



Complete Financial Statements
June 30, 2006

ITAÚSA INVESTIMENTOS ITAÚ S.A.**MANAGEMENT REPORT – 1st HALF OF 2006****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 2006, in accordance with the regulations established by the Brazilian Corporate Law, the National Monetary Council (CMN) and the Brazilian Securities and Exchange Commission (CVM). These financial statements have been approved by the Fiscal Council.

THE ECONOMY

The economic activity showed growth, the GDP rose 3.4% in the first quarter of 2006 in relation to the first quarter of 2005. Foreign trade continued to put in an excellent performance. Exports totaled US\$ 60.9 billion until June. Imports totaled US\$ 41.4 billion. These results maintained the balance of trade at US\$ 44.6 billion in the twelve-month period ended in June. The current account of the balance of payments continued to post a surplus of US\$ 12 billion in the twelve-month period ended in June, while the international reserves increased to US\$ 62.7 billion at the end of June.

The average dollar quote of R\$ 2.19 represented an appreciation of almost 10% in relation to the average quote in 2005. This appreciation plus the monetary policy effects caused inflation to progressively converge to lower levels in each month. The Broad Consumer Price Index (IPCA) showed inflation of 1.54% in the year up to June and of 4.03% in the twelve-month period. The Central Bank of Brazil (Bacen) has successively cut the base interest rate, which was 15.25% p.a. at the end of the first half.

In the financial sector, credit to individuals increased 12.4% in real terms, from R\$ 157.6 billion at the end of 2005 to R\$ 177.2 billion in June 2006. Credit to businesses grew 7.9%, from R\$ 187.5 billion at the end of 2005 to R\$ 202.2 billion in June 2006. Regarding fund raising, demand deposits in June were 7.2% higher than that posted in the same period of 2005. Time deposits (floating and fixed-rate Bank Deposit Certificates) increased 9.9%, while savings deposits remained in the same level of that posted in June 2005.

In the first five months of 2006, the industrial activity showed an expansion in relation to the same period of 2005. The overall industrial production grew 3.3%. The manufacturing and mining industries grew 3.0% and 10.0%, respectively. In relation to mining, the oil production has been the main contributor to its growth. Besides the good performance of the mining industry, in the first half the industrial activity was stimulated by the decrease in interest rates, the growth in credit and the increase in salaries. The growth in exports is still the main contributor to the raise in industrial activity; however, the domestic demand has been increasingly important to the economy's growth. In the twelve-month period, the industrial production grew 2.6% until May.

MAIN INDICATORS OF RESULTS OF ITAÚSA CONSOLIDATED

R\$ thousand

	Parent company		Minority stockholders		Conglomerate	
	1st H 2006	1st H 2005	1st H 2006	1st H 2005	1st H 2006	1st H 2005
Net income	1,647,338	1,214,396	1,588,338	1,383,938	3,235,676	2,598,334
Stockholders' equity	10,869,129	9,593,052	10,287,867	8,886,504	21,156,996	18,479,556
Return on average equity	31.98	26.33	32.72	31.99	32.34	29.07
Dividends/Interest on own capital	560,594	348,016	511,733	381,445	1,072,327	729,461

MAIN FINANCIAL INDICATORS

	1st H/06	1st H/05	Change %
Results per thousand shares - in R\$			
Net income	516.42	375.59	37.50
Book value	3,407.35	2,966.95	14.84
Price per common share (ON) (1)	9,513.33	5,177.50	83.74
Price per preferred share (PN) (1)	8,300.95	5,042.73	64.61
Market capitalization (2) - in thousands of R\$	27,946,259	16,468,543	69.69

(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 H	FINANCIAL SERVICES AREA	INDUSTRIAL AREA			CONSOLIDATED / CONGLOMERATE (1)
		Banco Itaú Holding Financeira S.A.Consolidated	Duratex S.A.	Itautec S.A.	Elekeiroz S.A.	
Total assets	2006	172,412,770	2,265,092	840,362	555,875	176,998,999
	2005	146,158,439	1,838,856	955,609	526,695	150,279,063
Operating revenue (2)	2006	21,426,567	678,659	591,800	320,307	23,166,006
	2005	14,910,940	622,430	761,738	330,107	17,144,560
Net income	2006	2,958,277	90,588	13,918	(2,653)	3,235,676
	2005	2,474,521	72,712	23,618	25,500	2,598,334
Stockholders' equity	2006	17,555,022	1,294,504	322,493	316,448	21,156,996
	2005	15,026,690	1,012,892	347,051	303,985	18,479,556
Annualized return (Net income/Stockholders' eq	2006	35.69%	15.86%	8.74%	-1.67%	32.34%
	2005	34.03%	14.50%	14.01%	17.10%	29.07%
Internal fund generation (4)	2006	6,176,193	131,936	37,509	11,497	6,536,635
	2005	4,199,660	113,526	53,501	37,438	4,483,593

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

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

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

(3) Represents the relation between the net income in the first half and the average equity;

(4) 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 SERVICES AREA

BANCO ITAÚ HOLDING FINANCEIRA

On May 1, 2006, Banco Itaú Holding Financeira (Itaú) and Bank of America Corporation entered into an agreement for the acquisition of BankBoston in Brazil and the exclusive right to acquire the BankBoston operations in Chile and Uruguay, as well as certain other financial assets owned by clients in Latin America. In relation to the operations in Brazil, the agreement provides for the payment through the issuance of 68.5 million preferred shares of Itaú, which value is approximately R\$ 4.6 billion. As a result, Bank of America Corporation, the second largest bank of the world in market value, will become an important stockholder of Itaú entitled to appoint one member of its Board of Directors. The completion of this transaction is subject to the approval of the Central Bank of Brazil and other relevant authorities.

This transaction will secure to Itaú the leadership among private institutions in asset management, custody business and the high net worth individuals and large corporation sectors and it will also provide the expansion of its operations to new markets in Latin America.

Itaú complied with the Sarbanes-Oxley Act, Section 404, in connection with the internal controls over the reporting of the consolidated financial statements as of December 31, 2005, one year prior to the compliance deadline set by the US Authorities, being the first foreign bank listed on the New York Stock Exchange (NYSE) to attain it.

Standard & Poor's (S&P) upgraded the Banco Itaú's credit rating in global scale of local and foreign currencies from BB to BB+. With this upgrade, the Bank is above the long-term sovereign credit rating (Brazil) of foreign currencies. The new rating positions the bank just one degree before investment grade status.

Euromoney magazine considered Itaú the Best Brazilian Bank and its Private Bank as the Best Private Bank in Brazil for Entrepreneurs and the Best Private Bank for clients with investments ranging from US\$ 1 million to US\$ 10 million. It was also considered the most sustainable and ethical bank of Latin America by the Latin Finance/Management & Excellence Magazine. The Bank won the Grand Prix for the Best Investor Relations Program (among large cap companies) from IR Magazine. Moreover, it was the winner of the following categories: Best Investment Analyst Community Meeting and Best IR Performance by a CEO.

Consolidated net income for the first half of 2006 was R\$ 2,958 million, with an annualized return of 35.7 % on average equity. The consolidated stockholders' equity of R\$ 17,555 million increased 12.8 % in the first half. Itaú paid and provided for taxes and contributions for the period in the amount of R\$ 2,984 million.

In the first half, Itaú's preferred and common shares appreciated 3.1%, whereas the Bovespa index appreciated 5.9%. The market value of Itaú reached R\$ 65,194 million at the end of the first half of 2006.

The consolidated assets totaled R\$ 172,413 million, a growth of 18.0% as compared to June 2005. The loan portfolio, including endorsements and sureties, increased 27.5% as compared to the same period in 2005, reaching R\$ 74,783 million. Noteworthy was the growth of 49.0% in the credit to individuals segment.

Credit Portfolio Development

R\$ millions

	1st H 2006	1st H 2005	Change %
Individuals	33,992	22,816	49.0%
Credit card	7,372	5,359	37.6%
Personal loans	12,574	9,276	35.6%
Vehicles	14,046	8,181	71.7%
Businesses	36,128	31,584	14.4%
Corporations	22,104	20,437	8.2%
Very small, small and middle market companies	14,024	11,147	25.8%
Mandatory loans	4,663	4,247	9.8%
Total	74,783	58,647	27.5%

Total own free, raised and managed funds increased 24.1% as compared to June 2005, totaling R\$ 285,595 million. We highlight the growth of time deposits by 50.7%.

In June, Itaucard and Credicard Itaú had an aggregate of 12.8 million credit cards issued. Banco Itaú consolidated its position as the top issuer of credit cards in Brazil through an operation that involved R\$ 15.1 billion of billings up to June 2006.

Itaú has strengthened its operations in the consumer credit area by expanding its business associated with the Taií brand and shall have 900 points-of-sale under this brand at the end of 2006. Taií had 4.4 million customers, a growth of 27% as compared to December 2005, and the portfolio amounted to R\$ 2,737 million.

The granting of vehicle financing and leasing amounted to R\$ 6,607 million in the first half, an increase of 62.9% as compared to the same period in 2005. At the end of this period, the Bank's share in this market was approximately 21%. The loan portfolio reached R\$ 14,046 million, a growth of 25.9% in the first half above the market average.

Technical provisions for insurance, pension plan and capitalization totaled R\$ 16,409 million, an increase of 31.2% in relation to the same period of 2005. Premiums earned and the pension plan and capitalization revenue grew 18.3%, totaling R\$ 1,394 million.

Banco Itaú BBA participated in debenture and promissory notes transactions that totaled R\$ 9,091 million and credit rights investment funds (FIDC) transactions that totaled R\$ 1,010 million. In the National Association of Investment Banks (ANBID) ranking, disclosed in relation to transactions in the first half of 2006, the Bank ranked first in the fixed-income origination and FIDC transactions with a market share of 26.4% and 56.7%, respectively.

In variable income, Banco Itaú BBA was the coordinator and bookrunner of IPOs that totaled R\$ 1,916 million and of subsequent public offerings that amounted to R\$ 1,271 million. In the latest ANBID ranking, the Bank ranked third in the origination of these operations with a market share of 12.8%.

At the end of the first half, Banco Itaú BBA ranked first in Bloomberg's and second in Thomson's mergers & acquisitions transactions.

ITAÚSA EUROPA INVESTIMENTOS

Itaúsa Europa Investimentos, the holding company that concentrates the Group's banking investments in Europe, posted a net income of € 27.0 million and assets of € 2.9 billion, increases of 44.8% and 3.9%, respectively, in relation to the same period in 2005.

Banco Itaú Europa's consolidated assets reached €2.9 billion, 3.9% higher than that posted in the same period in 2005. Consolidated net income totaled € 27.2 million, a growth of 43.4% as compared to the same period of 2005. The banking product reached €44.7 million, 43.3% higher than that posted in the same period of 2005. In the first half, the efficiency ratio reached 29.8%. Banco Itaú Europa Luxemburgo contributed to the overall positive results of the Bank, accounting for 24.2% of its banking product and 15.9% of net results. At the end of June, managed assets exceeded US\$ 2.9 billion, with more than 1,500 active clients.

The Bank's investment grade status - Baa1 by Moody's and BBB+ by Fitch Ratings – has significantly contributed to the access to a varied source of funds, considering that the Bank traded on the primary and secondary markets during the first half of 2006.

Banco BPI, S.A., an associated company in which the Itaú Conglomerate holds 17.5% of interest, of which 51% is held by Itaú Europa, recorded in June total consolidated assets of € 32.3 billion, stockholders' equity of € 1,200.9 million and net income of € 148.6 million.

INDUSTRIAL AND REAL ESTATE AREA

Duratex

In this half, Duratex was benefited from an improvement in the economy. Gross revenues totaled R\$ 893.8 million, 7% higher than that posted in the same period of 2005. Total exports amounted to approximately US\$ 29 million, lower than the US\$ 31.6 million recorded in the first half of 2005. Net revenues amounted to R\$ 678.7 million, representing a 9.0% increase.

The operating cash generation based on EBITDA increased 5%, totaling R\$ 201.7 million. The EBITDA margin remained at 30%. In view of this fact, the consolidated net income totaled R\$ 90.6 million, 25% higher than that posted in the same period of 2005. The annualized return on equity was 16.0%.

At the end of the first half, Duratex recorded a consolidated indebtedness of R\$ 620.1 million, corresponding to a net debt of R\$ 121.3 million and an annualized debt/EBITDA ratio of 0.30. In addition to the high cash generation, the drop in indebtedness was influenced by the company's capitalization through the primary issuance of common shares in April.

