% of the revenue, while the international one represented 47.8%.

The PCs & Mobiles segment shipped 61,800 units, representing a growth of 3.5% as compared to the first half of 2004. The sales performances of notebooks with wireless technology and widescreen items were noteworthy.

In the consumer products area, the shipped volume reached 604,400 units under the Philco brand, a growth of 19.9% as compared to the same period of 2004. The consumer area strategy of focusing on high value added products generated excellent results for the company in the first half. The hi-tech TV sets and DVD players sales volumes posted increases of 55.6% and 96.6%, respectively.

In the Service Business Unit, under the outsourcing segment, the company obtained business involving the two largest supermarket chains of the country, because of the widespread network and staff flexibility in implementing and integrating complete solutions.

At the Components Business Unit, we should highlight the shipment of 445,500 memory modules, a 35.3% growth. In this half, the company launched 2GB memory modules for Servers.

Elekeiroz

Elekeiroz organic product business has been particularly adversely affected because of the appreciation of the *Real* (which decreased the company's competitiveness in the international market), and the increase in the domestic market competition in relation to imported finished products.

Elekeiroz shipped 222,400 tonnes, a drop of 1.5% as compared to the first half of 2004. Organic products reached 98,500 tonnes, a decrease of 16% (decrease of 5% in domestic market and of 57% in exports). Inorganic products amounted to 123,900 tonnes, a growth of 15%.

In this half, the company invested R\$ 39.0 million in the industrial maintenance, improvement, streamline, modernization, automation and expansion, specially related to the oxo-alcohol and the new 2-ethyl hexanoic acid units, both at the Camaçari plant.

Together with Petrobras, Dow Brasil and Coteminas, the company continued to carry out studies on the feasibility of creating a complex to produce acrylic acid, acrylates and super absorbing polymers, which involve investments of US\$ 360 million.

In the table below, we present the main performance indicators of Elekeiroz:

<i>R\$ million</i>			
	1st H/2005	1st H/2004	Change %
Gross revenue	423.1	380.5	11.2
Net revenue	330.1	304.2	8.5
Export revenue	33.5	56.0	(40.2)
Operating result	31.0	34.1	(9.1)
Net income	25.5	25.3	0.8
Stockholders' equity	304.4	254.8	19.5
EBITDA	47.2	48.1	(1.9)
Annualized return (%)	17.5	20.9	

Itáua Empreendimentos

In the beginning of this half, the residential market focused on prime real estate developments. At the end of the period, the new developments were focused on the middle class. The number of new units rose 40%, however, the effective real estate sales increased only by 5%.

The construction of the company's real estate developments continued at a rapid pace, and it is expected to end in October 2005.

Blocks 1 and 4 of Panamerica Park were sold, confirming the market trend into new areas.

The Raposo Shopping sales did not match the expectations, being in line with the general performance of the retail sector.

HUMAN CAPITAL MANAGEMENT

Human capital management is a constant point of attention of the Group companies. In the period, investments in education, training and development programs totaled R\$ 26 million. Personnel compensation, including charges and benefits, totaled R\$ 1,834 million. The social benefits given to the employees and their dependents totaled R\$ 310 million, and include supplementary pension plan, meal allowance, health and dental plans, social assistance services, scholarships, leisure, sports and culture activities, credits at subsidised interest rates, insurances, transportation allowance, donations and special concessions, among others.

In June, Itaú adopted for the Greater São Paulo region and the State of Bahia, the self-management model for health care plans. This model was already in place in Minas Gerais, Paraná and Goiás.

Elekeiroz is implementing the GCE Program – Management by Elekeiroz Competencies, which purpose is to create a system to develop competencies by adopting a program comprising tools that will drive the HR functions, including those that focus on the employee participation in line with the corporate strategic plan and business management. This implementation will be carried out gradually, based on the definition of knowledge, skill and competency. The program will enable a more effective management of the human capital and will instruct the employees as to their career plan in the company.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

The activities carried out by Itaúsa companies reflect their business conduction style that includes economic, social and environmental aspects, and a culture based on ethical values and respect for people.

In June, Itaú launched the Itaú Corporate Liaison Office, the mission of which is to represent and defend clients, and ensuring that customer dissatisfaction cases are resolved slightly. This initiative reflects Itaú's commitment to service quality and corporate social responsibility. In order to publicly reinforce its commitment to hearing and solving client problems, Itaú launched the campaign "*O Itaú quer ouvir você*" (Itaú wants to hear you) in July, along with the Bank's 60th anniversary advertising.

As regards social and cultural investments, we highlight the contribution of the Fundação Itaú Social and Instituto Itaú Cultural. In this half, the Fundação investments exceeded R\$ 8 million. Banco Itaú, through PIC Esperança capitalization plan transferred over R\$ 2 million of the elementary education programs developed by Unicef and Fundação Itaú Social. In this period, we highlight the 6th edition of Itaú-Unicef Award, the launching of the Itaú Support to Entrepreneurs Award, which purpose is to stimulate micro-credit, and the promotion of the first Social Project Economic Evaluation course.

This half, investments of the activities of Instituto Itaú Cultural totaled R\$ 10 million. The institute's headquarters in São Paulo received over 138,000 visitors. Among the Institute's activities, we highlight the exhibition "*Tudo É Brasil*" (All is Brazil), which received 120,000 visitors, the "*Rumos*" (Directions) Program in the Visual Arts and Cultural and Art Education, which carried out 30 meetings in various capitals of the country, and the exhibition "*O Corpo na Arte Contemporânea Brasileira*" (The Body in Brazilian Contemporary Art), which received 70,000 visitors.

In the cultural area, we also highlight the support that Itaútec Philco provided to the São Paulo Symphony Orchestra through the Rouanet Law tax incentives.

The environmental management of Itaúsa industrial units ensures the adoption of technologies that do not adversely affect the environment, which enable the rational use and preservation of natural resources, and the management of industrial waste.

In the second quarter, Elekeiroz started to assemble in Camaçari a special boiler to burn heavy/toxic liquid waste, generated in the production of oxo-alcohol, and fuel gas, originated from production processes, thus making the reuse of this energy possible. With this initiative, the Company aims to reduce the effluent volume, which used to be processed by third parties. The boiler is expected to start operating in the third quarter of 2005.

INDEPENDENT AUDITORS –CVM INSTRUCTION 381

The policy of Itaúsa – Investimentos Itaú S.A., its subsidiary companies and group companies for the engagement of non-audit services from our current independent auditors is based on internationally accepted principles of preserving the independence of the auditor. According to these principles, an auditor cannot: (a) audit his or her own work, (b) perform management functions or (c) act as an advocate for the client.

During the period, PricewaterhouseCoopers Auditores Independentes was engaged by Banco Itaú Holding Financeira S.A. to provide audit related services to enable compliance with the rules set forth by the Sarbanes Oxley Act, Section 404, in the amount of R\$ 1,764,000, which represents 13.8% of total fees.

During this period, PricewaterhouseCoopers Auditores Independentes did not provide to Itaúsa - Investimentos Itaú S.A. or its subsidiary companies any non-audit services which had fees that exceeded 5% of total external audit costs.

ACKNOWLEDGEMENTS

We wish to thank our stockholders for their support and trust, crucial to the growth of our business. We are also grateful to our customers for their trust and allegiance which we try to repay with quality, differentiated products and services. To our employees and associates, we also wish to express our appreciation for their dedication to building a company that is increasingly sustainable.

(Approved at the Meeting of the Board of Directors on August 8, 2005)

ITAÚSA - INVESTIMENTOS ITAÚ S.A. CONSOLIDATED BALANCE SHEET

(In thousands of reais)

ASSETS	06/30/2005	06/30/2004
Current assets and long-term receivables	144,292,971	121,608,171
Cash and cash equivalents	2,206,395	1,835,711
Interbank investments	23,140,787	17,148,868
Securities and derivative financial instruments	30,119,731	28,978,434
Securities	15,465,711	19,609,970
Derivative financial instruments	2,768,579	1,106,076
Guarantor Resources of Technical Provisions - Funds quotas of PGBL/VGBL	8,274,354	5,499,269
Guarantor Resources of Technical Provisions - Other securities	3,611,087	2,763,119
Interbank accounts of subsidiaries	13,105,299	10,395,775
Loan, leasing operations and other credits	49,106,080	39,312,279
Operations with Credit Assignment Characteristics	52,347,926	42,377,420
(-) Allowance for loan losses	(3,241,846)	(3,065,141)
Inventories	537,919	471,738
Products	518,529	458,738
Real estate	19,390	13,000
Other credits	24,904,843	22,283,385
Foreign exchange portfolio	12,041,988	10,656,736
Tax credits	3,980,206	3,593,936
Sundry	8,967,686	8,116,312
(-) Allowance for loan losses	(85,037)	(83,599)
Other assets	271,741	299,752
Prepaid expenses	900,176	882,229
Permanent assets	4,372,986	4,683,307
Investments	738,294	991,330
Investments in affiliates	569,880	846,378
Other investments	168,414	144,952
Fixed assets	3,351,778	3,381,111
Property for own use	7,661,643	7,071,533
Leased properties	111,652	137,731
Forest reserves	91,503	89,605
(Accumulated depreciation)	(4,513,020)	(3,917,758)
Deferred charges	282,914	310,866
Costs with organization and expansion	748,807	778,061
(Accumulated amortization)	(465,893)	(467,195)
TOTAL ASSETS	148,665,957	126,291,478

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED BALANCE SHEET

(In thousands of reais)

LIABILITIES	06/30/2005	06/30/2004
Current and long-term liabilities	130,102,231	110,370,010
Funds raised by subsidiaries	75,978,659	65,974,670
Foreign currency	8,856,192	11,491,263
Domestic currency	49,234,446	41,488,399
Open market	17,888,021	12,995,008
Subordinated debts	4,537,413	5,042,111
Financial instruments and derivatives	1,726,624	783,618
Borrowings	622,908	747,071
Foreign currency	301,052	354,385
Domestic currency	321,856	392,686
Statutory and social contributions	1,062,260	774,748
Taxes and social security contributions	5,128,487	3,397,188
Other liabilities	26,010,001	22,017,244
Foreign exchange portfolio	12,250,638	10,765,524
Credit card operations	3,564,931	2,344,412
Securitization of foreign payment orders	2,274,728	2,034,096
Sundry	7,919,704	6,873,212
Interbank accounts of subsidiaries	2,529,658	2,366,005
Technical provisions for insurance, pension plan and capitalization	12,506,221	9,267,355
Deferred income	84,170	110,021
Minority interest	8,886,504	7,584,231
Stockholders' equity from parent company	9,593,052	8,227,216
Capital	5,000,000	3,800,000
Capital reserves	28,423	27,560
Revaluation reserves	50,106	51,351
Revenue reserves	4,431,846	4,242,611
Adjustment to market value - securities and derivatives	164,571	198,781
(-) Treasury shares	(81,894)	(93,087)
Stockholders' equity of the Itaúsa Conglomerate	18,479,556	15,811,447
TOTAL LIABILITIES	148,665,957	126,291,478

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED STATEMENT OF INCOME

(In thousands of reais)

	01/01 to 06/30/2005	01/01 to 06/30/2004
OPERATING REVENUE	17,077,133	17,664,338
Sales of products and services	5,286,331	4,364,701
Insurance, pension plan and capitalization	3,135,210	3,147,440
Financial	5,927,311	5,869,672
Financial revenues of insurance, pension plan and capitalization	853,276	571,186
Securities	1,707,771	3,472,804
Equity in the earnings of subsidiaries	(53,948)	92,009
Other operating revenues	221,182	146,526
OPERATING EXPENSES	(12,238,364)	(14,553,699)
Cost of products and services	(1,198,823)	(1,138,913)
Insurance, pension plan and capitalization	(2,737,693)	(2,749,972)
Equity	(1,348,952)	(681,552)
Administrative	(3,847,291)	(3,317,111)
Management fees	(109,720)	(63,834)
Financial	(644,861)	(4,672,313)
Financial expenses on technical provisions for pension plan and capitalization	(668,598)	(420,632)
Other operating expenses	(1,682,426)	(1,509,372)
OPERATING INCOME	4,838,769	3,110,639
NON-OPERATING RESULT	3,550	4,480
INCOME BEFORE TAXATION ON PROFIT AND PROFIT SHARING	4,842,319	3,115,119
INCOME TAX AND SOCIAL CONTRIBUTION	(1,619,160)	(932,017)
Due on operations for the period	(1,729,290)	(900,981)
Deferred related to temporary differences	110,130	(31,036)
EXTRAORDINARY RESULTS	(384,980)	(59,630)
Parent company	(283,394)	(62,213)
Relating to minority interest in subsidiaries	(101,586)	2,583
PROFIT SHARING	(239,845)	(192,767)
Employees - Law 10,101 of 12/19/2000	(167,611)	(141,024)
Directors - Statutory - Law 6,404 of 12/15/1976	(72,234)	(51,743)
NET INCOME RELATING TO MINORITY INTEREST OF SUBSIDIARIES	(1,383,938)	(1,020,665)
NET INCOME OF PARENT COMPANY	1,214,396	910,040
Net income relating to minority interest of subsidiaries	1,383,938	1,020,665
NET INCOME OF ITAÚSA CONGLOMERATE	2,598,334	1,930,705
NUMBER OF OUTSTANDING SHARES - in thousands	3,233,308	3,224,559
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	375.59	282.22
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES - R\$	2,966.95	2,551.42

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
BALANCE SHEET

(In thousands of reais)

ASSETS	06/30/2005	06/30/2004
Current assets	1,002,161	558,153
Cash and cash equivalents	2	86
Securities	676,399	265,212
Interest on own capital	299,209	210,344
Taxes to offset	24,115	81,317
Other assets	2,436	1,134
Prepaid expenses	-	60
Long-term receivables	109,518	90,827
Securities	32	31
Loans granted	99,682	81,324
Other assets	9,804	9,472
Permanent assets	9,300,709	7,722,773
Investments		
Investments in subsidiaries	9,286,482	7,707,584
Other investments	4,204	4,231
Fixed assets	10,023	10,958
TOTAL ASSETS	10,412,388	8,371,753
LIABILITIES		
Current liabilities	371,606	261,159
Dividends payable	354,303	252,459
Tax and social security liabilities	3,208	3,256
Other liabilities	14,095	5,444
Long-term liabilities	11,070	7,497
Tax liabilities	11,070	7,497
Net equity parent company	10,029,712	8,103,097
Capital	5,000,000	3,800,000
Capital reserves	28,423	27,560
Revaluation reserves	50,106	51,351
Revenue reserves	4,868,506	4,118,492
Adjustment to market value - securities and derivatives	164,571	198,781
(-) Treasury shares	(81,894)	(93,087)
TOTAL LIABILITIES	10,412,388	8,371,753

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
STATEMENT OF INCOME
(In thousands of reais)

	01/01 to 06/30/2005	01/01 to 06/30/2004
OPERATING INCOME	1,605,226	1,000,735
Financial	7,492	8,798
Securities	418,175	25,310
Investment in subsidiaries	1,178,013	965,181
Other operating income	1,546	1,446
OPERATING EXPENSES	(37,567)	(34,780)
Equity	(446)	(441)
Administrative	(8,006)	(9,308)
Management fees	(2,437)	(2,241)
Other operating expenses	(26,678)	(22,790)
OPERATING RESULT	1,567,659	965,955
NON-OPERATING RESULT	3,937	(5,039)
INCOME BEFORE TAXATION ON PROFIT AND PROFIT SHARING	1,571,596	960,916
INCOME TAX AND SOCIAL CONTRIBUTION	(122,533)	-
Due on operations for the period	(122,533)	-
EXTRAORDINARY RESULT	(201,668)	(62,213)
PROFIT SHARING	(1,864)	(1,862)
Directors - Statutory - Law 6,404 of 12/15/1976	(1,864)	(1,862)
NET INCOME	1,245,531	896,841
NUMBER OF OUTSTANDING SHARES (In thousands)	3,233,308	3,224,559
NET INCOME PER THOUSAND SHARES (R\$)	385.22	278.13
BOOK VALUE PER THOUSAND SHARES (R\$)	3,102.00	2,512.93

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
NOTES TO THE FINANCIAL STATEMENTS
PERIODS ENDED JUNE 30, 2005 AND 2004

(In thousands of reais)

NOTE 1 – OPERATIONS

ITAÚSA – Investimentos Itaú S.A. (ITAÚSA) – main objective is to support the companies in which capital it holds interest, through studies, analyses and suggestions on the operating policy and projects for the expansion of the mentioned companies obtaining resources to meet the related additional needs of risk capital through subscription or acquisition of securities issued, to strengthen its position in the capital market and related activities or subsidiaries of interest of the mentioned companies, except for the specifics of financial institutions.

NOTE 2 – PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of ITAÚSA and its subsidiaries (ITAÚSA CONSOLIDATED) have been prepared in accordance with accounting policies derived from Brazilian Corporate Law and the instructions issued by the Brazilian Securities and Exchange Commission (CVM), the Superintendency of Private Insurance (SUSEP) and the Brazilian Central Bank (BACEN), which include the use of estimates necessary to calculate accounting provisions.

The consolidated financial statements are being presented without segregation between current and long-term, in compliance with the former quarterly information.

In Loan, Leasing Operations and Other Credits are included the receivables, arising from purchases made by the credit card holders. The resources related to these amounts are included in Other liabilities. The Leasing Operations are presented at present value in the Balance Sheet, and related income and expenses, which represent the financial result of these operations, are grouped in Financial Revenue in the Statement of Income.

The exchange rate result is presented adjusted, with the reclassification of expenses and income, to represent exclusively the variation and differences of rates applied on the balance sheet accounts representing foreign currencies.

NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS

The significant balances of balance sheet accounts and results, as well as the amounts of transactions between consolidated companies, were eliminated. The Exclusive Investments Funds of subsidiaries were included in consolidation. The securities and investments of these funds portfolios are classified by type of operation and were distributed by type of paper, in the same categories in which they had been originally allocated. Deferred taxes related to the adjustment to market value of trading securities, derivative financial instruments (assets/liabilities) and securities available for sale, including on the additional provision, are presented in the Balance Sheet by their related net amounts. The effects of foreign exchange variation on foreign investments are recorded in the Statement of Income, according to the nature of the corresponding balance sheet accounts.

The difference in net income and stockholders' equity between ITAÚSA and ITAÚSA CONSOLIDATED results from the elimination of unrealized profits arising from the transactions between consolidated companies, the corresponding taxes of which were deferred, and from the adoption of different criteria on the amortization of goodwill on the acquisition of investments and constitution of tax credits.

In ITAÚSA, the goodwill recorded by the subsidiaries, arising mainly from the increase in the investments in Credicard and Orbitall due to the partnership for the creation of companies: Financeira Americana Itaú S.A. – Crédito, Financiamento e Investimento, and Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento and the acquisition of part of Banco BPI S.A. shares, are amortized based on expected future profitability (ten years), or realization of investments, in order to:

- a) avoid unnecessary decrease in stockholders' equity for operating limits computation purposes;
- b) avoid unnecessary capital increase;
- c) obtain better compliance with market accounting practices.

In ITAÚSA CONSOLIDATED, this goodwill was fully amortized in the years when these acquisitions occurred in order to:

- a) permit a better comparability with previous periods consolidated financial statements;
- b) permit measuring net income and stockholders' equity based on conservative criteria.

In Banco Banestado S.A. tax credits are recorded at an amount considered sufficient justified by expected future profitability, reflected in ITAÚSA through equity in the results, taking into consideration a context with more extension and synergy, factors that are favorable to the maximization of results, and as such these tax credits were fully recognized.

The consolidated financial statements comprise ITAÚSA and its direct and indirect subsidiaries among which we highlight:

		Holding (%)	
		06/30/2005	06/30/2004
FINANCIAL AREA			
Banco Itaú Holding Financeira S.A.	(1)	47.53	47.06
Banco Itaú S.A.		47.53	47.06
Banco Itaú-BBA S.A.		45.51	45.06
Banco Itaured Financiamentos S.A.		47.53	47.06
Banco Fiat S.A.		47.53	47.06
Banco Itaú Buen Ayre S.A.		47.53	47.06
Banco Itaú Europa Luxembourg S.A.		89.70	88.09
Banco Itaú Europa, S.A.		89.75	89.66
Itaú Bank, Ltd		47.53	47.06
Cia. Itauleasing de Arrendamento Mercantil		47.53	47.06
Itaú Corretora de Valores S.A.		47.53	47.06
Itaucard Financeira S.A. – Crédito, Financiamento e Investimento		47.53	47.06
Credicard Banco S.A.	(2)(3)	23.76	15.69
Orbitall Serviços e Processamento e Informatização Comercial S.A. and subsidiary	(2)(3)	47.53	15.69
Redecard S.A.	(2)	15.18	15.03
Financeira Itaú CBD S.A. - Crédito, Financiamento e Investimento	(2)(4)	23.76	-
Financeira Americanas Itaú S.A - Crédito, Financiamento e Investimento	(2)(5)	23.76	-
Fiat Administradora de Consórcios Ltda		47.53	47.06
Itaú Administradora de Consórcios Ltda		47.53	47.06
Akbar Marketing e Serviços, LDA and subsidiaries		45.51	45.06
Afinco Américas Madeira, SGPS, Sociedade Unipessoal, LDA and subsidiaries		47.53	47.06
Itaúsa Export S.A. and subsidiaries		88.34	88.23
Serasa S.A.	(2)	15.39	15.18
INSURANCE, PENSION PLAN AND CAPITALIZATION			
Itaú Seguros S.A. and subsidiaries		47.53	47.06
Itaú Vida e Previdência S.A.		47.53	47.06
Cia. Itaú de Capitalização		47.53	47.06
WOOD AND CONSTRUCTION MATERIALS			
Duratex S.A.	(1)	47.60	48.67
TECHNOLOGY AND ELECTRONICS			
Itautec Philco S.A.	(1)	94.22	94.22
CHEMICAL			
Elekeiroz S.A.	(1)	96.41	96.41
REAL ESTATE			
Itaúsa Empreendimentos S.A.		100.00	100.00

(1) Listed company.

(2) Investment with control proportionally included in the consolidation. Orbitall only on 06/30/2004.

(3) Increase in the holding per acquisition carried out by subsidiary Itaucard Financeira, considering in the Consolidated, Credicard as from 09/30/2004 and Orbitall as from 10/31/2004.

(4) Investment made on 11/09/2004 and approved to operate by BACEN on 04/05/2005.

(5) Investment made on 04/27/2005 to enable the partnership between ITAÚ and Lojas Americanas S.A.(LASA).

NOTE 4 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) Interbank investments, remunerated restricted credits – Brazilian Central Bank (BACEN), remunerated deposits, funds obtained in the open market, funds from acceptance and issuance of securities, borrowings and onlendings and other receivables and payables - Transactions subject to monetary correction or foreign exchange rates are recorded at current value, calculated "pro rata die" based on the variation of contracted index and interest.

b) Securities

1. In ITAÚSA and non-financial affiliates (Industrial Area) are recorded at cost of acquisition restated and adjusted to reflect the market value, when this is lower.
2. In financial affiliates, insurance, pension plan security and capitalization companies, and its affiliates (Financial and Insurance Area) recorded at acquisition cost restated by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Resolution Circular 3068, of November 8, 2001 and SUSEP Resolution 295, of June 14, 2005.

2.1. Securities must be classified in the following categories:

- trading securities – securities acquired to be actively and frequently traded, are adjusted to market value, as a contra-entry to the results for the period;
- securities available for sale – securities that are neither intended for negotiation nor maintained through their maturity. They are adjusted to their market value as a contra-entry to an account disclosed in stockholders' equity; and
- securities held to maturity – securities, except for non-redeemable shares, for which there is the intention and financial capacity of the institution to hold them in the portfolio up to their maturity, recorded only at restated cost of acquisition or market value upon the transfer of the other category, not being adjusted to market value.

Gains and losses on securities available for sale, when realized, are recognized through specific identification at the date of negotiation in the statement of income, as contra-entry to a specific stockholders' equity account.

Decreases in the market value of securities available for sale and those held up to maturity, below their related costs, resulting from non-temporary reasons, are recorded in results as realized losses.

- 2.2. Derivative Financial Instruments are classified, at the date of acquisition, in accordance with management intention of utilizing these derivative financial instruments as a hedge or not.

Transactions involving financial instruments, carried out at clients request, at one's own account, or which do not comply with hedging criteria (mainly derivatives used to manage the exposure to global risks), are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statement of income.