The Wood Division's shipments increased 9%, reflecting the recovery of the furniture market, the major segment of this business division. Net revenues totaled R\$ 459.8 million, representing an 8.0% increase. EBITDA reached R\$ 151.1 million, 8% higher than that posted in 2005, whereas the EBITDA margin remained unchanged. Exports totaled US\$ 24.8 million, as compared to the US\$ 28.8 million recorded in 2005. Of this total, fiberboard panels accounted for 82%.

In Deca Division, the main contributor to the growth in shipments was the line of basic products, which increased 14% as compared to 2005, accounting for an overall increase of 7%. The increase in the costs of raw materials for sanitary metal fixtures accounted for the drop of 2% in the Division's EBITDA, which totaled R\$ 50.5 million and corresponded to a margin of 23%. Exports reached US\$ 4.3 million, 60% higher than that posted in the same period of 2005. Of this total, sanitary porcelain fixtures accounted for 72%.

Itautec

Gross revenue from sales and services of Itautec reached R\$ 667.5 million in the first half. After the corporate restructuring of 2005, the gross revenue arising from the remaining operations increased 25.4% as compared to the same period in 2005, as follows:

R\$ thousand	1st H/05		1st H/06		Change
	R\$	%	R\$	%	
Solution and Automation	78,322	15%	116,139	17%	48.3%
Information Technology	286,032	54%	345,063	52%	20.6%
Services	134,275	25%	147,917	22%	10.2%
Revenue from overseas operations	33,611	6%	58,357	9%	73.6%
Total	532,240	100%	667,476	100%	25.4%

Itautec's gross profit totaled R\$ 134.4 million, resulting in a gross margin of 22.7%. Operating expenses totaled R\$ 113.8 million, 19.8% lower than in 2005. Net income amounted to R\$ 13.9 million, representing an annualized return on average equity of 8.9% for the first half. Return on investment capital (ROIC) for the first half was 7.4%.

The EBITDA totaled R\$ 39 million, resulting in an EBITDA margin of 6.6%. The accumulated operating cash generation amounted to R\$ 7.7 million.

Investments in the first half amounted to R\$ 102.7 million, of which we highlight that R\$ 70.3 million referred to the rental of equipment to clients.

The shipment of banking automation equipment increased 166% as compared to the same period in 2005. The number of shipped ATMs increased 63%.

In the information technology area, the shipments of PCs, notebooks and servers grew 145%, 108% and 31%, respectively.

The gross revenues of the Services area totaled R\$ 147.9 million, 10.2% higher than in 2005. Noteworthy are the implementation service of over 7,700 communication points (V-Sat / ADSL) for a major banking sector project and the implementation of information technology equipment in over 1,000 schools for a large educational project.

The gross revenues in foreign market operations totaled US\$ 27 million, 88.5% higher than those recorded in the first half of 2005.

On June 30, Itaotec entered into a Stock Purchase Agreement in order to acquire all capital shares of Tallard Technologies, Inc. (Tallard), a closely-held corporation with headquarters in Miami, United States of America. Tallard operates in the North and Latin American markets, distributing Information Technology products and services. The purchase price may reach US\$ 16 million, US\$ 10.5 of which is payable on July 13, 2006 whereas the remaining balance is payable until March 2009, through annual installments conditional to the achievement of future results.

Elekeiroz

The prices of the main petrochemical raw materials for the domestic industry are directly or indirectly set by Petrobrás, which announced in the first half its self-sufficiency in oil production. Naphtha prices increased 30% in the domestic market, out of line with the prices adopted by other oil self-sufficient countries, thus dramatically reducing the domestic margins of this industry.

Elekeiroz felt the impact of this adverse scenario and its margins were eroded in the first half, being much lower than those achieved in 2004 and 2005.

In the first half, accumulated shipments amounted to 209 thousand tons, 6% below that posted in the same period of 2005, taking into account that inorganic and organic products had different performances.

In order to maintain its international competitiveness, Elekeiroz continued the process of streamlining and optimizing its production and trading activities by closing its Taubaté unit (State of São Paulo) on July 1, 2006.

This unit's production will be transferred, when required for meeting market demands, to the Company's other industrial production units in Várzea Paulista (State of São Paulo) and Camaçari (State of Bahia), which can produce additional volumes upon minor adjustments

Gross and net revenues in the first half reached R\$ 404.8 million and R\$ 320.3 million, respectively, posting reductions of 4.3% and 3.0% in relation to 2005. The operating result after equity in earnings and amortization of goodwill, reduced by R\$ 3.1 million due to an early write-off arising from the unsuccessful loading of the octanol catalyst, was negative by R\$ 3.5 million, and the closing net result after provisions for payment of taxes was negative by R\$ 2.6 million. The resulting EBITDA amounted to R\$ 14.4 million.

Itaúsa Empreendimentos

The number of real estate property units launched in the residential market in the city of São Paulo decreased. Due to the availability of credit, real estate for the middle class should stand out in the following period.

In the commercial property segment, the market continues to search for new areas, with a minor decrease in the vacancy rate and positive effects in rental charges. The segment shows confidence in view of the presence of domestic and foreign groups searching for new investments.

HUMAN CAPITAL MANAGEMENT

In the first half, investments in education, training and development programs totaled R\$ 31 million. Personnel compensation, including charges and benefits, totaled R\$ 2,044 million. Social benefits given to employees and their dependents totaled R\$ 377 million and encompass supplementary retirement, food, health and dental care, social assistance services, scholarships, leisure, sports and cultural activities, loans at subsidized interest rates, insurance, transportation vouchers, donations and special grants, among others.

SUSTAINABILITY AND SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Banco Itaú and Banco Itaú BBA adhered to the revised version of the Equator Principles, applicable to projects over US\$ 10 million, as well as consulting and improvement projects, or expansion of existing projects that have significant social and environmental impact. Banco Itaú Holding Financeira, Banco Itaú Europa and Banco Itaú Buen Ayre had also adhered to this new version. Banks are required to prepare annual reports on the implementation progress of such Principles and improve the social and environmental responsibility standards.

In relation to social and cultural investments, we highlight the activities of Fundação Itaú Social and Instituto Itaú Cultural. Noteworthy in this half are the third edition of the “Escrevendo o Futuro” (Writing the Future) Awards, in which 15,461 schools participated, involving approximately 33,000 teachers and 1.6 million of students; the second edition of the “Jovens Urbanos” (Urban Youth) Program in São Paulo attending 480 youths; the implementation of the “Melhoria da Educação no Município” (Improvement of Municipal Education) Program in the State of Minas Gerais, with the participation of approximately 590 people from 189 municipalities; and the third Social Projects Economic Evaluation course that trained 30 representatives of NGOs – Non-Governmental Organizations and the government. We also highlight the sixth edition of the “Escola Voluntária” (volunteerism in schools) Award and the expansion of the “Itaú Voluntária” (volunteerism in Itaú) Program in its network of branches.

Itaú Cultural received in its headquarters, a cultural center in São Paulo, over 129 thousand visitors. We highlight the beginning of the application period for the Dance and Film and Video Categories of the Rumos (Directions) Program. The “Rumos Artes Visuais 2005-2006 – Paradoxos Brasil” Exhibit (2005-2006 Directions Visual Arts – Brazil Paradoxes) was visited by over 64 thousand people from March to May; the Rumos program exerted great attraction in the “Copa da Cultura” in Berlin, Germany, and the “Crônica na Sala de Aula” (chronicle in the classroom) course, in which 4,124 educators participated.

Itautec, through the tax incentives provided by the Rouanet Law, is sponsoring the 2006 season of the São Paulo Symphony Orchestra. In a partnership with Sesi, two photography exhibits were held – “Feliz Cidades” and “Nossas Igrejas”, which were visited by 380 employees.

Itautec’s “Consumo Consciente” (conscious consumption) Program addressed the paper and energy themes. Additionally, the “Projeto Pet” (PET project) encouraged recycling with the collection of one-way bottles. In the Environment Week, the Company held a number of activities involving its employees and surrounding community, such as the campaigns for recyclables collection and “Uma latinha por um Note” (one small can for a notebook), launched in June, to stimulate the donation of aluminum cans which will be subsequently sold. At the end of the latter, an Itautec notebook will be raffled off among the participants.

INDEPENDENT AUDITORS – CVM INSTRUCTION 381

During this period, the Independent Auditors did not provide to Itaúsa – Investimentos Itaú S.A. and subsidiary companies any non-audit related services which had fees that exceeded 5% of total external audit costs.

ACKNOWLEDGEMENTS

We thank our stockholders for their support and trust, essential for the performance of our business. We also thank our clients for their trust and loyalty, which we seek to repay by providing differentiated products and services. We express our special thanks to our employees for their work and effort, which have provided the sustainable growth of our business.

(Approved at the Meeting of the Board of Directors on August 7, 2006)

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CLÁUDIO VITA FILHO

RAUL PENTEADO

RICARDO EGYDIO SETUBAL *

Executive Director

WILTON RUAS DA SILVA

* *Investor Relations Director***ELEKEIROZ S.A.****BOARD OF DIRECTORS****Chairman**

OLAVO EGYDIO SETUBAL

Vice-Chairmen

ALFREDO EGYDIO ARRUDA VILLELA FILHO

JOSÉ CARLOS MORAES ABREU

PAULO SETUBAL

Members

CESAR CALVO HUIDOBRO

RAUL PENTEADO

REINALDO RUBBI

EXECUTIVE BOARD**Chief Executive Officer**

PAULO SETUBAL

Manager Director

REINALDO RUBBI *

Directors

CARLOS CALVO SANZ

JULIÃO DE SOUZA ESCUDERO

RICARDO JOSÉ BARALDI

* *Investor Relations Director*

ITAÚSA EUROPA - INVESTIMENTOS SGPS LDA.

MANAGING BOARD

ALMIR VIGNOTO (Delegate Manager)
CARLOS DA CAMARA PESTANA
HENRI PENCHAS
JOSÉ CARLOS MORAES ABREU
JOSÉ FRANCISCO CLARO
MARIA DE LOURDES EGYDIO VILLELA
OLAVO EGYDIO SETUBAL
PAULO SETUBAL
ROBERTO EGYDIO SETUBAL

BANCO ITAÚ EUROPA S.A.

BOARD OF DIRECTORS

Chairman

ROBERTO EGYDIO SETUBAL

Vice-Chairman

CARLOS DA CAMARA PESTANA

Board Members

ALFREDO EGYDIO SETUBAL
ALMIR VIGNOTO
CANDIDO BOTELHO BRACHER
HENRI PENCHAS
JEAN MARTIN SIGRIST JÚNIOR
JORGE ALBERTO O. V. JARDIM GONÇALVES
JOSÉ FRANCISCO CLARO
RENATO ROBERTO CUOCO
ROBERTO MASSARU NISHIKAWA
RODOLFO HENRIQUE FISCHER
SÉRGIO RIBEIRO DA COSTA WERLANG

EXECUTIVE COMMISSION OF THE BOARD OF DIRECTORS

President

ALMIR VIGNOTO

Board Members

JOSÉ FRANCISCO CLARO
JORGE ALBERTO O. V. JARDIM GONÇALVES
JEAN MARTIN SIGRIST JÚNIOR
ROBERTO MASSARU NISHIKAWA

FISCAL COUNCIL

President

JOSÉ MATA SOUSA MENDES

Board Members

JOÃO MANUEL RICARDO CATARINO
PRICEWATERHOUSECOOPERS & ASSOCIADOS, SOCIEDADE
DE REVISORES OFICIAIS DE CONTAS, LDA.