3. The effects of the procedures described in the item 2 above, in the affiliates of the Financial and Insurance Area of ITAÚSA, recorded under stockholders' equity or in the income statement, were equally recorded directly in stockholders' equity or in the equity of earnings of affiliates in proportion to the participation percentage.

c) Derivative Financial Instruments - These are classified on the date of their acquisition, according to management's intention of using them either as a hedge or not, according to BACEN Resolution 3,082, of January 30, 2002. Transactions involving financial instruments, carried out upon the client's request, for their own account, or which do not comply with hedging criteria (mainly derivatives used to manage the exposure to global risks) are stated at market value, including realized and unrealized gains and losses, which are recorded directly in the statement of income.

The derivatives used for protection against risk exposure or to modify the characteristics of assets and liabilities which might be highly associated to changes in market value in relation to the market value of the item being protected, both at the beginning or throughout the duration of the contract, and which are deemed as relevant to reduce the risk-related exposure being protected, are classified as a hedge, in accordance with their nature:

- **Market Value Hedge** - Assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, which are recorded directly in the statement of income.
- **Cash Flows Hedge** - The actual hedged amount of assets and liabilities, as well as their related financial instruments, are accounted for at their market value plus realized and unrealized gains and losses, net of tax effects, when applicable, and recorded in a specific account in stockholders' equity. The non-hedged amount is recorded directly in the statement of income.

d) Loan and leasing operations and other credits (operations with credit assignment characteristics) – These are recorded at current value, calculated "pro rata die" based on the variation of the contracted index, being restated with accrued income up to the 60th day of overdue in the case of financial companies, taking into consideration in the case of property financing the current value of the falling due contract installments.

e) Allowance for loan losses - The balance of the allowance for loan losses was recorded based on an analysis of the credit risk in the loan portfolio, in amounts considered sufficient to cover loan losses according to the rules determined by BACEN Resolution 2682 of December 21,1999, for the financial affiliates, among which are:

- Provisions necessary are recorded from the date of the loan disbursements, based on periodic analysis of the quality of the client and the industry and not just in the event of default;
- Based exclusively on delinquency, write-offs can be made 360 days after the due date of the credit or 540 days for transactions that mature after a period of 36 months. Other factors related to analysis of the quality of the client/loan may generate write-offs before these periods.

f) Other assets – Mainly composed of assets not in use corresponding to own properties available for sale and also received as payment in kind, being adjusted to market value through provisions set up based on current rules.

g) Prepaid expenses - These refer to the investments that will result in earnings in future periods.

h) Investments - In subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of foreign branches and affiliates, are adapted to comply with Brazilian accounting policies and converted into Reais. Other investments are recorded at cost, restated up to December 31, 1995, being adjusted to market value through provisions set up based on current rules.

i) Fixed assets - These are stated at cost of acquisition or construction, less accumulated depreciation, restated up to December 31, 1995. For insurance, private pension and capitalization operations, property and equipment are adjusted to market value supported by appraisal reports. Depreciation is calculated using the straight-line method, based on monetarily correct cost, and for the financial area companies assets/equipment with residual value up to R\$ 3 are fully depreciated. Depreciation is calculated at the following annual rates:

Buildings in use	4%	to	8%
Installations, furnishings, equipment and security, transportation and communication systems	10 %	to	25 %
EDP Systems	20 %	to	50 %

j) Deferred charges - Deferred organization and expansion expenses mainly represent leasehold improvements and acquisition of software, which are amortized on the straight-line basis over the respective rental periods, limited to ten and five years, respectively.

k) Technical provisions for insurance, pension plan and capitalization - Technical provisions are set up according to the technical notes approved by SUSEP and criteria established by CNSP Resolution 120 of December 24, 2004.

I - Insurance:

Provision for unearned premiums - set up to determine unearned premiums relating to the risk coverage period; Provision for premium deficiency – set up in case of insufficient Provision for unearned premiums; Provision for unearned premiums of current risks but not issued – calculated based on technical studies; Provision for claims to settle – set up based on notices of loss, in an amount sufficient to cover future commitments; Provision for claims incurred but not reported (IBNR)- set up in relation to the estimated amount of claims occurred in risks assumed in the portfolio but not reported.

In order to calculate the amount of provision for claims under litigation, the experts and legal advisors carry out appraisals based on the amount insured and on technical regulations, taking into account the probability of unfavorable result to the insurance company.

II - Supplementary pension plan and individual life insurance:

Correspond to liabilities assumed such as retirement plans, disability, pension and annuity.

Provision for Benefits to Regulate and Redemptions or Other amounts to Regularize – refer to amounts still not regulated up to the balance sheet date; Provision for events incurred but not reported (IBNR) – set up in relation to the estimated amount of events incurred but not reported; Mathematical Provisions for Benefits to Grant and Benefits to be Granted – correspond to commitments assumed with participants, but receipt has not started and those receiving the benefits; Provision for insufficient contribution – set up in case of insufficient mathematical provisions.

III - Capitalization:

Mathematical provision for redemptions – represents capitalization securities received to be redeemed; Provision for raffles – calculated according to definition in technical note; Raffles payable – set up by raffles of securities carried out; Provision for contingencies – set up by the application of contingency quota on the collected amount.

l) Provision and Contingent Liabilities – Provisions and contingent liabilities, in connection with conservative practices adopted, normally are recorded based on the opinion of legal advisors and additionally, through the use of models and criteria which allow the most adequate measurement, in spite of the uncertainty of their term and amount.

I- Labor contingencies:

These are set up upon judicial notice and adjusted monthly by the moving average amount of payment of lawsuits ended in the last 12 months, for lawsuits based on claims considered similar and usual and adjusted to the execution deposit amount when required or the definitive execution amount (indisputable amount) when it is in the stage of being a final judgment and unappealable;

II- Civil contingencies:

These are set up upon judicial notice and adjusted monthly:

- at the moving average of payment of lawsuits ended in the last 12 months plus the average cost of fees paid for lawsuits related to claims considered similar and usual and whose amount is not considered relevant; or
- at the claimed indemnity amount, on the evidence presented based on the evaluation of legal advisors – which considers jurisprudence, legal opinions raised, evidence produced in the records and the judicial decisions to be issued – relating to the risk level of loss of lawsuits related to claims considered unusual or whose amount is considered significant;

Provisions for Civil Contingencies are adjusted up to the amounts deposited as guarantees for their execution or to the definitive execution amount when the claim is finally judged and has become unappealable.

III- Tax and social security contingencies:

The provisions originated in tax and social security contingencies basically refer to liabilities related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense, and set up at the full amount under discussion. They are restated, net of the corresponding deposits in guarantee, in accordance with current legislation.

Interest or restatement of judicial escrow deposits is not recognised, except when a release order has been issued in respect of claims judged in favour of the companies, due to the lawsuits considered favorable.

m) Taxes – Taxes are calculated at the rates shown below, considering, for the effects of the respective calculation bases, the current legislation of each tax.

Income tax	15.00%
Additions income tax	10.00%
Social Contribution	9.00%
PIS (*)	1.65%
COFINS (*)	7.60%
ISS	up to 5.00%
CPMF	0.38%

() For Itaúsa and its non-financial subsidiaries that comply with non-cumulative calculation basis, PIS/COFINS rate levied on the financial income of these companies, except for the financial income arising from interest on own capital, was reduced to zero as from August 2004. For financial and similar companies the PIS and COFINS rates are 0.65% and 4%, respectively.*

NOTE 5 - INTERBANK INVESTMENTS

We present below the composition of the interbank deposits of the subsidiaries of the Financial Area:

	Book value	
	06/30/2005	06/30/2004
Investment in the open market	13,009,228	6,178,799
Funded position (*)	9,790,519	3,282,619
Financed position - without free movement	3,218,709	1,717,822
Rights linked to unrestricted trading securities	-	1,178,358
Investment in the open market - guarantor resources of technical provisions - SUSEP	259,718	761,347
Interbank deposits	9,871,841	10,208,722
TOTAL	23,140,787	17,148,868

(*) Includes R\$ 3,973,093 relating to the investment in the open market in which securities are restricted to guarantee transactions at the Commodities and Futures Exchange (BM&F).

NOTE 6 - SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS AND LIABILITIES)

We present the composition of the account Securities and Derivative Financial Instruments, maintained in the subsidiaries of the Financial and Insurance areas, which are in accordance with the standards of BACEN and SUSEP. They are recorded at cost and market values, and the effects of market value adjustment are directly recorded in stockholders' equity and results of subsidiaries and of ITAÚSA.

a) Summary

Description	Cost	Provision for adjustment to market value impacted on		Market value	
		Result	Stockholders' equity	06/30/2005	06/30/2004
Itaúsa and Industrial Area					
Securities	728,693	-		728,693	582,085
Derivative financial instruments (assets)	234,072	-		234,072	-
Subtotal	962,765	-	-	962,765	582,085
Financial Area (1)					
Trading securities (2)	14,037,277	7,757		14,045,034	11,724,214
Securities available for sale	10,245,410		490,841	10,736,251	12,456,405
Securities held to maturity (3)	2,241,174	-		2,241,174	3,709,654
Derivative financial instruments (assets)	2,219,743	314,764		2,534,507	1,106,076
Subtotal	28,743,604	322,521	490,841	29,556,966	28,996,349
Deferred taxes			(172,901)		
Adjustment of securities reclassified to securities held to maturity			16,691		
Total adjustment to market value			334,631		
Additional provision (exceeding minimum required)				(400,000)	(600,000)
Total Securities and derivative financial instruments (assets)	29,706,369	322,521		30,119,731	28,978,434
Derivative financial instruments - Itaúsa and Industrial Area	42,208	-		42,208	3,667
Derivative financial instruments - Financial Area	1,364,691	319,725		1,684,416	779,951
Total derivative financial instruments (Liabilities)	1,406,899	319,725		1,726,624	783,618
Minority interest			(170,060)		
Amount separately disclosed in Stockholders' equity of ITAÚSA			164,571		

(1) No reclassification among categories were performed for the period

(2) Includes portfolios of PGBL and VGBL pension plans, in the amount of R\$ 8,274,354 (R\$ 5,499,269 as of 06/30/2004), owned by customers responsible for the risks, and recorded as marketable securities in compliance with SUSEP requirements, in contra entry against liabilities, in Technical Provision for Pension Plan.

(3) Securities classified in this category if evaluated to market value, would present a positive adjustment of R\$ 174,713 (positive adjustment in the amount of R\$ 63,153 as of 06/30/2004)

b) Derivative Financial Instruments - The globalization of markets in the last years has resulted in a high level of sophistication in the financial products used. As a result of this process, there was an increasing demand for derivative financial instruments to manage market risks mainly arising from fluctuations in interest and exchange rates and assets prices. Accordingly, the subsidiaries of ITAÚSA are fully involved in the operation of derivative markets, either in complying with the growing needs of clients, or in the performance of its risk management policy. Such policy is based on the use of derivative instruments to minimize the risks resulting from commercial and financial operations.

The derivatives traded by the Bank are purchased for two basic purposes:

- Hedge - to perform hedge of structural portfolio;
- Trading - to serve as instruments for the Bank to assume proprietary and risk management positions of the derivatives traded with large clients.

Most derivative contracts traded with clients in Brazil are swap and future contracts, which are registered at the Commodities and Futures Exchange (BM&F) or at the Clearing House for the Custody and Financial Settlement of Securities (CETIP). BM&F future contracts involving interbank rates and U.S. dollars are mainly used to fix the financing rates offered to clients with maturities or in currency which are mismatched with the resources used to fund these operations. ITAÚSA carries out transactions overseas with futures contracts, forwards, options and swaps, with registration mainly in the stock exchanges of Chicago, New York and London.

The main risk factors of the derivatives assumed by ITAÚSA as of June 30, 2005 were related to the foreign exchange rate, interest rate, U.S. dollar and reference rate Libor and variable income. The management of these and other market risk factors is supported by the infrastructure of sophisticated statistical and deterministic models. Based on this management model, the institution, with the use of transactions involving derivatives, has been able to maximize the relation risk and return, even under high volatility situations.

Under regular conditions, the stock exchange prices are the best indicators of the fair value of the financial instruments. However, not all instruments have liquidity or quotes and, in this case, it is necessary to adopt current value estimates and other valuation techniques. To obtain these market values, the following criteria were adopted:

- Futures and Term: quotes on the stock exchanges;
- Swap: the cash flow of each part is discounted to current value, according to the corresponding interest curves, obtained based on the BM&F prices and/or market prices of the public securities for Brazilian transactions, and on the international stock exchanges prices for transactions carried out abroad;
- Options: statistical models that take over the volatility behavior of the asset objective, the interest rates, the exercise price and the spot price of the good, such as the Black & Scholes model.