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED BALANCE SHEET

(In thousands of reais)

ASSETS	06/30/2006	06/30/2005
Current assets	135,955,660	116,285,293
Cash and cash equivalents	2,515,625	2,206,395
Interbank investments (Notes 4a and 5)	26,526,514	22,618,359
Securities and derivative financial instruments (Notes 4b, 4c and 6)	29,510,731	21,643,534
Securities	12,245,780	8,425,063
Derivative financial instruments	2,794,952	2,295,339
Guarantor Resources of Technical Provision - Fund quotas of PGBL/VGBL (Note 11b)	11,901,538	8,274,354
Guarantor Resources of Technical Provision - Other securities (Note 11b)	2,568,461	2,648,778
Interbank accounts of subsidiaries	13,431,105	12,831,668
Loan, capital leasing and other credit operations (Note 7)	41,728,051	34,215,147
Operations with Credit Assignment Characteristics (Note 4d)	44,689,375	35,732,104
(-) Allowance for loan losses (Note 4e)	(2,961,324)	(1,516,957)
Inventories (Note 8)	498,083	537,919
Products	489,964	518,529
Real estate	8,119	19,390
Other receivables	20,863,274	21,537,973
Foreign exchange portfolio (Note 9)	12,083,916	13,605,715
Tax credits (Note 14b I)	2,820,860	2,012,392
Sundry (Note 13a)	6,048,475	6,004,903
(-) Allowance for loan losses	(89,977)	(85,037)
Other assets (Notes 4g and 13b)	282,014	271,737
Prepaid expenses (Note 13c)	600,263	422,561
Long-term receivables	36,463,590	29,620,784
Interbank investments (Notes 4a and 5)	1,281,151	522,428
Securities and derivative financial instruments (Notes 4b, 4c and 6)	8,481,626	8,536,091
Securities	6,823,481	7,040,648
Derivative financial instruments	684,177	533,134
Guarantor Resources of Technical Provision - Other securities (Note 11b)	973,968	962,309
Interbank accounts of subsidiaries	369,718	273,631
Loan, capital leasing and other credit operations (Note 7)	20,045,665	14,890,933
Operations with Credit Assignment Characteristics (Note 4d)	22,693,125	16,615,822
(-) Allowance for loan losses (Note 4e)	(2,647,460)	(1,724,889)
Other receivables	5,502,444	4,920,082
Tax credits (Note 14b I)	1,631,265	1,967,814
Sundry (Note 13a)	3,871,179	2,952,268
Other assets (Notes 4g and 13b)	-	4
Prepaid expenses (Note 13c)	782,986	477,615
Permanent assets	4,579,749	4,372,986
Investments (Notes 4i and 15a II)	886,209	738,294
Investment in affiliates	686,201	569,880
Other investments	200,008	168,414
Fixed assets (Notes 4j and 15b)	3,346,042	3,351,778
Property for own use	8,010,418	7,661,643
Leased properties	109,200	111,652
Forest reserves	103,257	91,503
(Accumulated depreciation)	(4,876,833)	(4,513,020)
Deferred charges (Notes 4k and 15b)	347,498	282,914
Organization and expansion expenses	906,736	748,807
(Accumulated amortization)	(559,238)	(465,893)
TOTAL ASSETS	176,998,999	150,279,063

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED BALANCE SHEET

(In thousands of reais)

LIABILITIES	06/30/2006	06/30/2005
Current liabilities	100,352,120	88,455,217
Funds raised by subsidiaries (Notes 4a and 10)	66,039,754	54,971,948
Foreign currency	3,289,420	3,924,065
Domestic currency	49,325,290	43,160,181
Open market	13,425,044	7,887,702
Subordinated debts (Note 10)	67,064	72,945
Derivative financial instruments (Notes 4c and 6b)	1,978,028	1,449,614
Borrowings (Notes 4a e 10)	332,910	382,697
Foreign currency	175,605	267,959
Domestic currency	157,305	114,738
Statutory and social contributions	1,429,169	1,062,260
Taxes and social security contributions (Note 14c I)	1,862,875	1,535,307
Other liabilities	22,893,947	23,903,060
Foreign exchange portfolio (Note 9)	12,308,208	13,814,365
Credit card operations	4,847,966	3,564,931
Securitization of foreign payment orders (Note 10)	186,668	495,156
Sundry (Note 13d)	5,551,105	6,028,608
Interbank accounts of subsidiaries	2,964,282	2,529,658
Technical provisions for insurance, pension plan and capitalization (Notes 4I and 11a)	2,784,091	2,547,728
Long-term liabilities	55,377,588	43,260,120
Funds raised by subsidiaries (Notes 4a and 10)	29,117,535	21,006,711
Foreign currency	4,090,961	4,932,127
Domestic currency	10,868,617	6,074,265
Open market	14,157,957	10,000,319
Subordinated debts (Note 10)	4,467,797	4,464,468
Derivative financial instruments (Notes 4c and 6b)	525,507	326,347
Borrowings (Notes 4a e 10)	351,065	240,211
Foreign currency	153,016	33,093
Domestic currency	198,049	207,118
Statutory and social contributions (Note 14c I)	4,432,801	3,217,239
Other liabilities	2,857,673	4,046,651
Securitization of foreign payment orders (Note 10)	994,228	1,779,572
Sundry (Note 13d)	1,863,445	2,267,079
Technical provisions for insurance, pension plan and capitalization (Notes 4I and 11a)	13,625,210	9,958,493
Deferred income	112,295	84,170
Minority interest	10,287,867	8,886,504
Stockholders' equity from parent company (Note 16)	10,869,129	9,593,052
Capital	5,200,000	5,000,000
Capital reserves	26,824	28,423
Revaluation reserves	43,776	50,106
Revenue reserves	5,501,039	4,431,846
Adjustment to market value - securities and derivatives	97,490	164,571
(-) Treasury shares	-	(81,894)
Stockholders' equity of the Itaúsa Conglomerate	21,156,996	18,479,556
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	176,998,999	150,279,063

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

(In thousands of reais)

	01/01 to 06/30/2006	01/01 to 06/30/2005
OPERATING REVENUE	23,166,006	17,144,560
Sales of products and services	5,745,533	5,286,331
Insurance, pension plan and capitalization	3,649,095	3,135,210
Financial	8,388,946	5,927,311
Financial revenues of insurance, pension plan and capitalization (Note 11c)	1,010,637	853,276
Securities	3,852,370	1,707,771
Equity in earnings of affiliates	97,988	13,479
Other operating revenues (Note 13e)	421,437	221,182
OPERATING EXPENSES	(18,259,063)	(12,560,359)
Cost of products and services	(1,132,728)	(1,198,823)
Insurance, pension plan and capitalization	(3,131,497)	(2,737,693)
Properties	(2,819,845)	(1,348,952)
Administrative	(4,309,671)	(3,847,291)
Management fees	(123,153)	(109,720)
Financial	(3,943,574)	(644,861)
Financial expenses on technical provisions for pension plan and capitalization (Note 11c)	(833,214)	(668,598)
Other operating expenses (Note 13f)	(1,965,381)	(2,004,421)
OPERATING INCOME	4,906,943	4,584,201
NON-OPERATING RESULT (Note 13g)	138,775	(174,592)
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	5,045,718	4,409,609
INCOME TAX AND SOCIAL CONTRIBUTION (Note 14a I)	(1,521,678)	(1,571,430)
Due on operations for the period	(1,553,625)	(1,729,290)
Deferred related to temporary differences	31,947	157,860
PROFIT SHARING	(288,364)	(239,845)
Employees - Law 10,101 of 12/19/2000	(193,037)	(167,611)
Directors - Statutory - Law 6,404 of 12/15/1976	(95,327)	(72,234)
NET INCOME RELATING TO MINORITY INTEREST IN SUBSIDIARIES	(1,588,338)	(1,383,938)
NET INCOME OF PARENT COMPANY	1,647,338	1,214,396
Net income relating to minority interest in subsidiaries	1,588,338	1,383,938
NET INCOME OF ITAÚSA CONGLOMERATE	3,235,676	2,598,334
NUMBER OF OUTSTANDING SHARES - in thousands	3,189,903	3,233,308
NET INCOME OF PARENT COMPANY PER THOUSAND SHARES - R\$	516.42	375.59
BOOK VALUE OF PARENT COMPANY PER THOUSAND SHARES - R\$	3,407.35	2,966.95

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(In thousands of reais)

	01/01 to 06/30/2006	01/01 to 06/30/2005
A- FINANCIAL RESOURCES WERE PROVIDED BY	9,522,565	12,875,688
NET INCOME FOR THE PERIOD	1,647,338	1,214,396
Items not representing movement of net working capital		
Minority interest	1,588,338	1,383,938
Depreciation and amortization	326,060	343,486
Equity in the earnings of subsidiaries, net of received dividends	(52,876)	21,332
Other	223	(27,642)
ADJUSTED NET INCOME	3,509,083	2,935,510
FINANCIAL RESOURCES FROM STOCKHOLDERS	100,182	100,328
Capital increase	100,000	100,000
Premium on subscription of shares	182	328
FINANCIAL RESOURCES FROM THIRD PARTIES	5,913,300	9,839,850
Increase in long-term liabilities	5,896,252	9,806,954
Cost of disposed permanent assets	15,995	34,581
Cost of investment disposals	5,210	5,524
Change in deferred income	(4,157)	(7,209)
B- FINANCIAL RESOURCES WERE USED FOR	3,383,051	3,246,738
Increase in long-term receivables	1,994,302	1,630,409
Adjustment to market value - securities and derivatives - subsidiary and affiliated	68,833	80,249
Purchased properties and other assets	322,228	280,256
Investments in the period	72,132	17,851
Increase in deferred assets	53,997	47,171
Purchase of treasury shares	-	81,894
Dividends paid to minority stockholders	511,733	381,445
Dividends proposed	560,594	348,016
Change in minority stockholders, net	(200,768)	379,447
INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)	6,139,514	9,628,950
INCREASE (DECREASE) IN NET WORKING CAPITAL	6,139,514	9,628,950
At the beginning of the period	29,464,026	18,201,126
Current assets	117,440,972	103,482,985
Current liabilities	87,976,946	85,281,859
At the end of the period	35,603,540	27,830,076
Current assets	135,955,660	116,285,293
Current liabilities	100,352,120	88,455,217

ITAÚSA - INVESTIMENTOS ITAÚ S.A.

BALANCE SHEET

(In thousands of reais)

ASSETS	06/30/2006	06/30/2005
Current assets	1,097,422	1,002,161
Cash and cash equivalents	12	2
Securities (Note 6a)	541,565	676,399
Tax credits	128	333
Other sundry receivables (Note 13a)	555,717	325,427
Long-term receivables	14,683	109,518
Securities (Note 6a)	32	32
Tax credits	74	429
Other sundry receivables (Note 13a)	14,577	109,057
Permanent assets	11,251,070	9,300,709
Investments		
Investments in subsidiaries (Note 15a)	11,237,777	9,286,482
Other investments	4,129	4,204
Fixed assets (Note 15b)	9,164	10,023
TOTAL ASSETS	12,363,175	10,412,388
LIABILITIES		
Current liabilities	642,336	371,606
Dividends payable	563,160	354,303
Tax and social security	75,461	3,208
Other liabilities (Note 13d)	3,715	14,095
Long-term liabilities - Tax and social security	12,419	11,070
Stockholders' equity (Note 16)	11,708,420	10,029,712
Capital (Note 16a)	5,200,000	5,000,000
Capital reserves	26,824	28,423
Revaluation reserves	43,776	50,106
Revenue reserves (Note 16c)	6,340,330	4,868,506
Adjustment to market value - securities (Notes 4b, 4c and 6a)	97,490	164,571
(-) Treasury shares	-	(81,894)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	12,363,175	10,412,388

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

	01/01 to 06/30/2006	01/01 to 06/30/2005
OPERATING REVENUE	1,975,955	1,581,700
Financial	-	7,492
Securities	118,647	418,175
Equity in earnings of subsidiaries (Note 15a)	1,855,946	1,154,487
Other operating income	1,362	1,546
OPERATING EXPENSES	(59,824)	(37,567)
Equity	(440)	(446)
Administrative	(13,431)	(8,006)
Management fees	(2,714)	(2,437)
Other operating expenses (Note 13f)	(43,239)	(26,678)
OPERATING INCOME	1,916,131	1,544,133
NON-OPERATING RESULT (Note 13g)	71,295	(174,205)
INCOME BEFORE TAXES ON INCOME AND PROFIT SHARING	1,987,426	1,369,928
INCOME TAX AND SOCIAL CONTRIBUTION (Note 4n and 14a)	20,960	(122,533)
Due on operations for the period	(146,265)	(133,086)
Related to temporary differences	167,225	10,553
PROFIT SHARING	(2,050)	(1,864)
Directors - Statutory - Law 6,404 of 12/15/1976	(2,050)	(1,864)
NET INCOME	2,006,336	1,245,531
NUMBER OF OUTSTANDING SHARES (In thousands) (Note 16)	3,189,903	3,233,308
NET INCOME PER THOUSAND SHARES - R\$	628.96	385.22
BOOK VALUE PER THOUSAND SHARES - R\$	3,670.46	3,102.00

ITAÚSA - INVESTIMENTOS ITAÚ S.A.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (NOTE 16)

(In thousands of reais)