The positions of these financial instruments have their notional values recorded in memorandum accounts and the adjustments/premiums in balance sheet accounts.

The table below summarizes the notional value restated to market price and the respective net exposures in the balance sheet for the derivative financial instruments.

	MEMORANDUM ACCOUNT NOTIONAL VALUE		BALANCE SHEET ACCOUNT RECEIVABLES/ (RECEIVED) (PAYABLE)/PAID	ADJUSTMENT TO MARKET VALUE	MARKET VALUE	
	06/30/2005	06/30/2004	06/30/2005	06/30/2005	06/30/2005	06/30/2004
Futures contracts	162,473,185	55,262,614	10,557	-	10,557	21,119
Purchase commitments	73,091,427	20,847,410	(35,660)	-	(35,660)	(11,145)
Commitments to sell	89,381,758	34,415,204	46,217	-	46,217	32,264
Swaps contracts			788,170	39,626	827,796	330,925
Asset position	29,505,720	31,903,516	1,697,712	138,500	1,836,212	828,951
Liability position	28,717,550	31,664,886	(909,542)	(98,874)	(1,008,416)	(498,026)
Options contracts	55,304,662	26,579,317	11,782	(54,668)	(42,886)	(68,731)
Purchase commitments - purchased position	22,606,017	9,010,009	182,334	(118,713)	63,621	117,688
Commitments to sell - purchased position	5,971,080	1,777,331	206,720	280,274	486,994	2,210
Purchase position - sold position	8,457,939	13,461,942	(143,281)	7,986	(135,295)	(166,158)
Commitments to sell - sold position	18,269,626	2,330,035	(233,991)	(224,215)	(458,206)	(22,471)
Term Contracts			197,422	-	197,422	51,248
Sales receivable			197,422	-	197,422	51,248
Other derivative financial instruments	7,402,698	4,686,210	49,542	10,081	59,623	9,016
Asset position	4,386,216	2,629,898	169,627	14,703	184,330	105,979
Liability position	3,016,482	2,056,312	(120,085)	(4,622)	(124,707)	(96,963)
		ASSETS	2,453,815	314,764	2,768,579	1,106,076
		LIABILITIES	(1,406,899)	(319,725)	(1,726,624)	(783,618)
		TOTAL	1,046,916	(4,961)	1,041,955	322,458
Derivative instruments fall due as follows:						
Clearing	0 - 30	31 - 180	181 -365	Over 365	06/30/2005	06/30/2004
Futures	22,502,210	92,772,818	26,381,643	20,816,514	162,473,185	55,262,614
Swaps	6,676,611	10,091,993	4,723,968	6,315,436	27,808,008	31,213,513
Options	30,102,435	17,838,914	5,200,267	2,163,046	55,304,662	26,579,317
Others	1,419,957	1,711,187	1,479,120	2,792,434	7,402,698	4,686,210

NOTE 7 - LOAN, LEASING OPERATIONS AND OTHER CREDITS - FINANCIAL AREA**a) Summary**

	06/30/2005	06/30/2004
Loan operations	39,322,688	35,480,994
Leasing operations	5,924,748	1,980,864
Credit card operations	5,389,574	3,182,596
Advances on exchange contracts (1)	1,578,472	1,589,856
Other credits (2)	132,444	143,110
Total	52,347,926	42,377,420
Endorsements and sureties (3)	6,299,905	6,331,901
Total with endorsements and sureties	58,647,831	48,709,321

(1) Includes advances on exchange contracts and income receivable from advances. Recorded in Other Liabilities/Exchange Portfolio.

(2) Includes securities and credits receivable, debtors from purchase of other assets and honored endorsements and

(3) Recorded in memorandum accounts.

b) Allowance for Loan Losses

	01/01 to 06/30/2005	01/01 to 06/30/2004
Opening balance	(3,053,555)	(3,162,967)
Balance from institutions acquired	-	(3,480)
Net increase for the period	(1,426,223)	(745,758)
Write-Offs (1)	1,237,932	847,064
Closing balance	(3,241,846)	(3,065,141)
Minimum required allowance (2)	(2,091,846)	(2,065,141)
Additional allowance (3)	(1,150,000)	(1,000,000)

(1) Includes additional write-offs on Allowance for Loan Losses for operations that management considers as having expectation of recovery in the long-term.

(2) Set up according to BACEN rules due to the classification of the client or operation, as well as for operations with past due installments for over 14 days or owed by companies which are under composition with creditors or under a bankruptcy process.

(3) Refers to provision in excess of the minimum required, recorded based on the conservative criteria adopted by management, in accordance with good banking practices, in order to cover any unexpected losses resulting from strong reversal of the economic cycle, quantified on the basis of a historic analyses of the credit portfolio of stress.

As of June 30, 2005, the provision balance in relation to loan portfolio is equivalent to 6.2% (7.2% as of June 30, 2004).

NOTE 8 - FOREIGN EXCHANGE PORTFOLIO

	06/30/2005	06/30/2004
ASSETS - OTHER CREDITS	12,041,988	10,656,736
Exchange purchase pending settlement - foreign currency (*)	5,455,364	5,232,354
Foreign currency bills exchange and term document - foreign currency	3,581	1,956
Exchange sale rights - domestic currency	6,699,975	5,562,848
(-) Advances received - domestic currency	(116,932)	(140,422)
LIABILITIES - OTHER LIABILITIES	12,250,638	10,765,524
Exchange sales pending settlement - foreign currency	5,699,060	5,755,307
Exchange purchase liabilities - domestic currency (*)	6,548,032	5,003,560
Other	3,546	6,657
MEMORANDUM ACCOUNTS	112,609	136,007
Outstanding import credits - foreign currency	62,424	122,957
Confirmed export credits - foreign currency	50,185	13,050

(*) Net value of advances on exchange contracts included in the Loan Portfolio.

NOTE 9 – FUNDS RAISED BY SUBSIDIARIES AND BORROWINGS AND ONLENDINGS - FINANCIAL AREA

	06/30/2005	06/30/2004
Foreign currency	8,856,192	11,491,263
Funds from acceptance and issuance of securities	3,898,234	2,709,065
Borrowings and onlendings (1)	4,957,958	8,782,198
Domestic currency	49,234,446	41,488,399
Deposits	43,629,280	35,956,215
Funds from acceptance and issuance of securities	1,451,915	1,081,803
Borrowings and onlendings	4,153,251	4,450,381
Securitization of foreign payment orders (2)	2,274,728	2,034,096
Funds obtained in the open market	17,888,021	12,995,008
Own portfolio	14,655,353	8,919,750
Third-party portfolio	3,232,668	1,723,423
Free portfolio	-	2,351,835
Subordinated debts	4,537,413	5,042,111
Bank Deposit Certificate	1,866,368	1,713,936
Debentures	633,744	627,004
Euronotes	1,102,549	1,472,251
Redeemable preferred shares	934,752	1,228,920
Total	82,790,800	73,050,877

(1) Foreign loans are mainly represented by investments in foreign exchange trade transactions related to export pre-financing and import financing.

(2) Recorded in Other Liabilities.

NOTE 10 - INSURANCE, PENSION AND CAPITALIZATION OPERATIONS**a) Composition of Technical Provisions**

	06/30/2005	06/30/2004
Insurance	1,150,435	1,037,566
Unearned premiums	623,219	543,138
Claims to settle	319,644	334,285
Incurred but not reported claims	164,816	135,239
Premium deficiency - Health (1)	24,375	10,363
Premium deficiency - Others	7,054	-
Mathematical of Insurance	10,482	14,541
Redemptions and other unregularized amounts	845	-
Life and Pension	10,273,497	7,253,790
Unearned premiums	224,340	197,736
Claims to settle	33,188	29,103
Incurred but not reported claims	44,028	39,749
Mathematical of benefits to grant	9,528,639	6,682,187
Mathematical of benefits granted	84,501	52,833
Financial surplus	195,406	148,264
Financial variation	87,000	74,204
Risk variation	15,675	7,854
Insufficient contribution (2)	40,587	10,876
Redemptions and other amounts to regularize	11,255	7,937
Premium deficiency	6,685	1,516
Unexpired risks	1,286	1,173
Benefits to settle	880	358
Administrative	27	-
Capitalization	1,082,289	975,999
Mathematical for redemptions	985,284	878,024
Contingencies	77,095	85,826
Raffles	19,910	12,149
TOTAL	12,506,221	9,267,355

(1) *The provision for premium deficiency is calculated in conformity with SUSEP requirements and the actuarial technical note which provides for the set up of a provision to cover risks for the following 12 months.*

In compliance with US accounting practices, the Company made a conservative estimate and increased the provision to R\$ 549,000 in the financial statements filed with the Securities and Exchange Commission (SEC), sufficient to cover possible deficits until the termination of the plans in 2099.

In order to keep the economic-financial balance of health plans, the Company requested ANS (National Supplementary Health Agency) to approve a price review, which is currently pending. With the purpose to cover the existing financial balance in the plans, the Company increased capital in an amount deemed sufficient to fund the health insurance line.

Possible accounting differences between the local and North American accounting practices are substantially offset for purposes of coverage of estimated amounts.

(2) *Set up based on the actuarial evaluation to meet future liabilities of the plans.*

b) Guarantor Resources of Technical Provisions - SUSEP

	INSURANCE		LIFE AND PENSION		CAPITALIZATION		TOTAL	
	06/30/2005	06/30/2004	06/30/2005	06/30/2004	06/30/2005	06/30/2004	06/30/2005	06/30/2004
Interbank investments - open market	30,079	233,828	74,892	113,815	154,747	413,704	259,718	761,347
Securities and derivative financial instruments	902,192	634,309	10,039,342	7,024,992	943,907	603,087	11,885,441	8,262,388
Funds Quotas of PGBL/VGBL (1)	-	-	8,274,354	5,499,269	-	-	8,274,354	5,499,269
Other	902,192	634,309	1,764,988	1,525,723	943,907	603,087	3,611,087	2,763,119
Public	234,343	157,761	985,494	1,040,364	120,140	116,861	1,339,977	1,314,986
Private	667,849	476,548	779,494	485,359	823,767	486,226	2,271,110	1,448,133
Credit Rights (2)	235,249	210,470	177,479	159,656	-	-	412,728	370,126
Real estate	-	41,800	-	-	-	-	-	41,800
TOTAL	1,167,520	1,120,407	10,291,713	7,298,463	1,098,654	1,016,791	12,557,887	9,435,661

(1) Securities portfolio of the PGBL and VGBL pension plans owned by the clients and recorded as securities, in accordance with SUSEP chart of accounts, as a contra entry to liabilities in the Technical Provisions for Pension Plan account.

(2) Recorded in Other Credits - Insurance Premiums Receivable.

c) Result of Operations

	INSURANCE		LIFE AND PENSION		CAPITALIZATION		TOTAL	
	01/01 to 06/30/2005	01/01 to 06/30/2004	01/01 to 06/30/2005	01/01 to 06/30/2004	01/01 to 06/30/2005	01/01 to 06/30/2004	01/01 to 06/30/2005	01/01 to 06/30/2004
Premiums and contributions revenues	879,612	789,204	1,767,213	1,853,223	408,292	430,130	3,055,117	3,072,557
Changes in technical provisions	(19,445)	(22,894)	(778,904)	(1,123,515)	(322,157)	(331,498)	(1,120,506)	(1,477,907)
Expenses with claims	(549,645)	(490,694)	(59,048)	(47,023)	-	-	(608,693)	(537,717)
Selling expenses	(160,109)	(134,719)	(12,269)	(12,047)	-	-	(172,378)	(146,766)
Expenses with benefits and redemptions	-	-	(781,505)	(540,794)	-	-	(781,505)	(540,794)
Other income and expenses	28,816	30,283	(1,025)	(2,188)	(2,309)	-	25,482	28,095
Result of Insurance, Life Insurance and Pension Plan and Capitalization Operations	179,229	171,180	134,462	127,656	83,826	98,632	397,517	397,468

NOTE 11 – PROVISIONS AND CONTINGENT LIABILITIES

ITAÚSA and its subsidiaries are involved, in the ordinary course of business, in legal actions involving labor, civil, and tax and social security contingencies, filed to challenge escalation indices, labor claims, property damage and pain and suffering, and tax questioning actions. Labor contingencies result from labor claims filed by former employees and trade unions to claim alleged labor rights grounded on labor legislation specific to the related profession. Civil contingencies are basically derived from civil actions filed by third parties demanding compensation for property damage and pain and suffering based on a number of reasons, such as wrongful protest of notes, return of checks, and inclusion of information in credit protection registry, and most of these actions are filed in the Small Claims Court and are therefore limited to 40 minimum wages.

The table below shows the changes in and the related provisions for contingencies:

	01/01 to 06/30/2005				01/01 to 06/30/2004
	Labor	Civil	Other	Total	Total
Opening balance	1,068,382	732,685	263,518	2,064,585	1,787,584
Foreign exchange differences	-	-	(6,064)	(6,064)	5,398
Net change reflected in result	166,143	183,823	17,492	367,458	390,708
Payments	(206,931)	(39,028)	(25,827)	(271,786)	(188,874)
Closing balance (1)	1,027,594	877,480	249,119	2,154,193	1,994,816
Deposits in guarantee (2)	533,435	181,983	-	715,418	594,155

(1) Note 12c;

(2) Note 12a.

The Provisions for Tax and Social Security Contingencies and the related deposits in guarantee are shown in Note 14c III and d.

ITAÚSA and its subsidiaries, according to legal consultants opinion, are not involved in any other administrative proceedings or lawsuits which might significantly affect their operations in case of an unfavorable sentence.

NOTE 12 - DETAIL OF ACCOUNTS

a) Other Credits - Sundry

	06/30/2005	06/30/2004
Deposits in guarantee from Provisions for Contingent Liabilities	2,350,115	2,206,620
Tax and social security	1,634,697	1,612,465
Labor	533,435	466,678
Civil	181,983	127,477
Deposits in guarantee for foreign fund raising program	459,228	430,912
Taxes and contributions to be offset	836,903	951,720
Social contribution to be offset – Provisional Measure 2,158, of August 24, 2001	1,262,332	1,333,292
Income receivable	537,855	527,464
Insurance premium receivable	683,554	607,470
Trade notes receivable	685,256	617,274
Negotiation and intermediation of securities	1,172,497	696,894
Accounts receivable with guarantees	181,158	113,045
Sundry debtors	472,868	396,184
Domestic	307,016	274,813
Foreign	165,852	121,371
Sundry	325,920	235,437
Total	8,967,686	8,116,312

b) Other Assets

	06/30/2005	06/30/2004
Non-operating assets	377,130	423,060
(-) Provision for devaluations	(105,744)	(123,433)
Others	355	125
Total	271,741	299,752

c) Other Liabilities - Sundry

	06/30/2005	06/30/2004
Provisions for Contingent Liabilities	2,154,193	1,994,816
Labor	1,027,594	1,059,415
Civil	877,480	655,990
Other	249,119	279,411
Negotiation and intermediation of securities	910,120	657,955
Personnel	539,768	457,020
Collection and payment of taxes	1,835,599	1,268,559
Agreement for rendering of services AOLA (1)	151,025	231,332
Suppliers	157,620	137,103
Provision for corporate restructuring (2)	75,000	-
Sundry creditors	1,116,362	1,013,156
Domestic	995,819	952,881
Foreign	120,543	60,275
Liabilities related to insurance companies	201,003	189,831
Provisions and sundry credits	779,014	923,440
Total	7,919,704	6,873,212

(1) Related to the strategic alliance signed with America Online Latin America Inc. (AOLA), joint venture established by America Online Inc. and Cisneros group companies to act in Latin America as a provider of interactive services, (note 21c).

(2) Refers to operating expenses on New Agreement for Credicard Management (disclosed in Significant Event by Banco Itaú Holding Financeira S.A. at 02/01/2005) and other corporate restructuring in the conglomerate.

d) Other Operating Revenues

	06/30/2005	06/30/2004
Reversal of operating provisions	25,820	23,291
Recovery of charges and expenses	50,984	39,061
Commissions	23,151	9,848
Equity result in subsidiaries, not derived from net income	19,545	13,598
Rents	4,630	4,125
Net variation on assets and liabilities of overseas companies	35,257	1,393
Other	61,795	55,210
Total	221,182	146,526

e) Other Operating Expenses

	06/30/2005	06/30/2004
Tax expenses	992,451	680,433
Provision for contingencies		
Tax and social security	48,423	71,466
Civil	200,685	137,932
Operating expenses from industrial companies	140,486	148,658
Expense of credit card transactions	82,723	98,088
Claims	79,318	15,982
Net exchange variation on assets and liabilities of overseas companies	-	7,013
Other	138,340	349,800
Total	1,682,426	1,509,372

f) Non-operating Result

	06/30/2005	06/30/2004
(Increase)/reversal of non-operating provisions	8,771	9,546
Non-operating equity result	(406)	(5,207)
Capital gains/ (losses) and Other	(4,815)	141
Total	3,550	4,480

NOTE 13 – EXTRAORDINARY RESULT

For a better analysis of the financial statements for the year, non-recurring income and expenses were segregated to the extraordinary result account, net of taxes, as follows:

	Parent Company	Minority	Conglomerate
Amortization of goodwill	(94,387)	(85,181)	(179,568)
Related to agreements and partnerships (1)	(93,685)	(106,315)	(200,000)
BPI - (SIC - Sociedade Independente de Comunicação S.A.)	46,294	21,134	67,428
Banco Itaú Holding Financeira S.A (2a)	(46,996)	-	(46,996)
Other segregated results	(213,787)	(39,355)	(253,142)
Non-operating loss - Itaú Holding - acquisition of treasury shares(2b)	(178,142)	-	(178,142)
Provision for corporate restructuring (3)	(35,645)	(39,355)	(75,000)
Tax effects	24,780	22,950	47,730
TOTAL	(283,394)	(101,586)	(384,980)

(1) Related to the association between the subsidiary Banco Itaú Holding Financeira S.A (ITAU HOLDING) and Lojas Americanas S.A (LASA), aiming at establishing a partnership for the formation of a new financial company Financeira Americana Itaú S.A. Crédito, Financiamento e Investimento and the acquisition of the promoting company Facilita Serviços e Propaganda S.A. (FACILITA), which will act exclusively on the structuring and sale of financial products and services to LASA clients.

(2) Corresponds to effects of acquisition of shares of capital stock of ITAU HOLDING held by Caja de Ahorros Y Pensiones de Barcelona (LA CAIXA), as disclosed in significant event at 06/07/2005, of which: (a) goodwill from the direct acquisitions by ITAÚSA; and (b) non-operating loss of equity investment arising from the acquisition of own shares for maintenance in treasury by subsidiary ITAU HOLDING.

(3) Refers to operating expenses on New Agreement for Credicar Management (disclosed in Significant Event by Banco Itaú Holding Financeira S.A., at 02/01/2005) and other corporate restructuring in the conglomerate.

NOTE 14 - TAXES**a) Composition of expenses with taxes and contributions**

I - Charges with Income Tax and Social Contribution on operations for the period related to temporary additions and exclusions are as follows:

Due on Operations for the Period	01/01 to 06/30/2005	01/01 to 06/30/2004
Income before income Tax and Social Contribution	4,842,319	3,115,119
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (*) respectively	(1,646,388)	(1,059,140)
Increase/decrease in income Tax and Social Contribution charges arising from:		
Permanent (Inclusions) Exclusions	(27,331)	358,876
Investments in affiliates	(18,342)	31,283
Foreign exchange variation of overseas investments	(301,196)	149,609
Interest on own capital	221,428	188,217
Non-deductible provisions and other	70,779	10,233
Temporary (Inclusions) Exclusions	(85,097)	(227,809)
Allowance for loan losses	(192,480)	775
Excess (Insufficiency) of Depreciation	263,922	23,658
Adjustment to market value of trading securities and derivative financial instruments	34,111	(13,125)
Labor provisions, civil and tax contingencies and other	(190,650)	(239,117)
(Increase) Offset on tax losses/Negative social contribution basis	29,526	27,092
Expenses with Income Tax and Social Contribution	(1,729,290)	(900,981)
Related to Temporary Differences		
Increase (reversal) for the period	91,371	115,020
Prior periods increase (reversal)	18,759	(146,056)
Income (expenses) of deferred taxes	110,130	(31,036)
Total income tax and social contribution	(1,619,160)	(932,017)

(*) According to Note 4 m.

II – Tax Effects on Foreign Exchange Management of Overseas Investments

In order to minimize the effects on income in connection with the exposure to foreign exchange variation of Overseas Investments, net of respective tax effects, ITAÚSA and Banco Itaú Holding Financeira S.A. carried out derivative transactions in foreign currency (hedge) as observed in Note 21b.

The result of these operations is computed in the calculation bases of income and social contribution, according to their nature; the exchange variation of overseas investments, however, is not included in referred bases, pursuant to tax legislation in force.

For the period ended on 06/30/2005, these transactions gave rise to taxable results due to the appreciation of the *Real* in relation to US Dollar and Euro, which accounted for the high expenses related to Income Tax and Social Contribution, PIS and COFINS.

b) Tax Credits

I) The tax credit balance segregated based on its origin (income tax and social contribution) is represented as follows:

	12/31/2004	Net changes	06/30/2005	06/30/2004
Reflected in results	3,370,427	609,779	3,980,206	3,593,936
Related to tax losses and negative social contribution	645,507	85,994	731,501	778,615
Temporary differences:	2,724,920	523,785	3,248,705	2,815,321
Allowance for loan losses	1,118,388	195,772	1,314,160	1,225,207
Provision for interest on own capital	134,151	115,764	249,915	145,748
Provision for tax and social security contingencies	326,425	47,424	373,849	310,394
Labor contingencies	283,391	(8,793)	274,598	303,943
Civil Lawsuits	217,745	52,543	270,288	212,014
Allowance for real estate	41,150	(8,135)	33,015	47,349
Other	603,670	129,210	732,880	570,666
Social Contribution to Offset arising from Option foreseen in article 8th of Provisional Measure 2,158-35, of August 24, 2001	1,277,434	(15,102)	1,262,332	1,333,292

II) The estimate of realization and present value of tax credits and social contribution to offset, arising from Provisional Measure 2,158-35, of August 24, 2001, existing at June 30, 2005, in accordance with the expectation to generate future taxable income, based on the history of profitability and technical studies of feasibility are:

Realization year	Tax credits			Social contribution to offset
	Temporary differences	Tax loss and negative basis	TOTAL	
2005	1,325,205	55,335	1,380,540	22,441
2006	751,474	516,883	1,268,357	183,025
2007	456,464	159,283	615,747	223,987
2008	296,083	-	296,083	254,787
2009	105,947	-	105,947	279,537
after 2009	313,532	-	313,532	298,555
Total	3,248,705	731,501	3,980,206	1,262,332
Present value (*)	2,936,033	667,409	3,603,442	1,050,322

(*) The average funding rate was used to determine the present value.

The projections of future taxable income include estimates related to macroeconomic variables, exchange rates, interest rates, volume of financial operations and services fees and others which can vary in relation to data and actual values.

Net income in the financial statements is not directly related to taxable income for income tax and social contribution, due to differences existing between accounting criteria and tax legislation, besides corporate aspects. Accordingly, we recommend that the change in the realization of tax credits arising from temporary differences, tax losses and negative basis is not used as indications of future net income.

III) There are unrecorded tax credits in the amount of R\$ 527,936 (R\$ 758,818 on June 30, 2004).

c) Taxes and Social Security Contributions

I) The balance of Taxes and Social Security Contributions is represented as follows:

	06/30/2005	06/30/2004
Taxes and contributions on income payable	982,098	370,410
Taxes and contributions payable	268,666	360,892
Provision for deferred income tax and social contribution	964,508	390,898
Provision for tax and social security contingencies	2,913,215	2,274,988
Total	5,128,487	3,397,188

II) Change in Provision for Deferred Income Tax and Social Contribution

	12/31/2004	Net changes	06/30/2005	06/30/2004
Reflected in income and expense accounts	473,293	390,399	863,692	334,492
Depreciation in excess - Leasing	350,336	262,750	613,086	249,814
Taxation on results abroad - Capital Gains	67,039	(14,329)	52,710	70,293
Adjustment from operations in futures market	-	123,407	123,407	-
Revaluation reserve	9,869	(200)	9,669	10,148
Other	46,049	18,771	64,820	4,237
Reflected in stockholders' equity accounts - Adjustment to market value of securities available for sale (*)	146,980	(46,164)	100,816	56,406
Total	620,273	344,235	964,508	390,898

(*) Note 3.