	Capital	Capital reserves			Revaluation reserves	Revenue reserves		Adjustment to market value - securities and derivatives	Treasury shares	Retained earnings	Total
		Monetary correction Law 8,200	Premium on subscription of shares	Options for tax incentives		Legal	Statutory				
At December 31, 2004	3,800,000	25,013	1,453	1,094	50,671	470,730	4,794,027	244,819	(93,087)	-	9,294,720
Prior years' adjustments	-	-	-	-	-	-	-	-	-	(101,244)	(101,244)
Share subscription - domestic	100,000	-	-	-	-	-	-	-	-	-	100,000
Premium on issuance of shares	-	-	328	-	-	-	-	-	-	-	328
Change of adjustment to market value - subsidiaries	-	-	-	-	-	-	-	(80,248)	-	-	(80,248)
Reversal/realization of reserves	-	-	-	-	(565)	-	-	-	-	565	-
Capital increase with reserves	1,100,000	-	-	-	-	-	(1,100,000)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	(93,087)	-	93,087	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(81,894)	-	(81,894)
Options for tax incentives	-	-	-	535	-	-	-	-	-	-	535
Net income for the period	-	-	-	-	-	-	-	-	-	1,245,531	1,245,531
Appropriations:											
Legal reserve	-	-	-	-	-	62,276	-	-	-	(62,276)	-
Statutory reserve	-	-	-	-	-	-	734,560	-	-	(734,560)	-
Interest on own capital	-	-	-	-	-	-	-	-	-	(348,016)	(348,016)
At June 30, 2005	5,000,000	25,013	1,781	1,629	50,106	533,006	4,335,500	164,571	(81,894)	-	10,029,712
At December 31, 2005	5,000,000	25,013	1,781	1,629	49,392	588,815	4,852,810	148,887	(434,191)	-	10,234,136
Change of adjustment to market value - subsidiaries	-	-	-	-	-	-	(20,243)	(51,397)	-	-	(71,640)
Share subscription - domestic	100,000	-	-	-	-	-	-	-	-	-	100,000
Premium on issuance of shares	-	-	182	-	-	-	-	-	-	-	182
Capital increase with reserves	100,000	-	(1,781)	-	-	-	(98,219)	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	(434,191)	-	434,191	-	-
Reversal/realization of reserves	-	-	-	-	(5,616)	-	-	-	-	5,616	-
Net income for the period	-	-	-	-	-	-	-	-	-	2,006,336	2,006,336
Appropriations:											
Legal reserve	-	-	-	-	-	100,317	-	-	-	(100,317)	-
Statutory reserve	-	-	-	-	-	-	1,351,041	-	-	(1,351,041)	-
Interest on own capital	-	-	-	-	-	-	-	-	-	(560,594)	(560,594)
At June 30, 2006	5,200,000	25,013	182	1,629	43,776	689,132	5,651,198	97,490	-	-	11,708,420

ITAÚSA - INVESTIMENTOS ITAÚ S.A. STATEMENT OF CHANGES IN FINANCIAL POSITION

(In thousands of reais)

	01/01 to 06/30/2006	01/01 to 06/30/2005
A- FINANCIAL RESOURCES WERE PROVIDED BY	748,910	721,456
NET INCOME FOR THE YEAR	2,006,336	1,245,531
Items not representing movement of net working capital:		
Depreciation and amortization	440	445
Equity in the earnings of subsidiaries, net of received dividends	(1,404,483)	(636,718)
Allowance for losses	(6)	19
Goodwill amortization	3,077	691
ADJUSTED NET INCOME	605,364	609,968
FINANCIAL RESOURCES FROM STOCKHOLDERS	100,182	100,328
Capital increase	100,000	100,000
Premium on subscription of shares	182	328
FINANCIAL RESOURCES FROM THIRD PARTIES	43,364	11,160
Increase in long-term liabilities	3,665	5,910
Cost of investment disposals	39,699	8
Write-offs of fixed assets in use	-	5
Prior years' adjustments	-	4,702
Tax incentives	-	535
B- FINANCIAL RESOURCES WERE USED FOR	637,271	516,524
Increase in long-term receivables	3,763	10,840
Purchased properties and other assets	1	3
Investments in the period	72,913	75,771
Purchase of treasury shares	-	81,894
Dividends proposed	560,594	348,016
INCREASE (DECREASE) IN NET WORKING CAPITAL (A-B)	111,639	204,932
INCREASE (DECREASE) IN NET WORKING CAPITAL	111,639	204,932
At the beginning of the year	343,447	425,623
Current assets	1,211,452	1,017,113
Current liabilities	868,005	591,490
At the end of the year	455,086	630,555
Current assets	1,097,422	1,002,161
Current liabilities	642,336	371,606

ITAÚSA - INVESTIMENTOS ITAÚ S.A.**NOTES TO THE FINANCIAL STATEMENTS****PERIODS FROM JANUARY 1 TO JUNE 30, 2006 AND 2005**

(In thousands of Reais)

NOTE 1 – OPERATIONS

ITAÚSA – Investimentos Itaú S.A. (ITAÚSA) - has as main objective supporting 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 Central Bank of Brazil (BACEN), the National Monetary Council (CMN), the Superintendência de Seguros Privados (SUSEP) – the Brazilian Insurance regulator and the National Council of Private Insurance (CNSP), which include the use of estimates necessary to calculate accounting provisions.

In Loan, Capital Leasing and Other Credit Operations – Credit Card Operations are included the receivables, arising from purchases made by the credit card holders. The resources related to these amounts are included in Other Liabilities – Credit Card Operations. The Capital 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 under heading Loan, Leasing and Other Credit Operations in the Statement of Income. The Advances on Exchange Contracts are reclassified from Other Liabilities – Foreign Exchange Portfolio. The foreign 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 representative of foreign currencies.

NOTE 3 – CONSOLIDATED FINANCIAL STATEMENTS

The balances of balance sheet and statement of income accounts, as well as the amounts of transactions between consolidated companies, were eliminated. The investments held by consolidated companies in Exclusive Investment Funds are consolidated. The securities and investments of these funds portfolios are classified by type of instrument and were distributed by type of instruments, 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 (Note 14b II). Up to March 31, 2006, Operations with Credit Assignment Characteristics and Allowance for Loan Losses were presented in the Balance Sheet net of write-offs additionally carried out, related to fully provisioned operations, for which recovery is considered remote by Management. As from the second quarter of 2006, part of the operations with these characteristics began to be assigned. The effects of the Foreign Exchange Variation of Investments are classified in the Statement of Income accounts, according to the nature of the corresponding balance sheet accounts.

The difference in net income and stockholders' equity between ITAÚSA and ITAÚSA CONSOLIDATED (Note 16d) results from the elimination of unrealized profits arising from the transactions between consolidated companies, net of the corresponding deferred taxes, and from the adoption of different criteria on the amortization of goodwill on purchase of investments and recognition of tax credits:

I- In ITAÚSA, goodwill recorded in subsidiaries, mainly originated from the increases in investments of Credicard and Orbitall, from the partnership to set up the Financeira Itaú CBD and Americanas Itaú and from the acquisition of part of the shares of BPI S.A., is being amortized based on the expected future profitability (10 years) or by the realization of investments, in order to: a) avoid unnecessary decrease in its Stockholders' Equity for operating limits computation purposes; b) avoid an unnecessary capital increase; and c) obtain better compliance with market accounting practices.

In ITAÚSA CONSOLIDATED, this goodwill was fully amortized in the years when these investments occurred, in order to: a) permit better comparability with prior periods' consolidated financial statements; and b) permit measuring Net Income and Stockholders' Equity based on conservative criteria.

II- In BANCO BANESTADO S.A. (BANESTADO) and ITAÚSA CONSOLIDATED, are recorded tax credits at amounts considering suitable to the expected future earnings.

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

		Holding (%)	
		06/30/2006	06/30/2005
FINANCIAL SERVICES AREA			
Banco Itaú Holding Financeira S.A.	(1)	48.24	47.53
Banco Itaú S.A.		48.24	47.53
Banco Itaú-BBA S.A.		46.19	45.51
Banco Itaúcred Financiamentos S.A.		48.24	47.53
Banco Fiat S.A.		48.24	47.53
Banco Itaú Buen Ayre S.A.		48.24	47.53
Banco Itaú Europa Luxembourg S.A.		89.84	89.70
Banco Itaú Europa, S.A.		89.89	89.75
Itaú Bank, Ltd		48.24	47.53
Cia. Itauleasing de Arrendamento Mercantil		48.24	47.53
Itaú Corretora de Valores S.A.		48.24	47.53
Financeira Itaú CBD S.A. - Crédito, Financiamento e Investimento	(2)	24.12	23.76
Financeira Americanas Itaú S.A - Crédito, Financiamento e Investimento	(3)(4)	24.12	23.76
Itaú Seguros S.A.		48.24	47.53
Itaú Vida e Previdência S.A.		48.24	47.53
Cia. Itaú de Capitalização		48.24	47.53
Banco Itaucard S.A.	(5)	48.24	47.53
Credicard Banco S.A.	(4)(6)	-	23.76
Banco Itaú Cartões S.A.	(6)	48.24	47.53
Orbitall Serviços e Processamento e Informatização Comercial S.A.		48.24	47.53
Redecard S.A.	(4)	15.41	15.18
Fiat Administradora de Consórcios Ltda		48.24	47.53
Itaú Administradora de Consórcios Ltda		48.24	47.53
Akbar Marketing e Serviços, LDA and subsidiaries		46.19	45.51
Afino Américas Madeira, SGPS, Sociedade Unipessoal, LDA		48.24	47.53
Itaúsa Export S.A.		88.50	88.34
Serasa S.A.	(4)	15.62	15.39
INDUSTRIAL AREA			
Duratex S.A.	(1)	41.55	47.60
Itautec S.A.	(1)	93.96	94.22
Elekeiroz S.A.	(1)	96.49	96.41
Itaúsa Empreendimentos S.A.		99.95	100.00

(1) Listed company.

(2) Investment approved to operate by BACEN on 04/05/2005. As from 09/30/2005, it started being fully included in consolidation, as authorized by CVM, since the business is managed by Banco Itaú Holding Financeira S.A.(Itaú Holding).

(3) Investment set up on 04/27/2005 and approved to operate by BACEN on 02/21/2006.

(4) Companies with shared control included proportionally in consolidation.

(5) New company's name of Itaucard Financeira S.A. Crédito, Financiamento e Investimento, approved at BACEN on April 25, 2006.

(6) Company proportionally merged by Banco Itaú Cartões S.A. on April 30, 2006.

NOTE 4 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) Interbank investments, funds raised by subsidiaries, borrowings and onlendings and other receivables and payables - Transactions subject to monetary correction or foreign exchange rates and operations with fixed charges are recorded at current value, calculated "pro rata die" based on the variation of the contracted index and interest rates.

b) Securities

1. In ITAÚSA and non-financial subsidiaries (Industrial Area) are recorded at acquisition cost accrued and adjusted to reflect the market value, when this is lower.
2. In financial subsidiaries, insurance, pension plan, security and capitalization companies, and subsidiaries (Financial Services Area), recorded at acquisition cost accrued by the index and/or effective interest rate and presented in the Balance Sheet, according to BACEN Resolution Circular 3,068, of November 8, 2001 and SUSEP Resolution 314, of December 27, 2005. They are 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;
 - available for sale securities - securities that can be negotiated but are not acquired to be actively and frequently traded. They are adjusted to their market value with a contra-entry to a specific account in stockholders' equity; and
 - held to maturity securities - 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, are recorded at acquisition cost, or market value, whenever these are transferred from another category. The securities are adjusted up to maturity date, not being adjusted to market value.

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

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

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

c) Derivative Financial Instruments - These are classified on the acquisition date, according to management's intention of using them either as a hedge or not, according to BACEN Circular Letter 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 – Financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value with realized and unrealized gains and losses, which are recorded directly in the statement of income.
- Cash Flows Hedge - The effective amount of hedged of financial assets and liabilities, as well as their related financial instruments, are accounted for at their market value with realized and unrealized gains and losses, net of tax effects, when applicable, and recorded in a specific account in stockholders' equity. The ineffective amount of the hedge is recorded directly in the statement of income.

- d) Loan, Capital Leasing and Other Credit Operations (Operations with Credit Assignment Characteristics)** - These transactions are recorded at present value and calculated "pro rata die" based on the variation of the contracted index and interest rate, and are recorded on the accrual basis until 60 days overdue in the financial service companies. After the 60th day, income is recognized upon the effective receipt of 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, at an amount considered sufficient to cover loan losses according to the rules determined by CMN Resolution 2,682 of December 21, 1999, among which are:
- Provisions are recorded from the date of the loan disbursements, based on the client risk classification, due to 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 of credit operations against loss may be carried out 360 days after the due date of the credit or 540 days for operations that mature after a period of 36 months.
- f) Inventories** - These are valued at average acquisition or production cost, which is lower than replacement costs or realizable values and, when applicable, decreased by provision for obsolescence. Imports in transit are stated at the accumulated cost of each import.
- g) Other Assets** - These assets are mainly comprised of properties available for sale, unused own properties and properties received as payment in kind, which are adjusted to market value by recognizing a provision, according to current regulations.
- h) Prepaid Expenses** – These refer to investments which related benefits will occur in future periods.
- i) Investments** - In subsidiary and affiliated companies, investments are accounted for under the equity method. The financial statements of foreign 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, and adjusted to market value through provisions set up based on current rules.
- j) Fixed assets** - These are stated at acquisition or construction cost, 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.