III) Change in Tax and Social Security Contingencies

	06/30/2005	06/30/2004
Opening balance	2,704,606	2,071,220
Change in the period reflected in results	212,324	203,768
Charges on taxes	70,061	55,072
Net increase	149,395	148,696
Write-offs through reversal	(7,132)	(3,341)
Write-offs through payment	(3,715)	-
Closing balance	2,913,215	2,274,988

d) Deposits for Interposition of Tax and Social Security Resources and Escrow Deposits

I) Change in Deposits for Interposition of Tax and Social Security Resources

	01/01 to 06/30/2005
Opening balance	1,450,465
Appropriation of income	4,013
Change in the period	<u>180,219</u>
Deposited	203,171
Withdrawals	(17,709)
Conversion into income	(5,243)
Closing balance	1,634,697

II) Permanent assets in the amount of R\$ 418,796, represented basically by Property for own use, are pledged in guarantee of voluntary resources (article 32 of Law 10,522/02).

e) Taxes Paid or Provided for and Withheld from Clients

We show below the amount of taxes paid or provided for, basically levied on income, revenue and payroll and the amount withheld and collected from clients levied directly on the financial intermediation:

	06/30/2005	06/30/2004
Taxes paid or provided for	3,530,822	2,259,189
Taxes withheld and collected from clients	3,163,279	2,662,669
Total	6,694,101	4,921,858

NOTE 15 - INVESTMENTS**a) Composition of Investments**

	06/30/2005	06/30/2004
Share of equity in affiliates	569,880	846,378
Banco BPI S.A. (*)	447,608	720,375
AGF Brasil Seguros S.A.	118,215	121,831
Other	4,057	4,172
Other investments	168,414	144,952
Investments by tax incentives	109,942	123,450
Equity securities	45,849	38,822
Shares and quotas	24,945	26,231
Other	90,982	76,952
Provision for losses	(103,304)	(120,503)
TOTAL	738,294	991,330

(*) Reflects adjustment mentioned in Note 16c.

b) Composition of Equity in Income of Affiliates

	01/01 to 06/30/2005	01/01 to 06/30/2004
Share of equity in affiliates	86,934	64,257
Foreign exchange variation on investments	(140,882)	27,752
TOTAL	(53,948)	92,009

NOTE 16 – STOCKHOLDERS' EQUITY – ITAÚSA**a) Capital**

The capital of ITAÚSA is R\$ 5,000,000 and is represented by 3,249,559,486 entry shares with no par value, of which 1,215,752,051 are common shares and 2,033,807,435 are preferred shares, with no voting rights, but with the following advantages:

- Priority in the receipt of the minimum annual dividend of R\$ 10.00 per thousand shares, non-cumulative;
- Right, in an eventual sale of control, to be included in the public offer for the acquisition of shares, in order to ensure a price equal to 80% of the amount paid per share with voting rights and part of the control block, as well as dividend at least equal to that of the common shares.

The table below shows the changes in capital and treasury shares during the period:

	NUMBER		
	Common	Preferred	Total
Capital Shares			
Number of shares at 12/31/2004	1,206,398,844	2,046,936,642	3,253,335,486
Cancellation of shares - E/OGM 04/29/2005	-	(28,776,000)	(28,776,000)
Capital increase with subscription of shares	9,353,207	15,646,793	25,000,000
Number of shares at 06/30/2005	1,215,752,051	2,033,807,435	3,249,559,486
Treasury Shares			
Number of shares at 12/31/2004	-	28,776,000	28,776,000
Purchase of shares (*)	-	16,251,000	16,251,000
Cancellation of shares - E/OGM 04/29/2005	-	(28,776,000)	(28,776,000)
Number of shares at 06/30/2005 (*)	-	16,251,000	16,251,000
Outstanding at 06/30/2005	1,215,752,051	2,017,556,435	3,233,308,486

(*) Based on authorization of the Board of Directors, in the period own shares were purchased to be held in treasury, later cancellation or replacement in the market. The cost of shares purchased in the period are shown below, as well as the average cost of treasury shares and their market value at 06/30/2005:

	Preferred
Cost/market value (R\$ 1/per thousand shares)	06/30/2005
Purchases in the period	
Minimum	4.90
Weighted average	5.05
Maximum	5.22
Balance of treasury shares	
Average cost	5.04
Market value at 06/30/2005	5.08

b) Dividends

Stockholders are entitled to a minimum compulsory dividend of 25% of net income, which is adjusted according to the rules set forth in Brazilian Corporate Law. Both types of shares participate equally, after common shares have received dividends equal to the minimum priority dividend on preferred shares.

The quarterly advance of the mandatory minimum dividend, paid as Interest on Own Capital, upon resolution of the Board of Directors in a meeting held on 05/09/2005, was increased from R\$ 7.32 to R\$ 9.50 per thousand shares, as from those paid on 07/01/2005, inclusively.

c) Prior years' adjustments

As result of the adaptation to the International Financial Reporting Standards (IFRS) in the European Union countries, an adjustment to the December 31, 2004 financial statements was identified represented basically by an adjustment to the pension plans of Banco BPI S.A., reflecting in ITAÚSA a decrease in this investment in the amount of R\$ 105,946, which net of tax effects resulted in an R\$ 101,244 adjustment recorded as a charge from retained earnings.

NOTE 17 - RELATED PARTIES

Transactions between related parties are carried out at amounts, terms and average rates in accordance with normal market practices in force in the period, as well as under reciprocal conditions.

Transactions involving ITAÚSA and its subsidiaries were eliminated and take into consideration the lack of risk.

The unconsolidated related parties are the following:

- The controlling companies of ITAÚSA;
- Fundação Itaúbanco, Fundação Itaúsa Industrial, FUNBEP – Multi-Sponsored Pension Fund and Employees' Social Security Savings of BEG (PREBEG), closed private pension entities that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 20a; and
- Fundação Itaú Social and Instituto Itaú Cultural - IIC, entities sponsored by Banco Itaú Holding Financeira S.A. and its subsidiaries to act in their respective areas of interest. During the period, the consolidated companies made donations to Fundação Itaú Social of R\$ 1.2 million (R\$ 1.4 million from 01/01 to 06/30/2004) and to IIC of R\$ 9,650 (R\$ 10,000 from 01/01 to 06/30/2004).

The transactions with these related parties are not significant in the overall context of ITAÚSA CONSOLIDATED, and besides those already mentioned above, are basically characterized by:

- Bank transactions under normal operations, in unrestricted compliance with the limits imposed by the Brazilian Central Bank (BACEN), such as activity of current accounts, investments in and redemption of securities, and the provision of portfolio custody/management services;
- Rental of real estates from Fundação Itaúbanco, FUNBEP and PREBEG.

In addition to these transactions, there are guarantees provided by Itaúsa, represented by sureties, endorsements and others, as follows:

	06/30/2005	06/30/2004
Duratex S.A.	162,838	210,121
Elekeiroz S.A.	43,011	26,935
Itautec Philco S.A.	43,648	68,832
Total	249,497	305,888

NOTE 18 - FINANCIAL INSTRUMENTS - MARKET VALUE

The financial statements are prepared in conformity with the accounting principles, which presupposes the normal continuity of the operations of ITAÚSA and its subsidiaries.

The book value of each financial instrument, whether included or not in the balance sheet, when compared to the value that might be obtained in an active market, or in the absence of such market, using the net present value of future cash flows adjusted based on the current market interest, are approximately equal to the market value, or do not have a market quotation available, except for the instruments in the table below:

	Book value		Market value		Unrealized income (loss) ^{(1) (2)}			
					In result		In stockholders' equity	
	06/30/2005	06/30/2004	06/30/2005	06/30/2004	06/30/2005	06/30/2004	06/30/2005	06/30/2004
Interbank deposits	23,140,787	17,148,868	23,152,103	17,152,295	11,316	3,427	11,316	3,427
Securities and derivative financial instruments	30,119,731	28,978,434	30,119,731	28,978,434				
Securities unrealized result					1,082,245	1,279,717	574,713	663,153
Additional provision (exceeding the minimum required)					400,000	600,000	400,000	600,000
Adjustment of securities available for sale					490,841	510,133	-	-
Adjustment of securities held up to maturity					191,404	169,584	174,713	63,153
Loan and leasing operations	49,106,080	39,312,279	49,301,102	39,588,195	195,022	275,916	195,022	275,916
Investment in Banco BPI S.A.	447,608	720,375	1,096,568	1,392,739	648,960	672,364	648,960	672,364
Funds raised by subsidiaries	75,978,659	65,974,670	75,970,958	65,894,711	7,701	79,959	7,701	79,959
Securitization of foreign payment orders	2,274,728	2,034,096	2,145,823	1,904,793	128,905	129,303	128,905	129,303
Subordinated debts	4,537,413	5,042,111	4,505,639	4,816,170	31,774	225,941	31,774	225,941
Treasury shares	1,003,696	599,645	1,397,545	822,448	-	-	393,849	222,803
Total unrealized					2,105,923	2,666,627	1,992,240	2,272,866

(1) Does not include the related tax effects.

(2) Includes unrealized gains from minority interest amounting to R\$ 965,823 (R\$ 1,265,720 at 06/30/2004) on income and R\$ 905,489 (R\$ 1,052,929 at 06/30/2004) on stockholders' equity.

To obtain the market values for these financial instruments, the following criteria were adopted:

- Interbank deposits, bank deposit certificates and mortgage notes, the last two included in Securities, were determined on the basis of their nominal values, monetarily restated to maturity dates and discounted to present value using futures market interest rates and swap market rates for fixed-rate securities and using rates published in the Gazeta Mercantil on July 1, 2005, for floating-rate securities.
- Government securities, in Securities, were determined based on their market value, approved by the comparison with information provided by the National Association of Open Market Institutions (ANDIMA). For the companies of the Financial and Insurance Areas, were determined based on their market value, according to the rules established by BACEN Letters 3068 of November 8, 2001 and 3082 of January 30, 2002 and SUSEP Letter 295, of June 14, 2005, except when classified as held to maturity.
- Shares of listed companies, when included in Securities, by the average rate available in the last trading session of the month, or, if not, the most recent rate quotation in prior trading sessions, published in the Daily Report of each Stock Exchange.
- Loan operations with maturity over 90 days, when available, based on net present value of future cash flows discounted at the interest rate used by the market at the balance sheet date, also considering the effects of the hedge operations (swap contracts).
- Interest in overseas subsidiary (Banco BPI S.A.), by the share value at the stock exchanges, by equity value of the share and auction quotation.
- Time and interbank deposits and funds from acceptances and issuance of securities, when available, were calculated based on their present value determined by means of future cash flows discounted using future market interest rates, swap market rates for fixed-rate securities, and market rates for floating-rate securities published in the Gazeta Mercantil on July 1, 2005. The effects of hedges (swap contracts) are also taken into account.
- Securitization of the Foreign Payment Orders, based on the net present value of the future cash flows estimated as from the interest curves of the indexation marketplaces, net of the interest rates practiced in the market on the balance sheet date, considering the credit risk of the issuer, calculated based on the market price of other securities issued by the same.
- Subordinated Debts, based on the net present value of future fixed or post-fixed cash flows in foreign currency, net of the interest rates practiced in the market on the balance sheet date and considering the credit risk of the issuer. The post-fixed cash flows are estimated as from the interest curves of the indexation marketplaces.
- Derivatives, related to swap operations contracted to hedge the remaining assets/liabilities, based on reference values of each of the contracts parameters (part and counterpart), restated up to the maturity dates and discounted at present value at the future market interest rates, in compliance with the characteristics of each contract.
- Treasury shares are valued according to the average quotation available on the last trading session of the month or, if this is not available, according to the most recent quotation on prior trading days, published in the daily bulletin of each Stock Exchange.

NOTE 19 – RECLASSIFICATION FOR COMPARISON PURPOSES

In order to keep a comparison standard for the June 30, 2005 financial statements of ITAÚSA CONSOLIDATED, reclassifications were made in the June 30, 2004 balances, mainly to make the Finance Area's transactions clearer.

	Prior Disclosure	Reclassifications	Reclassified Balances
LIABILITIES			
CURRENT AND LONG-TERM LIABILITIES	110,370,010	-	110,370,010
Funds raised by subsidiaries			
Foreign currency	11,459,233	32,030	11,491,263
Domestic currency	41,520,429	(32,030)	41,488,399
Statutory and social obligations	516,007	258,741	774,748
Other liabilities	22,275,985	(258,741)	22,017,244
TOTAL LIABILITIES	126,291,478	-	126,291,478
STATEMENT OF INCOME			
OPERATING REVENUE	17,761,478	(97,140)	17,664,338
OPERATING EXPENSES	(14,609,823)	56,124	(14,553,699)
OPERATING INCOME	3,151,655	(41,016)	3,110,639
NON-OPERATING RESULT	(36,536)	41,016	4,480
NET INCOME OF CONGLOMERATE	1,930,705	-	1,930,705

NOTE 20 – BENEFITS TO EMPLOYEES

Under the terms of CVM Deliberation 371, dated December 13, 2000, we present the policies adopted by ITAÚSA and its subsidiaries regarding the benefits to employees, as well as the accounting procedures adopted:

a) Supplementary retirement benefits:

ITAÚSA and its subsidiaries sponsor supplementary retirement plans managed by Fundação Itaúbanko, Fundação Itaúsa Industrial, FUNBEP – Multi-Sponsored Pension Plan, Employees' Social Security Savings of BEG (PREBEG), and Fundação Itaúsa Industrial (closed and supplementary private pension funds), which are intended to grant benefits that, as a life annuity (in the case of FUNBEP, PREBEG and the plan of Fundação Bemge de Seguridade Social – FASBEMGE, also grants death benefits), will supplement the retirement paid by the Social Security.

All of these plans provide defined benefits and are closed to new participants.

As regards new employees, the Bank offers a defined-contribution plan through PGBL, managed by Itaú Vida e Previdência S.A., in case of Financial and Insurance companies, or by Fundação Itaúsa Industrial, in case of industrial companies.

During the period, the contributions paid totaled R\$ 13,890 (R\$ 13,900 from January 1 to June 30, 2004). The contribution rate increases based on the participant's income.

b) Post-employment benefits:

ITAÚSA and/or its subsidiaries do not sponsor other post-employment benefits, except in those cases arising from maintenance obligations according to the acquisition agreements signed by controlling Itaú Holding Financeira S.A., under the terms and conditions established, in which health plans are totally or partially sponsored for retired workers and beneficiaries. During the period, the contributions made totaled R\$ 4,560 (R\$ 8,347 from January 1 to June 30, 2004). The contribution rate increases based on the beneficiary's age.

c) Net amount of assets and actuarial liabilities of the benefit plans:

The assets and actuarial liabilities calculated in conformity with the criteria established by CVM Deliberation 371/2000 are summarized below:

	06/30/2005	06/30/2004
Net assets of the plans	9,097,966	7,795,144
Actuarial liabilities	(7,510,312)	(6,205,659)
Surplus (*)	1,587,654	1,589,485

(*) According to paragraph 49.g of the attachment to the CVM Deliberation 371/00, the net surplus was not recognized.

In addition to the reserves kept by the plans, the sponsors have provisions in the amount of R\$ 27,051 (R\$ 27,426 on June 30, 2004) to cover insufficient actuarial reserves.

d) Performance of Net assets and Actuarial liabilities, and Excess of Assets over Liabilities

	01/01 to 06/30/2005			01/01 to 06/30/2004		
	Assets	Actuarial liabilities	Excess of assets over liabilities	Assets	Actuarial liabilities	Excess of assets over liabilities
Present value – beginning of the period	8,685,202	(7,235,424)	1,449,778	7,272,962	(5,967,582)	1,305,380
Expected return on assets/Cost of current service + Interest	529,784	(453,846)	75,938	443,232	(393,096)	50,136
Benefits paid	(178,958)	178,958	-	(155,019)	155,019	-
Contributions employer/Participants	31,423	-	31,423	34,988	-	34,988
Gains/(Losses) in the period (*)	30,515	-	30,515	198,981	-	198,981
Present value - end of period	9,097,966	(7,510,312)	1,587,654	7,795,144	(6,205,659)	1,589,485

(*) The gains from assets correspond to earnings above the expected return rate on assets.

e) Main assumptions used in actuarial evaluation

	06/30/2005		06/30/2004	
	Financial Area (1)	Industrial Area (2)	Financial Area (1)	Industrial Area (2)
Discount rate	10.24% p.a.	11.30% (3)	10.24% p.a.	10.25% (3)
Expected return rate on assets	12.32% p.a.	13.40% p.a.	12.32% p.a.	13.40% p.a.
Mortality table	GAM-83	GAM-83	GAM-83	UP-94
Turnover	Exp. Itaú 99/01	Exp. Towers	(4)	(4)
Future Salary Growth	7.12% p.a.	9.20% (5)	7.12% p.a.	9.20% (5)
Growth of the pension fund and social security benefits	4.00% p.a.	5.00% p.a.	4.00% p.a.	5.00% p.a.
Inflation	4.00% p.a.	5.00% p.a.	4.00% p.a.	5.00% p.a.
Actuarial method	Projected Unit Credit (6)	Projected Unit Credit (6)	Projected Unit Credit (6)	Projected Unit Credit (6)

(1) Corresponds to the assumptions adopted by the plan managed by Fundação Itaúbanco, Funbep, and Prebeg.

(2) Corresponds to the assumptions adopted by the plan managed by Fundação Itaúsa Industrial (defined benefit plans sponsored by Duratex S.A. and its subsidiaries - BD-Duratex, and by Itautec-Philco S.A. and its subsidiaries - BD-Itautec).

(3) The BD-Itautec plan uses a discount rate of 9.20% p.a.

(4) The turnover assumption is based on the effective participants of Banco Itaú S.A., resulting in an average of 2.0% p.a. based on experience 99/01. The BD-Duratex plan is based on the experience of Duratex and the BD-Itautec plan uses zero turnover rate.

(5) The BD-Itautec plan uses a future salary growth rate of 11.30% p.a.

(6) Under the actuarial method Projected Unit Credit, the mathematical reserve is determined by the current projected benefit amount multiplied by the ratio between the time of service in the company at the assessment date and the time of service that will be reached at the date when the benefit is granted. The cost is determined taking into account the current projected benefit amount distributed along the years each participant is employed.

NOTE 21 - ADDITIONAL INFORMATION**a) Insurance policy**

ITAÚSA and its subsidiaries, despite the low risk exposure due to a non-physical concentration of their assets, have the policy to guarantee their values and assets at amounts considered sufficient to cover possible losses.

b) Foreign currencies

The balances in reais linked to foreign currency were:

	06/30/2005	06/30/2004
Permanent foreign investments	6,564,058	7,887,641
Net amount of assets and liabilities indexed to foreign currency, including derivatives	(10,000,934)	(9,949,640)
Net foreign exchange position	(3,436,876)	(2,061,999)

Net foreign exchange position, if considered the tax effects on net balance of the other assets and liabilities linked to foreign currency, reflects the low exposure to exchange variations.

c) Strategic alliance with America Online Latin America Inc.

ITAÚSA, through its subsidiaries, holds 35,937,840 class A common shares of America Online Latin America Inc. (AOLA) capital, related to the strategic alliance with that company, a joint venture established by America Online Inc. and by the Cisneros group for providing interactive services in Latin America. The agreement, signed on June 12, 2000, and amended through the Memorandum of Understandings, dated December 14, 2002, includes the services contracted by América Online Brasil Ltda. (AOLB), subsidiary of AOLA, of interactive and marketing services by ITAÚSA, considering the final contractual term at March 24, 2006.

The original acquisition of shares did not result from any monetary disbursements, since, at the time of the subscription, an advance of the same amount was received in respect of a service agreement. Of this, the remaining amount of R\$ 151,025 (R\$ 231,332 at 06/30/2004), classified as Other Liabilities - Sundry (Note 12c), is being used in rendering services contracted and is being appropriated as revenue.

On March 23, 2005, AOLA management filed a document with the Securities and Exchange Commission (SEC) informing that, due to the non-existence of funds available or sources of funds to maintain the economic and financial equilibrium of the company, it believes that its common shares do not have nor will they have any value. In view of such disclosed information, the investment value was fully recorded as permanent loss, which resulted in expenses for the period amounting to R\$ 37,026. At 06/24/2005, AOLA filed a report with the SEC submitting a petition for voluntary bankruptcy.

NOTE 22 - STATEMENT OF CASH FLOWS

We present below the Statement of Cash Flows prepared by the Indirect Method

	01/01 to 06/30/2005	01/01 to 06/30/2004
Adjusted net income	5,586,981	5,314,206
Net income	1,214,396	910,040
Adjustment to net income:	4,372,585	4,404,166
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	53,740	134,327
Allowance for loan losses	1,426,327	748,872
Adjustment to provision and contingent liabilities	111,007	169,267
Results from operations with subordinated debt	(49,062)	413,950
Results from operations with securitization of foreign payment orders	(189,556)	173,345
Change in technical provision for insurance, pension plan and capitalization	1,120,505	1,477,907
Depreciation and amortization	343,486	336,331
Extraordinary result in subsidiaries	207,572	(4,844)
Deferred taxes	(110,130)	31,036
(Income) Loss on sales of assets	8,776	(4,512)
Equity in the results of subsidiaries and associated companies	53,948	(92,009)
Exchange variation of permanent assets	12,710	(9,254)
(Reversal) Provision for losses	(676)	9,085
Minority interest results	1,383,938	1,020,665
Changes in assets and liabilities	(7,588,747)	533,736
(Increase) Decrease in short-term interbank investments	(3,353,090)	4,108,534
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	141,091	326,100
(Increase) Decrease in interbank accounts of subsidiaries	(775,616)	(341,057)
(Increase) Decrease in loan and leasing operations	(6,180,653)	(4,575,412)
(Increase) Decrease in inventories	(30,816)	(22,717)
(Increase) Decrease in other credits and other assets	(702,699)	10,098
(Increase) Decrease in foreign exchange portfolio	(37,402)	(150,986)
(Increase) Decrease in prepaid expenses	20,665	(8,252)
(Decrease) Increase in technical provisions for insurance, pension plan and capitalization	362,643	100,331
(Decrease) Increase in provisions and accounts payable and other liabilities	2,974,339	1,136,992
(Decrease) Increase in deferred income	(7,209)	(49,895)
OPERATING ACTIVITIES - Net cash provided by/(invested)	(2,001,766)	5,847,942
Interest on own capital/Dividends received from affiliates	-	41,782
Sale of investments	660	7,838
Sale of fixed assets in use	34,581	27,438
Decrease in deferred charges	-	6,725
Purchase of investments	(17,851)	(25,309)
Goodwill on purchase of investments	(200,000)	-
Purchase of fixed assets and forest reserves	(280,256)	(250,743)
Investment in deferred charges	(47,171)	(53,724)
Change in minority interest	(379,447)	(282,086)
INVESTMENT ACTIVITIES - Net cash provided by/(invested)	(889,484)	(528,079)
Increase (Decrease) in funds obtained by subsidiaries - foreign currency	(408,369)	328,918
Increase (Decrease) in funds obtained by subsidiaries - domestic currency	2,599,319	(703,044)
Increase (Decrease) in funds obtained by subsidiaries - open market	1,789,603	(3,937,201)
Increase (Decrease) in borrowings - foreign currency	(40,867)	(64,163)
Increase (Decrease) in borrowings - local currency	(25,960)	(24,152)
Increase (Decrease) in credit card operations	(110,398)	(179,200)
Increase (Decrease) in securitization of foreign payment orders	561,257	(114,189)
Increase (Decrease) in liabilities by subordinated debt	(178,865)	(185,410)
Dividends paid to minority stockholders	(571,659)	(457,386)
Capital increase	100,000	158,500
Goodwill on issuance of shares	328	612
Purchase of treasury shares	(81,894)	(138,764)
Interest on own capital paid	(570,231)	(511,222)
FINANCING ACTIVITIES - Net cash provided by/(invested)	3,062,264	(5,826,701)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	171,014	(506,838)
At the beginning of the year	2,035,381	2,342,549
At the end of the year	2,206,395	1,835,711

REPORT OF INDEPENDENT AUDITORS ON LIMITED REVIEWS

To the Board of Directors and Stockholders
Itaúsa - Investimentos Itaú S.A.

- 1 We have carried out limited reviews of the financial statements of Itaúsa – Investimentos Itaú S.A. and its subsidiary companies for the six-month periods ended June 30, 2005 and 2004, consisting of the consolidated balance sheets and the corresponding consolidated statements of income. These financial statements are the responsibility of the Company's management.
- 2 Our reviews were performed in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company and its subsidiary companies with regard to the main criteria adopted for the preparation of the quarterly information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Itaúsa – Investimentos Itaú S.A. and its subsidiary companies.
- 3 Based on our limited reviews, we are not aware of any material modifications which should be made to the financial statements reviewed by us in order for them to be in compliance with accounting practices adopted in Brazil.