In the Financial Area, with respect to Operating leases, leased assets are stated at acquisition cost less accumulated depreciation. The depreciation of leased assets is recognized under the straight-line method, based on the usual useful life, considering a reduction of 30% in the useful life of the asset, if in accordance with the conditions set forth in Ordinance No. 113, of February 26, 1998, of the Federal Revenue Service. Receivables are recorded in lease receivable at the contractual amount, as a contra entry to unearned income accounts. The recognition in income will occur on the consideration collection date.

Depreciation is calculated using the straight-line method, based on monetarily corrected 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:

Building in use	4%	To	8%
Facilities, furniture, equipment and security, transportation and communication systems	10%	To	25%
EDP systems	20%	To	50%

k) 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 contract terms, limited to ten and five years, respectively.

l) Technical provisions for insurance, pension plan and capitalization - Technical provisions are recognized according to the technical notes approved by SUSEP and criteria established by National Council of Private Insurance (CNSP) Resolution 120 of December 24, 2004.

I - Insurance:

- Provision for unearned premiums - recognized to determine unearned premiums relating to the risk coverage period;
- Provision for premium deficiency – recognized 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 unsettled claims – recognized based on notices of loss, in an amount sufficient to cover future commitments;
- Provision for claims incurred but not reported (IBNR)- recognized based on 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 results 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 and/or Other amounts to Regulate – refer to amounts still not regulated up to the balance sheet date;
- Provision for events incurred but not reported (IBNR) – recognized in relation to the estimated amount of events incurred but not reported;
- Mathematical Provisions for Benefits Granted and Benefits to be Granted – correspond to commitments assumed with participants, but which benefits are not being used, and those receiving the benefits;
- Provision for insufficient contribution – recognized 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;
- Provision for raffles payable – recognized by raffles of securities carried out;
- Provision for contingencies – recognized by the application of contingency quota on the collected amount.

m) Contingent Assets and Liabilities and Legal Liabilities – Tax and Social Security: assessed, recognized and disclosed according to the provisions set forth in CVM Resolution No. 489 of October 3, 2005.

I- Contingent Assets and Liabilities:

Refer to potential rights and obligations arising from past events and which occurrence is dependent upon future events.

- Contingent Assets: not recognized, except upon evidence ensuring a high reliability level of realization, usually represented by claims awarded a final unappealable judgment and the recovery of which shall be upon receipt of amounts or offset against another liability.
- Contingent Liabilities: basically arise from administrative proceedings and lawsuits, inherent in the normal course of business, filed by third parties, former employees and governmental bodies, in connection with civil, labor, tax and social security lawsuits and other risks. These contingencies are calculated based on conservative practices, being usually recorded based on the opinion of legal advisors and the probability in which financial resources shall be required for settling any involved liabilities, the amount of which may be estimated with sufficient certainty. Contingencies are classified either as probable, for which provisions are recognized, possible, which are disclosed but not recognized, or remote, which recognition or disclosure are not required. Any contingent amounts are measured through the use of models and criteria which allow their adequate measurement, in spite of the uncertainty of their term and amounts, as follows:
 - Civil and labor contingencies: quantified 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 which amount is not considered relevant; or
 - at the claimed indemnity amount, on the evidence presented based on the evaluation of legal advisors – which considers case law, legal opinions raised, evidence produced in the records and the judicial decisions already issued – relating to the risk level of loss of lawsuits related to claims considered unusual or which amount is considered significant.

Provisions for civil and labor contingencies are adjusted up to the amounts deposited as guarantees for their execution or to the definitive execution amount (indisputable amount) when the claim is awarded a final and unappealable judgment.

- Tax and social security contingencies: quantified upon judicial notice of administrative proceedings, based on their monthly adjusted amounts.
- Other risks: quantified mainly based on the assessment of credits assignment with joint liability.

Escrow deposits are restated in accordance with the current legislation.

Contingencies guaranteed by indemnity clauses in privatization processes and with liquidity are only recognized upon disbursement, with simultaneous recognition of receivables, with no effect on statement of income.

II- Legal Liabilities – Tax and Social Security:

Represented by amounts payable related to tax liabilities, the legality or constitutionality of which are subject to administrative or judicial defense; they are recognized at the full amount under discussion.

Liabilities and related escrow deposits are adjusted in accordance with the current legislation.

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

Income tax	15.00%
Additional 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 PIS and COFINS rates are 0.65% and 4%, respectively.*

- o) Deferred income** – This refers to unexpired interest received in advance that is recorded as they fall due, and to negative goodwill on acquisition of investments arising from expected future income, not absorbed in the consolidation process.

NOTE 5 - INTERBANK INVESTMENTS

We present below the composition of the interbank investments of the subsidiaries of the Financial Services Area:

	Book value	
	06/30/2006	06/30/2005
Money Market	18,299,429	13,009,228
Funded position (*)	9,989,376	9,790,519
Financed position	8,310,053	3,218,709
With free movement	3,157,891	-
Without free movement	5,152,162	3,218,709
Money Market - guarantor resources of technical provisions - SUSEP	560,676	259,718
Interbank deposits	8,947,560	9,871,841
TOTAL	27,807,665	23,140,787

(*) Includes R\$ 6,524,361 (R\$ 3,973,093 at 06/30/2005) related to money market with free movement, in which securities are restricted to guarantee transactions in the Futures and Commodities Exchange (BM&F).

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

We present the composition of the accounts Securities and Derivative Financial Instruments, maintained in the subsidiaries of the Financial Services Area, 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 with impact on		Market value	
		Result	Stockholders' equity	06/30/2006	06/30/2005
Itaúsa and Industrial Area					
Securities	974,481	-		974,481	728,693
Derivative financial instruments (assets)	-	-		-	234,072
Subtotal	974,481	-	-	974,481	962,765
Financial Services Area (1)					
Trading securities (2)	20,255,913	(10,488)		20,245,425	14,045,034
Securities available for sale	11,610,611		220,176	11,830,787	10,736,251
Securities held to maturity (3)	1,642,535	-		1,642,535	2,241,174
Derivative financial instruments (assets)	3,232,400	246,729		3,479,129	2,594,401
Subtotal	36,741,459	236,241	220,176	37,197,876	29,616,860
Deferred taxes			(85,019)		
Adjustments of securities reclassified to securities held to maturity			29,499		
Unconsolidated company			15,523		
Total adjustment to market value			180,179		
Additional provision (exceeding minimum required)				(180,000)	(400,000)
Total Securities and Derivative Financial Instruments (assets)	37,715,940	236,241		37,992,357	30,179,625
Derivative financial instruments - Itaúsa and Industrial Area	-	-		-	42,208
Derivative financial instruments - Financial Area	2,236,449	267,086		2,503,535	1,733,753
Total derivative financial instruments (liabilities)	2,236,449	267,086		2,503,535	1,775,961
Minority interest			(82,689)		
Amount separately disclosed in Stockholders' equity of ITAÚSA			97,490		

(1) No reclassification among categories was performed for the period.

(2) Includes portfolios of PGBL and VGBL plan securities, in the amount of R\$ 11,901,538 (R\$ 8,274,354 at 06/30/2005), 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\$ 125,788 (positive adjustment in the amount of R\$ 174,713 at 06/30/2005).

At ITAÚSA, the amount of R\$ 541,597 (R\$ 676,431 at 06/30/2005) is basically composed of Quotas of Investment Funds.

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 futures contracts, which are registered at the Futures and Commodities Exchange (BM&F) or at the Clearing House for the Custody and Financial Settlement of Securities (CETIP). BM&F futures contracts involving interbank rates and U.S. dollars are mainly used to lock 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, forward contracts, 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 06/30/2006 were related to the foreign exchange rate, interest rate, U.S. dollar coupon 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 forward contracts: quotes in stock exchanges;
- Swap: the cash flow of each part is discounted to present value, according to the corresponding interest curves, obtained based on the BM&F prices and/or market prices of the government 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 goods, 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	
	06/30/2006	06/30/2005	06/30/2006	06/30/2006	06/30/2006	06/30/2005
Futures contracts	174,512,728	162,473,185	12,327	2,333	14,660	18,477
Purchase commitments	90,528,603	73,091,427	43,757	5,731	49,488	71,465
Commitments to sell	83,984,125	89,381,758	(31,430)	(3,398)	(34,828)	(52,988)
Swap contracts			607,587	577	608,164	827,796
Asset position	44,271,795	29,505,720	1,269,690	225,928	1,495,617	1,836,212
Liability position	43,664,208	28,717,550	(662,103)	(225,351)	(887,453)	(1,008,416)
Option contracts	104,980,310	55,304,662	99,753	30,813	130,566	(42,886)
Purchase commitments - purchased position	9,920,477	22,606,017	62,379	(31,965)	30,414	63,621
Commitments to sell - purchased position	37,822,600	5,971,080	210,775	33,928	244,703	486,994
Purchase position - sold position	38,533,907	8,457,939	(123,955)	45,055	(78,900)	(135,295)
Commitments to sell - sold position	18,703,326	18,269,626	(49,446)	(16,205)	(65,651)	(458,206)
Forward contracts			271,809	(138)	271,671	197,422
Purchase receivable			271,809	(138)	271,671	197,422
Other derivative financial instruments	17,438,248	7,408,521	4,475	(53,942)	(49,467)	51,703
Asset position	8,133,658	4,392,039	1,373,990	13,245	1,387,236	172,759
Liability position	9,304,590	3,016,482	(1,369,515)	(67,187)	(1,436,703)	(121,056)
		ASSETS	3,232,400	246,729	3,479,129	2,828,473
		LIABILITIES	(2,236,449)	(267,086)	(2,503,535)	(1,775,961)
		TOTAL	995,951	(20,357)	975,594	1,052,512

Derivative contracts fall due as follows (in days):

Clearing	0 - 30	31 - 180	181 - 365	Over 365	06/30/2006	06/30/2005
Futures	31,654,356	113,918,908	9,491,314	19,448,150	174,512,728	162,473,185
Swaps	7,853,089	10,862,355	11,066,438	13,220,223	43,002,105	27,808,008
Options	6,251,429	18,639,054	72,981,704	7,108,123	104,980,310	55,304,662
Others	2,230,072	6,540,961	2,059,507	6,607,708	17,438,248	7,408,521

NOTE 7 - LOAN, CAPITAL LEASING AND OTHER CREDIT OPERATIONS - FINANCIAL SERVICES AREA

a) Summary

I- By type of operation

	06/30/2006	06/30/2005
Loan operations	47,338,062	39,322,688
Capital leasing operations	11,212,589	5,924,748
Credit card operations	7,482,286	5,389,574
Advances on exchange contracts (1)	1,237,205	1,578,472
Other sundry receivables (2)	112,358	132,444
Total	67,382,500	52,347,926
Endorsements and sureties (3)	7,400,835	6,299,905
Total with endorsements and sureties	74,783,335	58,647,831

(1) Includes advances on exchange contracts and income receivable from advances granted. Recorded in Other Liabilities - Foreign Exchange Portfolio (Note 9).

(2) Includes securities and credits receivable, debtors for purchase of other assets and endorsements and sureties paid.

(3) Recorded in memorandum accounts.

II- By business sector

	06/30/2006	%	06/30/2005	%
Public sector	1,246,305	1.8	1,381,259	2.6
Private sector	66,136,195	98.2	50,966,667	97.4
Corporations	30,435,249	45.2	26,260,078	50.2
Individuals	35,700,946	53.0	24,706,589	47.2
Total	67,382,500	100.0	52,347,926	100.0

b) Allowance for loan losses

	01/01 to 06/30/2006	01/01 to 06/30/2005
Opening balance	(4,107,176)	(3,053,555)
Net increase for the period	(2,883,672)	(1,426,223)
Write-Offs	1,382,064	1,237,932
Closing balance	(5,608,784)	(3,241,846)
Specific allowance (1)	(2,241,724)	(1,000,903)
General allowance (2)	(1,767,060)	(1,090,943)
Additional allowance (3)	(1,600,000)	(1,150,000)

(1) For operations presenting overdue installments for over 14 days or under responsibility of companies which are under reorganization with creditors or under a bankruptcy process.

(2) For operations not covered by the previous item due to the classification of the client or operation.