São Paulo, August 8, 2005

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Ricardo Baldin
Contador CRC 1SP110374/O-0

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

CNPJ. 61.532.644/0001-15

Publicly-listed Company

OPINION OF THE FISCAL COUNCIL

The members of ITAÚSA - INVESTIMENTOS ITAÚ S.A.'s Fiscal Council, after examining the management report and the financial statements for the quarter ended June 30, 2005, have verified the correctness of all elements presented and understand that they fairly reflect the Company's accounts, financial position and the activities during the period, recommending that they be approved by the Company's Board of Directors.

São Paulo-SP, August 8, 2005.

JOSÉ MARCOS KONDER COMPARATO
Chairman

GERALDO DE CAMARGO VIDIGAL

MARCOS DE ANDRADE REIS VILLELA

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS
PERIODS ENDED JUNE 30, 2005 AND 2004

(In thousands of reais)

NOTE 1 - TAXES

a) Composition of expenses with taxes and contributions

Charges with income tax and Social contribution on operations for the period related to temporary additions and exclusions are as follows:

Due on Operations for the Period	01/01 to 06/30/2005	01/01 to 06/30/2004
Income before income tax and social contribution	1,571,596	960,916
Charges (Income tax and social contribution) at the rates of 25% and 9%, respectively	(534,343)	(326,711)
Increase/decrease in income tax and social contribution charges arising from:		
Permanent (inclusions) exclusions	374,273	326,797
Investments in affiliates and associated companies	400,524	328,161
Interest on own capital	(23,643)	1,858
Other provisions	(2,608)	(3,222)
Temporary (inclusions) exclusions	(100)	(86)
Other provisions	(100)	(86)
Offset on tax losses/Negative social contribution basis	37,637	-
Total income tax and social contribution	(122,533)	-

b) Tax credits

The Company recorded tax credits on tax losses of R\$ 762.

There are unrecorded tax credits in the amount of R\$ 4,593 (R\$ 41,808 from 01/01 to 06/30/2004).

c) Taxes and Social Security Contributions

The balance of Taxes and Social Security Contributions is represented as follows:

	06/30/2005	06/30/2004
Short-term	3,208	3,256
Taxes and contributions payable	3,208	3,256
Long-term	11,070	7,497
Provision for tax contingencies	11,070	7,497

NOTE 2 - FOREIGN CURRENCIES

The balances in reais linked to foreign currency were:

	06/30/2005	06/30/2004
Permanent foreign investments	155,709	200,514
Net amount of assets and liabilities indexed to foreign currency, including derivatives	(1,082,732)	(1,414,183)
Net foreign exchange position	(927,023)	(1,213,669)

NOTE 3 – DERIVATIVE FINANCIAL INSTRUMENTS

a) Derivative financial instruments - at June 30, 2005 there were no outstanding derivative transactions.

b) Market value - The financial statements are prepared in conformity with the accounting principles, which presupposes the normal continuity of the operations of ITAÚSA.

The book value of each financial instrument, whether included or not in the balance sheet, when compared with the values that might be obtained in an active market, or in the absence of such markets, using the net present value of future cash flows, adjusted based on the current market interest rate, approximates its corresponding market value.

To obtain the market values for these financial instruments, the following criteria were adopted:

- Government securities, in Securities, were determined based on their market value, approved by the comparison with information provided by the National Association of Open Market Institutions (ANDIMA).
- Investment Fund Quotas, in Securities, at the quota value on the balance sheet date.
- Shares of listed companies, when included in Securities, by the average rate available in the last trading session of the month, or, if not, the most recent rate quotation in prior trading sessions, published in the Daily Report of each Stock Exchange.

NOTE 4 - DIVIDENDS

Stockholders are entitled to a minimum compulsory dividend of 25% of net income, which is adjusted according to the rules set forth in Brazilian Corporate Law. Both types of shares participate equally, after common shares have received dividends equal to the minimum priority dividend on preferred shares.

I. Calculation

Net income	1,245,531	
Adjustments		
(-) Legal reserve	(62,277)	
Calculation basis of dividend	1,183,254	
Interest on own capital	295,814	25.00%

II. Payment/provision for interest on own capital

	Gross	WHT	Net
Provisioned			
Quarterly - 1 installment of R\$ 9.50 per thousand shares, paid in July 2005.	30,758	4,614	26,144
Quarterly - 1 installment of R\$ 9.50 per thousand shares, to be paid in October 2005.	30,717	4,607	26,110
Supplementary of R\$ 38.00 per thousand shares to be paid by August 22, 2005.	122,866	18,430	104,436
Supplementary to be declared	163,675	24,551	139,124
Total 06/30/2005	348,016	52,202	295,814
Total 06/30/2004	250,588	37,588	213,000

NOTE 5 - REVENUE RESERVES

	06/30/2005	06/30/2004
Revenue reserves	4,868,506	4,118,492
Legal	533,006	391,141
Statutory	4,335,500	3,727,351
Dividends equalization (1)	1,645,161	1,566,380
Working capital increase (2)	1,271,369	984,209
Increase in capital of investees (3)	1,418,970	1,176,762

(1) Reserve for Dividends Equalization - its purpose is to guarantee funds for the payment, or advances, of dividends, including interest on own capital, to maintain the flow of the stockholders' compensation.

(2) Reserve for Working Capital Increase - its purpose is to guarantee funds for the institutions' operations.

(3) Reserve for Increase in Capital of Investees - its purpose is to guarantee the preferred subscription right in the capital increases of investees.

NOTE 6 - RECONCILIATION OF NET INCOME AND STOCKHOLDERS' EQUITY BETWEEN ITAÚSA AND ITAÚSA CONSOLIDATED

The difference in net income and stockholders' equity between ITAÚSA and ITAÚSA CONSOLIDATED arises from the effect of the adoption of distinct criteria for the amortization of goodwill, derived from the purchase of investments and for the establishment of tax credits as well as the elimination of unrealized profits, arising from transactions between consolidated companies, which corresponding taxes have been deferred.

	Net income		Stockholders' equity	
	01/01 to 06/30/2005	01/01 to 06/30/2004	06/30/2005	06/30/2004
ITAÚSA	1,245,531	896,841	10,029,712	8,103,097
Goodwill amortization	(25,302)	12,510	(784,622)	(252,535)
Tax credit	(5,833)	(697)	348,082	376,774
Unrealized results	-	1,386	(120)	(120)
ITAÚSA CONSOLIDATED	1,214,396	910,040	9,593,052	8,227,216

NOTE 7 - INVESTMENTS

a) Interest in Subsidiaries - ITAÚSA

Companies	Balances at 12/31/2004 (a)	Subscriptions/ Purchases	Receipt / Provision for dividends and Interest on Own Capital	Interest in subsidiaries	Adjustment to marketable securities of subsidiaries	Amortization of goodwill	Prior-year adjustments (d)	Other	Balances at 06/30/2005 (a)	Book value of investment at 06/30/04 (a)	Interest in subsidiaries 1st half/2004
Banco Itaú Holding Financeira S.A.	6,957,499	75,770	(330,885)	1,210,488 (b)	(74,689)	(392)	(40,727)	(201,668) (e)	7,595,396	5,893,741	838,197 (b)
Itaúsa Export S.A.	603,423		-	(105,949)	(4,721)	(300)	(51,389)		441,064	682,835	59,308
Itaucorp S.A.	452,032			38,095					490,127	401,187	29,002
Duratex S.A.	316,598		(8,099)	15,325 (b)					323,824	309,973	15,581 (b)
Itautec Philco S.A.	193,681		(3,885)	41,980					231,776	158,086	(1,145)
Itaúsa Europa - Investimentos, SGPS, LDA.	115,516			(14,357) (c)	(839)		(13,830)		86,490	127,788	12,753 (c)
Elektopart Participações e Administração S.A.	66,180			544					66,724	65,376	401
Ith Zux Cayman Company Ltd.	42,434			(5,498) (c)					36,936	56,583	4,647 (c)
Elekeiroz S.A.	7,608		(356)	982					8,234	6,373	985
Other subsidiaries	5,915			2				(6) (f)	5,911	5,642	379
GRAND TOTAL	8,760,886	75,770	(343,225)	1,181,612	(80,249)	(692)	(105,946)	(201,674)	9,286,482	7,707,584	960,108

(a) Includes total goodwill/negative goodwill, being: R\$ 7,655 at 12/31/2004, R\$ 53,954 at 06/30/2005 and R\$ 7,251 at 06/30/2004;

(b) Includes non-operating expense for variation of interest, being: revenue of R\$ 3,599 in the 1st half/2005 and expense of R\$ 5,073 in the 1st half/2004;

(c) Includes total exchange variation, being: expense of R\$ 34,528 in the 1st half/2005 and revenue of R\$ 9,178 in the first half/2004;

(d) Note 16c - consolidated;

(e) Non-recurring expenses segregated to Extraordinary Result; (Note 8)

(f) Sales during the 1st quarter/2005;

Companies	Capital	Adjusted net equity	Adjusted net income for the six-month period	Number of shares owned by ITAÚSA		Holding in voting capital (%)	Holding in capital (%)
				Common	Preferred		
Banco Itaú Holding Financeira S.A.	8,300,000	15,836,953	2,496,109	53,442,566	2,803	88.19	47.53
Itaúsa Export S.A.	450,000	714,675	(136,227)	13,496,788,170	136,168,384	80.00	77.77
Itaucorp S.A.	220,000	505,104	37,888	23,819,714	7,871,959	99.99	99.99
Duratex S.A.	325,000	1,012,892	72,712	14,183,161	4,911,557	64.36	32.43
Itautec Philco S.A.	226,468	347,051	23,618	155,411,287	-	89.17	89.17
Itaúsa Europa - Investimentos, SGPS, LDA.	696,575	887,412	95,478	29,708,318	-	12.14	12.14
Elektopart Participações e Administração S.A.	102,000	230,698	27,446	10,126,925	-	1.97	1.97
Ith Zux Cayman Company Ltd.	82,264	48,001	629	35,000,000	-	100.00	100.00
Elekeiroz S.A.	200,000	303,985	25,500	11,183,657	12,628,787	3.85	3.78

NOTE 8 – EXTRAORDINARY RESULT

For a better analysis of the financial statements for the year, non-recurring income and expenses were segregated to the extraordinary result account, as follows:

	06/30/2005
Non-operating loss- Itaú Holding - acquisition of treasury shares (1)	(178,142)
Provision for corporate restructuring - Itaú Holding (2)	(23,526)
Total	(201,668)

(1) Corresponds to non-operating loss of equity investment arising from acquisition, by subsidiary Banco Itaú Holding Financeira S.A., of shares of own capital for maintenance in treasury, held by Caja de Ahorros Y Pensiones de Barcelona (LA CAIXA), as disclosed in significant event at 06/07/2005;

(2) Refer to participation in operating expenses on New Agreement for Credicard Management (disclosed in significant event by subsidiary at 02/01/2005) and other corporate restructuring, net of tax effects.

NOTE 9 - STATEMENT OF CASH FLOWS

	01/01 to 06/30/2005	01/01 to 06/30/2004
Adjusted net income	266,742	(844)
Net income	1,245,531	896,841
Adjustment to net income:	(978,789)	(897,685)
Goodwill amortization	691	300
Equity in the results of affiliates and associated companies	(1,181,612)	(960,108)
Extraordinary result	201,668	62,213
(Reversal) provision for losses	18	(566)
Depreciation and amortization	446	476
Changes in assets and liabilities	(145,710)	89,942
(Increase) Decrease in securities and derivative financial instruments	(185,209)	90,608
(Increase) Decrease in other credits and other assets	28,058	(4,766)
(Increase) Decrease in prepaid expenses	-	(60)
(Decrease) Increase in provisions and accounts payable and other liabilities	11,441	4,160
OPERATING ACTIVITIES - Net cash provided by/(invested)	121,032	89,098
Sale of investments	8	4
Sale of fixed assets	5	-
Purchase of investments	(75,771)	(1,158)
Purchase of fixed assets	(3)	(111)
Interest on own capital/dividends received	505,800	403,125
INVESTMENT ACTIVITIES - Net cash provided by/(invested)	430,039	401,860
Goodwill on subscription of shares	328	612
Capital increase	100,000	158,500
Purchases of treasury shares	(81,894)	(138,764)
Interest on own capital paid	(570,231)	(511,222)
Reserves arising from tax incentives	535	-
FINANCING ACTIVITIES - Net cash provided by/(invested)	(551,262)	(490,874)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(191)	84
At the beginning of the period	193	2
At the end of the period	2	86
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	(191)	84