(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 based on historical data in economic crisis situation.

Note: The Specific and General Allowances reflect the effects of the recognition of an additional allowance in the amount of R\$ 268,963 (R\$ 187,514 at 06/30/2005) for not using the option, provided for in article 5° of BACEN Resolution No. 2,682, of 12/21/1999, amended by article 2° of CMN Resolution No. 2,697 of 02/24/2000, of having loan operations contracted with clients whose total responsibility is lower than R\$ 50 exclusively evaluated based on the consigned delays.

As of 06/30/2006, the allowance for loan losses balance is equivalent to 8.3% (6.2% as of 06/30/2005) of the loan portfolio.

c) Recovery and renegotiation of credits

I- Composition of the result of allowance for loan losses

	01/01 to 06/30/2006	01/01 to 06/30/2005
Net recognition for the period	(2,883,672)	(1,426,223)
Recoveries	375,753	352,257
Renegotiation	113,770	93,747
Receipt	261,983	258,510
Result of allowance for loan losses	(2,507,919)	(1,073,966)

II- Renegotiated credits

	06/30/2006	06/30/2005
Renegotiated credits	2,004,079	1,136,179
Allowance for loan losses	(968,344)	(468,148)
(%)	48.3	41.2

NOTE 8 - INVENTORIES

	06/30/2006	06/30/2005
Products	489,964	518,529
Raw material	217,159	194,421
Work in process	33,027	30,518
Finished products	181,085	218,184
Storeroom	58,693	75,406
Real estate	8,119	19,390
Total	498,083	537,919

NOTE 9 - FOREIGN EXCHANGE PORTFOLIO

	06/30/2006	06/30/2005
ASSETS - OTHER RECEIVABLES	12,083,916	13,605,715
Exchange purchase pending settlement - foreign currency	6,633,766	7,019,091
Foreign currency bills exchange and term document - foreign currency	5,356	3,581
Exchange sale rights - domestic currency	5,585,887	6,699,975
(-) Advances received - domestic currency	(141,093)	(116,932)
LIABILITIES - OTHER LIABILITIES	12,308,208	13,814,365
Exchange sales pending settlement - foreign currency	5,482,515	5,699,060
Exchange purchase liabilities - domestic currency	6,823,539	8,111,759
Other	2,154	3,546
MEMORANDUM ACCOUNTS	90,252	112,609
Outstanding import credits - foreign currency	62,367	62,424
Confirmed export credits - foreign currency	27,885	50,185

NOTE 10 – FUNDS RAISED BY SUBSIDIARIES AND BORROWINGS AND ONLENDINGS - FINANCIAL SERVICES AREA

	06/30/2006	06/30/2005
Foreign currency	7,380,381	8,856,192
Funds from acceptance and issuance of securities	3,577,677	3,898,234
Borrowings and onlendings (1)	3,802,704	4,957,958
Domestic currency	60,193,907	49,234,446
Deposits	52,856,615	43,629,280
Funds from acceptance and issuance of securities	3,213,478	1,451,915
Borrowings and onlendings	4,123,814	4,153,251
Securitization of foreign payment orders (2)	1,180,896	2,274,728
Deposits received under securities repurchase agreements	27,583,001	17,888,021
Own portfolio	19,042,127	14,655,353
Third-party portfolio	5,570,877	3,232,668
Free portfolio	2,969,997	-
Subordinated debts	4,534,861	4,537,413
Bank Deposit Certificates	2,045,444	1,866,368
Debentures	627,987	633,744
Euronotes	997,009	1,102,549
Redeemable preferred shares	864,421	934,752
Total	100,873,046	82,790,800

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

(2) Recorded in Other Liabilities.

NOTE 11 - INSURANCE, PENSION PLAN AND CAPITALIZATION OPERATIONS

a) Composition of Technical Provisions

	06/30/2006	06/30/2005
Insurance	1,355,383	1,150,435
Unearned premiums	724,272	622,661
Unsettled claims	359,316	319,644
IBNR	197,621	164,816
Premium deficiency - Others	16,230	7,054
Premium deficiency - Health care (1)	47,799	24,375
Mathematical provision of benefits to grant	6,636	8,208
Mathematical provision of benefits granted	511	-
Financial surplus	1,206	997
Unsettled benefits	438	1,835
Redemptions and other unresolved amounts	1,354	845
Life insurance and pension plan	13,981,825	10,273,497
Unearned premiums	249,124	224,340
Unsettled claims	36,097	33,188
IBNR	49,306	44,028
Mathematical provisions of benefits to grant	13,107,781	9,528,639
Mathematical provisions of benefits granted	93,249	84,501
Financial surplus	266,522	195,406
Financial variation	82,570	87,000
Risk variation	22,520	15,675
Insufficient contribution (2)	44,063	40,587
Redemptions and other unresolved amounts	15,878	11,255
Premium deficiency	8,504	6,685
Unexpired risks	1,339	1,286
Unsettled benefits	1,430	880
Administrative	3,442	27
Capitalization	1,072,093	1,082,289
Mathematical provision for redemptions	991,912	985,284
Contingencies	68,940	77,095
Raffles pending/payable	11,241	19,910
TOTAL	16,409,301	12,506,221

(1) The provision for Premium Deficiency is calculated in accordance with the criteria established by the regulatory body and the technical actuarial note which establishes a provision for risk coverage for the next 12 months

In compliance with USGAAP standards, in the financial statements filed with the SEC (Securities and Exchange Commission), provisions are conservatively recorded in the amount of R\$ 614,109 as of 12/31/2005 (R\$ 549,000 as of 12/31/2004), enough to cover eventual deficits until the termination of plans in 2099.

To maintain the economic and financial balance of health care plans, approval was requested from ANS (National Health Agency - the Brazilian health market regulator) for plan restructuring, as well as for price adjustments, for which authorization is pending. With the purpose of covering the existing imbalance, a capital increase considered sufficient to provide funds for the health insurance segment was carried out.

The accounting differences between the local and USGAAP practices, for purposes of covering estimated values, are substantially offset by the amortization of goodwill criterion.

(2) Recorded based on the actuarial evaluation in sufficient amount for the settlement of obligations.

b) Guarantor Resources of Technical Provisions - SUSEP

	INSURANCE		LIFE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	06/30/2006	06/30/2005	06/30/2006	06/30/2005	06/30/2006	06/30/2005	06/30/2006	06/30/2005
Interbank investments - money market	116,564	30,079	252,025	74,893	192,087	154,746	560,676	259,718
Securities and derivative financial instruments	988,693	902,192	13,557,925	10,039,341	897,349	943,908	15,443,967	11,885,441
Funds Quotas of PGBL/VGBL (1)	-	-	11,901,538	8,274,354	-	-	11,901,538	8,274,354
Other	988,693	902,192	1,656,387	1,764,987	897,349	943,908	3,542,429	3,611,087
Government	249,373	234,343	684,955	985,493	134,220	120,141	1,068,548	1,339,977
Private	739,320	667,849	971,432	779,494	763,129	823,767	2,473,881	2,271,110
Credit Rights (2)	244,574	235,249	190,148	117,479	-	-	434,722	352,728
TOTAL	1,349,831	1,167,520	14,000,098	10,231,713	1,089,436	1,098,654	16,439,365	12,497,887

(1) Securities portfolio of the PGBL and VGBL pension plans of which ownership and embedded risks are the customer's responsibility. Recorded as securities, as determined by SUSEP, with a contra entry to liabilities in the Technical Provisions for Pension Plan account.

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

c) Result of Operations

	INSURANCE		LIFE AND PENSION PLAN		CAPITALIZATION		TOTAL	
	01/01 to 06/30/2006	01/01 to 06/30/2005	01/01 to 06/30/2006	01/01 to 06/30/2005	01/01 to 06/30/2006	01/01 to 06/30/2005	01/01 to 06/30/2006	01/01 to 06/30/2005
Income from financial operations	72,230	74,618	60,993	57,722	44,200	52,338	177,423	184,678
Financial income from insurance, pension plan and capitalization operations	72,431	74,618	859,505	690,997	78,701	87,661	1,010,637	853,276
Financial expenses from insurance, pension plan and capitalization operations	(201)	-	(798,512)	(633,275)	(34,501)	(35,323)	(833,214)	(668,598)
Income from Insurance, Pension Plan and Capitalization Operations	251,654	179,229	158,291	134,462	107,653	83,826	517,598	397,517
Premiums and contributions	1,066,476	879,612	2,101,531	1,767,213	413,118	408,292	3,581,125	3,055,117
Changes in technical provisions	(41,090)	(19,445)	(920,172)	(778,904)	(290,423)	(304,701)	(1,251,685)	(1,103,050)
Expenses with claims	(602,570)	(549,645)	(68,930)	(59,048)	-	-	(671,500)	(608,693)
Selling expenses	(195,267)	(160,109)	(13,429)	(12,269)	-	-	(208,696)	(172,378)
Expenses with benefits and redemptions	-	-	(936,754)	(781,505)	(13,100)	(17,456)	(949,854)	(798,961)
Other income and expenses	24,105	28,816	(3,955)	(1,025)	(1,942)	(2,309)	18,208	25,482
TOTAL	323,884	253,847	219,284	192,184	151,853	136,164	695,021	582,195

NOTE 12 – CONTINGENT ASSETS AND LIABILITIES AND LEGAL LIABILITIES – TAX AND SOCIAL SECURITY

ITAÚSA and its subsidiaries are involved in contingencies in the ordinary course of their businesses, as follows:

a) **Contingent Assets:** in the period from 01/01 to 06/30/2006, contingent assets were not recognized and there are no lawsuits which realization is classified as probable.

b) **Contingent Liabilities:**

- **Contingencies classified as probable:** are recognized in the accounting books and are represented by Civil Lawsuits demanding compensation for property damage and pain and suffering, such as wrongful protest of notes, return of checks, and inclusion of information in the credit protection registry, most of these actions being filed in the Small Claims Court and therefore limited to 40 minimum wages; Labor Claims seeking the recovery of alleged labor rights based on labor legislation specific to the related profession, such as overtime, salary equalization, reinstatement, transfer allowance, pension plan supplement and other; Tax and Social Security are represented by lawsuits and administrative proceedings of federal and municipal taxes; and Other Risks represented basically by the joint liability in securitized rural operations.

The table below shows the changes in the respective provisions for contingent liabilities and the respective escrow deposits balances:

Change in Provision for Contingent Liabilities	01/01 to 06/30/2006				
	Civil	Labor	Tax and Social Security	Other	Total
Opening balance	897,878	903,395	387,865	159,901	2,349,039
Write-offs due to the spin-off of Credicard at 04/30/2006	(86,279)	(9,497)	(68,872)	-	(164,648)
Changes in the Period Reflected in Results (Notes 13e and 13f)	<u>164,587</u>	<u>235,118</u>	<u>46,829</u>	<u>(62,137)</u>	<u>384,397</u>
Restatements/Charges	-	-	34,487	-	34,487
Increases	164,587	235,118	12,342	15,304	427,351
Write-offs through reversal	-	-	-	(77,441)	(77,441)
Payments	(78,605)	(156,312)	(1,443)	(1,007)	(237,367)
Closing balance (Note 13d)	897,581	972,704	364,379	96,757	2,331,421
Closing balance at 06/30/2005 (Note 13d)	877,480	1,027,594	375,941	249,119	2,530,134
Escrow deposits at 06/30/2006 (Note 13a)	299,774	606,739	193,782	-	1,100,295
Escrow deposits at 06/30/2005 (Note 13a)	184,001	531,417	113,356	-	828,774

- **Contingencies classified as possible:** not recognized in the accounting books and are represented by Civil Lawsuits amounting to R\$ 79,263 and Tax and Social Security Lawsuits amounting to R\$ 1,626,122. The principal characteristics of these lawsuits are described below:
 - CPMF (Tax on Bank Account Outflows) in Customer Operations – R\$ 379,514: refers to tax assessment notices issued for collection of tax credit related to CPMF on operations carried out with customers. The decision from the Taxpayers' Council or by the Superior Chamber of Tax Appeals of the Ministry of Finance is pending.
 - IR (Income Tax)/Allowance for Loan Losses – R\$ 274,886: calculated by adopting the IN 76/87 and the CMN Resolution 1.748/90, thus rejecting the Regulatory Instruction (IN) No. 80/93, which reduced the percentage from 1.5% to 0.5% for realization of the Allowance for Loan Losses in base year 1993. The bank is questioning the impossibility of applying the rule to events occurred in the fiscal year when it was enacted (principle of anteriority). A suspension was awarded for the bank's appeal, however, the judgment by the Federal Regional Court of the 3rd Region is pending.

- ISS – Banking Institutions – R\$ 184,860: refers to the tax assessments notices issued by the municipalities for collection of ISS on amounts recorded in several accounting accounts, on the grounds of being service revenue. An administrative final decision or tax foreclosure is pending.
- Social Security Contribution on Profit Sharing and Results Exceeding the Collective Bargaining Agreement – R\$ 135,949: refers to the Debt Entry Tax Notice issued based on the levy of social security contribution on the payment of profit sharing and results. A decision from the appellate court is pending.
- Apportionment of Net Assets by Book Value – R\$ 106,170: refers to the tax assessment notice issued due to the deduction of capital loss computed in the winding-up and liquidation of investments. A notice on the decision from the appellate court is pending.
- ISS (Service Tax) – Leasing – R\$ 103,602: the bank is questioning the constitutionality of the requirement, since: a) capital lease is a type of lease of chattels; b) the relevant operations are a financial lease, in which there is no service provision and therefore they cannot be taxed by ISS, under penalty of violation of articles 156 III of the Federal Constitution of 1988 and 110 of the National Tax Code. Should the tax levy be confirmed, it shall be due at the company's principal place of business, under article 12, "a" of Decree-Law No. 406/68.
- Social Security Contribution on Sole Bonus – R\$ 61,838: refers to Debt Entry Tax Notices issued based on the levy of social security contribution on sole bonus paid to the employees. The lower court's decision is pending.

The amount of R\$ 327,508 (R\$ 194,886 at 06/30/2005) (Note 13a) is pledged in guarantee of voluntary resources related to contingent liabilities lawsuits and Permanent Assets represented basically by Property For Own Use in the amount of R\$ 698,244 (R\$ 418,796 at 06/30/2005) are enlisted, in accordance with article 32 of Law 10,522/02.

c) Legal Liabilities – Tax and Social Security: liabilities recognized at the full amount being questioned, R\$ 2,967,828, of which R\$ 1,134,550 refers to lawsuits in which the possibility of loss is considered probable, R\$ 698,075 in which the possible of loss is considered possible and R\$ 1,135,203 in which the possibility of loss is considered remote. Changes in these liabilities and respective deposits are shown in Note 14c II.

At March 31, 2006, the income arising from the restatement of escrow deposits and the expenses on restatement of the corresponding liabilities started being recognized on accrual basis, which gave rise to additions to the financial margin and the income net of taxes of R\$ 47,811.

According to the opinion of the legal advisors, ITAÚSA and its subsidiaries are not involved in any administrative proceedings or lawsuits that may significantly affect the result of their operations. The combined evaluation of all existing provisions for all contingent liabilities and legal obligations, which are recognized upon the adoption of statistical models for claims involving small amounts and separate analysis by internal and external legal advisors, showed the sufficiency of the provisioned amounts according to the CVM Resolution 489 of October 3, 2005.

The adjustment to this Resolution's new requirements did not produce effects on their results and stockholders' equity.

NOTE 13 - BREAKDOWN OF ACCOUNTS**a) Other Sundry Receivables**

	06/30/2006	06/30/2005
Escrow deposits for provisions for contingent liabilities (Note 12b)	1,427,803	1,023,660
Contingencies classified as probable	1,100,295	828,774
Contingencies classified as possible	327,508	194,886
Escrow deposits for legal liabilities - Tax and Social Security	2,147,561	1,326,455
Escrow deposits for foreign fund raising program	401,449	440,510
Taxes and contributions to offset	1,281,961	836,903
Social contribution to offset – Provisional Measure 2,158, of August 24, 2001 (Note 14b I)	1,072,720	1,262,332
Income receivable	657,153	537,855
Insurance premium receivable	727,670	683,554
Trade notes receivable	703,461	685,256
Negotiation and intermediation of securities	768,283	1,161,982
Sundry debtors	426,721	472,868
Domestic	342,380	307,016
Foreign	84,341	165,852
Sundry	304,872	525,796
Total	9,919,654	8,957,171

In ITAÚSA, basically consist of Dividends and Bonus Receivable - R\$ 408,483 (R\$ 299,209 at 06/30/2005) and Taxes and Contributions to Offset - R\$ 145,314 (R\$ 25,121 at 06/30/2005).

b) Other Assets

	06/30/2006	06/30/2005
Foreclosed assets	372,133	377,130
(-) Valuation allowance	(90,863)	(105,744)
Other	744	355
Total	282,014	271,741

c) Prepaid expenses

	06/30/2006	06/30/2005
Technical cooperation agreement (*)	999,310	552,823
Commissions	190,840	207,132
Advertising	82,310	73,816
Other	110,789	66,405
TOTAL	1,383,249	900,176

(*) Basically refers to the amounts spent to acquire rights to credit payrolls and perform tax collections for Municipal and State Governments. As of 06/30/2006, the balance basically comprises R\$ 425,000 related to the agreement entered into on 09/16/2005 with the Municipal Government of São Paulo and R\$ 308,801 (R\$ 347,133 at 06/30/2005) related to the agreements entered into with the State Governments of Rio de Janeiro, Minas Gerais and Goiás.

d) Other Sundry Liabilities

	06/30/2006	06/30/2005
Provision for contingent liabilities (Note 12b)	2,331,421	2,530,134
Collection and payment of taxes	1,267,578	1,835,599
Negotiation and intermediation of securities	851,221	910,162
Provision for personnel	610,901	539,768
Suppliers	170,233	157,620
Agreement for rendering of services AOLA (1)	-	151,025
Provision for corporate restructuring (2)	-	75,000
Sundry creditors	1,127,358	1,116,362
Local	1,023,770	995,819
Foreign	103,588	120,543
Liabilities related to insurance companies	197,326	201,003
Liabilities for official agreements and rendering of payment services	209,334	151,887
Provisions for sundry payments	649,178	627,127
Total	7,414,550	8,295,687

(1) At 12/29/2005, an agreement was entered into between Itaú Holding and American On Line Latin America Inc (AOLA) resolving on the termination of the partnership, which represented the mutual release of any obligations related to the strategic alliance and its amendments, which resulted in the full recognition of the Service Agreement so far.

(2) Refers to provision for operation of the New Agreement for Credicard Management (Disclosed in Significant Event by ITAÚ HOLDING on 02/01/2005).

In ITAÚSA, basically consists of Provision for Contingent Liabilities - R\$ 807 (R\$ 231 at 06/30/2005), Provision for Personnel - R\$ 239 (R\$ 209 at 06/30/2005) and FGTS - R\$ 230 (R\$ 192 at 06/30/2005)

e) Other Operating Income

	01/01 to 06/30/2006	01/01 to 06/30/2005
Reversal of operating provisions	199,947	25,820
Legal liabilities - tax and social security (Note 14c II)	110,094	25
Provisions for contingencies - Other (Note 12b)	77,441	-
Other	12,412	25,795
Recovery of charges and expenses	49,090	50,984
Equity result in subsidiaries, not derived from net income	50,169	19,545
Rents	3,266	4,630
Exchange variation on assets	4,272	767
Other	114,693	119,436
Total	421,437	221,182

f) Other Operating Expenses

	01/01 a 06/30/2006	01/01 a 06/30/2005
Tax expenses (Note 14all)	1,051,374	992,451
Amortization of goodwill (*)	117,546	246,994
Provisions for contingencies (Note 12b)	226,720	249,108
Civil lawsuits	164,587	200,685
Tax and social security	46,829	48,423
Other	15,304	-
Operating expenses from industrial companies	130,837	140,486
Sales - credit card	145,122	82,723
Claims	96,150	79,318
Other	197,632	213,341
Total	1,965,381	2,004,421

(*) As of June 30, 2006 it refers mainly to acquisition of shares of BPI in an amount of R\$ 112,884. As of June 30, 2005 it refers to the partnership with Lojas Americanas S.A. in an amount of R\$ 200,000 and the goodwill on acquisition of capital stock of Itaú Holding from Caja de Ahorros y Pensiones de Barcelona (LA CAIXA) in an amount of R\$ 46,994.

In ITAÚSA, basically composed of Tax Expenses in the amount of R\$ 39,678 (R\$ 25,457 at 06/30/2005).

g) Non-operating Result

	01/01 to 06/30/2006	01/01 to 06/30/2005
Income from disposal of investments (1)	115,696	(4,489)
(Provision)/reversal of non-operating provisions	4,240	8,771
Non-operating equity result	15,890	(178,548)
Capital gains/ (losses) and Other (2)	2,949	(326)
Total	138,775	(174,592)

(1) As of June 30, 2006 it refers to the effects of Block Trade operation of the subsidiary company Duratex S.A.

(2) It refers mainly to gains and losses on change in treasury shares of the subsidiary company Itaú Holding.

In ITAÚSA, basically composed of Income from Sale of Investments - R\$ 53.075 (R\$ (53) in 06/30/2005) and Non-Operating Equity Result R\$ 17,860 (R\$ (174,543) at 06/30/2005)

NOTE 14 - TAXES

a) Composition of expenses with taxes and contributions

I- We Show below Income Tax and Social Contribution due on operations for the period and on temporary differences arising from additions and exclusions:

Due on Operations for the Period	01/01 to 06/30/2006	01/01 a 06/30/2005
Income before Income Tax and Social Contribution	5,045,718	4,409,609
Charges (Income Tax and Social Contribution) at the rates of 25% and 9% (*) respectively	(1,715,544)	(1,499,267)
Increase/decrease in income Tax and Social Contribution charges arising from:		
Permanent (Inclusions) Exclusions	230,341	(126,722)
Investments in affiliates	33,316	4,583
Foreign exchange variation of overseas investments	(149,024)	(301,196)
Interest on own capital	331,618	221,428
Dividends, interest on external debt bonds and tax incentives	27,951	29,673
Other	(13,520)	(81,210)
Temporary (Inclusions) Exclusions	42,282	(132,827)
Allowance for loan losses	(392,157)	(192,480)
Excess (Insufficiency) of depreciation of capital lease	477,385	263,922
Adjustment to market value of trading securities and derivative financial instruments, and adjustments from operations in futures markets	130,758	34,111
Interest on own capital	(136,590)	(115,762)
Provision for contingent liabilities	(5,398)	(53,751)
Other non-deductible provisions	(31,716)	(68,867)
(Increase) Offset on tax losses/Negative social contribution basis	(110,704)	29,526
Expenses with Income Tax and Social Contribution	(1,553,625)	(1,729,290)
Related to Temporary Differences		
Increase (reversal) for the period	66,596	139,101
Prior periods increase (reversal)	(34,649)	18,759
Income (expenses) of deferred taxes	31,947	157,860
Total income tax and social contribution	(1,521,678)	(1,571,430)

(*) In accordance with Note 4 n.

In ITAÚSA, income tax and social contribution expenses, net of the related realization referring to temporary differences, are basically originated from taxation of interest on own capital received/receivable from subsidiaries, net of amounts paid/declared to stockholders and from appreciation of securities, as mentioned in item III.

II- Composition of tax expenses:

	01/01 to 06/30/2006			01/01 to 06/30/2005		
	On Sales of Products and Services (*)	On Other Revenue (Note 13f)	Total	On Sales of Products and Services (*)	On Other Revenue (Note 13f)	Total
Pis and Cofins	(135,003)	(752,179)	(887,182)	(157,439)	(665,264)	(822,703)
ISS	(7,158)	(149,815)	(156,973)	(6,422)	(130,440)	(136,862)
IPI	(71,885)	-	(71,885)	(72,789)	-	(72,789)
ICMS	(156,746)	-	(156,746)	(172,498)	-	(172,498)
CPMF	-	(103,771)	(103,771)	-	(157,403)	(157,403)
Other	(5,393)	(45,609)	(51,002)	(5,348)	(39,344)	(44,692)
Total (note 4n)	(376,185)	(1,051,374)	(1,427,559)	(414,496)	(992,451)	(1,406,947)

(*) These taxes have been deducted on Sales of Products and Services.

In ITAÚSA, tax expenses basically comprise PIS in the amount of R\$ 6,362 (R\$ 4,150 from 01/01 to 06/30/2005) and COFINS in the amount of R\$ 29,550 (R\$ 19,117 from 01/01 to 06/30/2005).

III- Tax Effects on Foreign Exchange Management of Overseas Investments

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

Results of these transactions are computed in the calculation basis of income tax and social contribution, according to their nature, while the exchange variation of overseas investments is not included in referred basis, pursuant to tax legislation in force.

For the period ended June 30, 2006, these transactions gave rise to tax positive 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) Deferred Taxes

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

	12/31/2005	Write-off due to spin-off	Realization / Reversal	Recognition	06/30/2006	06/30/2005
Related to tax losses and negative social contribution basis	572,020	-	(98,930)	221,141	694,231	731,501
Temporary differences:	3,240,664	(95,892)	(905,048)	1,518,170	3,757,894	3,248,705
Allowance for loan losses	1,388,404	-	(387,699)	771,446	1,772,151	1,314,160
Provision for interest on own capital	208,162	-	(184,195)	324,974	348,941	249,915
Legal liabilities - Tax and social security	365,320	(52,118)	(10,512)	23,396	326,086	338,517
Provision for contingent liabilities	<u>606,364</u>	<u>(31,741)</u>	<u>(102,862)</u>	<u>136,276</u>	<u>608,037</u>	<u>653,266</u>
Civil	277,884	(28,755)	(20,208)	66,289	295,210	270,288
Labor	233,068	(2,986)	(56,357)	60,863	234,588	274,598
Tax and social security	42,920	-	-	4,307	47,227	35,332
Other	52,492	-	(26,297)	4,817	31,012	73,048
Allowance for real estate	44,583	-	(14,149)	-	30,434	33,015
Other	627,831	(12,033)	(205,631)	262,078	672,245	659,832
Deferred Taxes	3,812,684	(95,892)	(1,003,978)	1,739,311	4,452,125	3,980,206
Social Contribution to Offset arising from Option foreseen in article 8º of Provisional Measure Nº2.158-35, of 08/24/2001.	1,125,971	-	(53,251)	-	1,072,720	1,262,332

II- The Provision for Taxes and Deferred Income Tax and Social Contribution and its changes is represented by:

	12/31/2005	Realization/ Reversal	Recognition	06/30/2006	06/30/2005
Reflected in income and expense accounts	1,200,655	(82,785)	844,485	1,962,355	863,692
Depreciation in excess - Leasing	971,930	(7,837)	479,036	1,443,129	613,086
Taxation on results abroad - Capital Gains	51,844	(156)	779	52,467	52,710
Adjustment from operations in futures market	86,639	-	233,048	319,687	123,407
Adjustment to market value - securities and derivative financial instruments	30,042	(30,042)	-	-	-
Other	60,200	(44,750)	131,622	147,072	74,489
Reflected in stockholders' equity accounts - Adjustment to market value of securities available for sale (Note 4)	154,631	(122,935)	-	31,696	100,816
Total	1,355,286	(205,720)	844,485	1,994,051	964,508

In ITAÚSA, the Provision for Deferred Income Tax and Social Contribution amounts to R\$ 29,135 and is basically represented by PIS and COFINS.

III- The estimate of realization and present value of deferred taxes credits and social contribution to offset, arising from Provisional Measure 2158-35 of August 24, 2001 and from the Provision for Deferred Income Tax and Social Contribution existing at June 30, 2006, in accordance with the expectation to generate future taxable income, based on the history of profitability and technical studies of feasibility are:

Realization year	Deferred Taxes			Social Contribution to Offset	Provision for Deferred Income Tax and Social Contribution	Net Deferred Taxes
	Temporary differences	Tax loss and negative basis	TOTAL			
2006	1,344,181	216,891	1,561,072	60,882	(159,471)	1,462,491
2007	1,039,778	477,340	1,517,118	268,093	(326,139)	1,459,072
2008	570,050	-	570,050	318,100	(388,108)	500,042
2009	381,030	-	381,030	372,073	(571,458)	181,645
2010	189,849	-	189,849	53,572	(279,767)	(36,346)
after 2010	233,006	-	233,006	-	(269,108)	(36,102)
Total	3,757,894	694,231	4,452,125	1,072,720	(1,994,051)	3,530,802
Present value (*)	3,421,564	647,121	4,068,685	930,855	(1,659,876)	3,339,664

(*) 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 development of the realization of tax credits arising from temporary differences, tax losses and negative basis be not used as indications of future net income.

IV- Unrecorded deferred taxes amount to R\$ 503,982 (R\$ 527,936 at 06/30/2005).

At ITAÚSA, unrecorded deferred taxes amount to R\$ 823 (R\$ 4,593 at 06/30/2005).

c) Taxes and Social Security Contributions

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

	06/30/2006	06/30/2005
Taxes and contributions on income payable	1,021,327	982,098
Taxes and contributions payable	312,470	268,666
Provision for deferred income tax and social contribution	1,994,051	964,508
Legal Liabilities - Tax and social security	2,967,828	2,537,274
Total	6,295,676	4,752,546

II- Legal Liabilities - Tax and Social Security and related Escrow Deposits

Change in Legal Liabilities	01/01 to 06/30/2006	01/01 to 06/30/2005
Opening balance (*)	2,683,112	2,328,665
Write-off due to the split of Credicard on 04/30/2006	(148,553)	-
Change in the period reflected in results	<u>434,342</u>	<u>217,521</u>
Charges on taxes	392,412	70,061
Net recognition	152,024	147,485
Write-offs through reversal	(110,094)	(25)
Payments	(1,073)	(8,912)
Closing balance	2,967,828	2,537,274

(*) The amounts related to Tax and Social Security Contingencies were reclassified to comply with the requirements of CVM Resolution 489, of 10/03/2005 (Note 20).

Change in Escrow Deposits	01/01 to 06/30/2006	01/01 to 06/30/2005
Opening balance	1,659,515	1,093,252
Appropriation of income	445,024	1,388
Change in the period	<u>43,022</u>	<u>231,815</u>
Deposited	51,534	245,576
Calculations	(6,513)	(9,436)
Conversion into income	(1,999)	(4,325)
Closing balance (note 13a)	2,147,561	1,326,455

d) 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:

	01/01 to 06/30/2006	01/01 to 06/30/2005
Taxes paid or provided for	3,357,107	3,554,981
Taxes withheld and collected from clients	3,598,804	3,155,812
Total	6,955,911	6,710,793

NOTE 15 - PERMANENT ASSETS

a) Investments

I- Interest in subsidiaries - ITAÚSA

Companies	Balance at 12/31/2005 (a)	Subscription/ Acquisition/ Sales	Dividends and interest on own capital	Equity in earnings of subsidiaries	Adjustment to marketable securities of subsidiaries	Amortization of goodwill	Balance at 06/30/2006 (a)	Balance at 06/30/2005 (a)	Equity in earnings of subsidiaries from 01/01 to 06/30/2005
Banco Itaú Holding Financeira S.A.	8,030,305		(455,710)	1,708,108 (b)	(57,981)	(2,350)	9,222,372	7,595,396	1,008,820 (b)
Itaucorp S.A.	522,428	6,415	-	76,159 (b)	-	-	605,002	490,127	38,095
Itaúsa Export S.A.	493,870		-	43,069	(11,600)	(300)	525,039	441,064	(105,949)
Duratex S.A.	337,308	32,752	(8,948)	23,526 (b)	-	(216)	384,422	323,824	15,325 (b)
Itautec S.A.	216,617		(4,662)	16,387	-	-	228,342	231,776	41,980
Elekpart Participações e Administração S.A.	124,009		-	2,228	-	-	126,237	66,724	544
Itaúsa Europa - Investimentos, SGPS, LDA.	87,914		-	10,539 (c)	(2,062)	-	96,391	86,490	(14,357) (c)
Ith Zux Cayman Company Ltd.	37,578		-	(2,636) (c)	-	-	34,942	36,936	(5,498) (c)
Elekeiroz S.A.	8,800		-	(45)	-	-	8,755	8,234	982
Other subsidiaries	15,969	(6,165)	-	(3,529)	-	-	6,275	5,911	2
TOTAL	9,874,798	33,002	(469,320)	1,873,806	(71,643)	(2,866)	11,237,777	9,286,482	979,944

(a) Includes total goodwill/negative goodwill, being: R\$ 51,305 at 12/31/2005, R\$ 57,100 at 06/30/2006 and R\$ 53,954 at 06/30/2005.

(b) Includes non-operating revenue arising from change in interest, being: R\$ 17,860 at 06/30/2006 and expenses of R\$ 174,543 at 06/30/2005.

(c) Includes total foreign exchange expenses, being: R\$ 3,701 at 06/30/2006 and R\$ 34,528 at 06/30/2005.

Companies	Capital	Stockholders equity	Net income for the period	Number of shares owned by ITAÚSA		Equity share in voting capital (%)	Equity share in capital (%)
				Common	Preferred		
Banco Itaú Holding Financeira S.A.	8,300,000	18,954,608	3,496,958	534,425,660	28,030	88.84	48.24
Itaúsa Export S.A.	508,552	823,420	55,377	14,702,122,576	148,328,939	80.00	77.77
Itaucorp S.A.	283,036	619,551	76,259	12,241,340	3,935,980	99.94	99.95
Duratex S.A.	903,630	1,294,504	90,588	31,697,356	5,557,656	59.67	29.40
Itautec S.A.	196,410	322,493	13,918	155,411,370	-	88.92	88.92
Itaúsa Europa - Investimentos, SGPS, LDA.	677,552	968,989	80,816	29,708,318	-	12.14	12.14
Elekpart Participações e Administração S.A.	220,453	375,806	6,674	252,930,540	-	33.38	33.38
Ith Zux Cayman Company Ltd.	75,751	46,007	1,030	35,000,000	-	100.00	100.00
Elekeiroz S.A.	200,000	316,448	(2,653)	11,183,657	12,628,787	3.85	3.78

II- Composition of investments

	06/30/2006	06/30/2005
Investments in affiliates	686,201	569,880
Banco BPI S.A.	577,709	447,608
AGF Brasil Seguros S.A.	105,901	118,215
Other	2,591	4,057
Other investments	200,008	168,414
Investments by tax incentives	107,719	109,942
Equity securities	54,684	45,849
Shares and quotas	24,781	24,945
Other	114,011	90,982
Provision for losses	(101,187)	(103,304)
TOTAL	886,209	738,294

III- Composition of equity in earnings of affiliates

	01/01 to 06/30/2006	01/01 to 06/30/2005
Equity in earnings of affiliates	98,147	154,361
Foreign exchange variation on investments	(159)	(140,882)
TOTAL	97,988	13,479

b) Fixed Assets and Deferred Charges

	06/30/2006			06/30/2005		
	Cost	Accumulated Depreciation/ Amortization/ Depletion	Residual value	Cost	Accumulated Depreciation/ Amortization/ Depletion	Residual value
Fixed Assets	8,222,875	(4,876,833)	3,346,042	7,864,798	(4,513,020)	3,351,778
Own fixed assets	8,010,418	(4,829,837)	3,180,581	7,661,643	(4,456,529)	3,205,114
Buildings	2,866,187	(1,221,819)	1,644,368	2,838,649	(1,159,976)	1,678,673
Land	881,527	-	881,527	862,190	-	862,190
Buildings	1,984,660	(1,221,819)	762,841	1,976,459	(1,159,976)	816,483
Other	5,144,231	(3,608,018)	1,536,213	4,822,994	(3,296,553)	1,526,441
Installations	285,300	(209,511)	75,789	246,171	(193,109)	53,062
Furniture and Equipment	1,838,597	(992,666)	845,931	1,991,022	(1,173,683)	817,339
EDP Systems	2,674,877	(2,244,383)	430,494	2,213,816	(1,792,597)	421,219
Other (Communication, Security and Transportation)	345,457	(161,458)	183,999	371,985	(137,164)	234,821
Leased Fixed Assets	109,200	(46,996)	62,204	111,652	(56,491)	55,161
Buildings	109,200	(46,996)	62,204	111,652	(56,491)	55,161
Buildings	90,648	(45,055)	45,593	111,652	(56,491)	55,161
Furniture and Equipment	18,552	(1,941)	16,611	-	-	-
Forest Reserves	103,257	-	103,257	91,503	-	91,503
Forests	103,257	-	103,257	91,503	-	91,503
Deferred Charges	906,736	(559,238)	347,498	748,807	(465,893)	282,914
Leasehold improvements	289,585	(98,908)	190,677	247,374	(115,223)	132,151
Expenses on Acquisition of Software	230,101	(121,960)	108,141	200,141	(106,933)	93,208
Other Deferred Expenses	387,050	(338,370)	48,680	301,292	(243,737)	57,555

In ITAÚSA, Fixed Assets is basically composed of Buildings - R\$ 6,080 (R\$ 6,641 at 06/30/2005).

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

The capital of ITAÚSA amounts to R\$ 5,200,000 and comprises 3,189,902,995 book entry shares with no par value, of which 1,210,037,200 are common shares and 1,979,865,795 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 disposal of control, to be included in the public offer for the acquisition of shares, in order to ensure a price equal to 80% (eighty per cent) 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
Shares of Capital Stock at 12/31/2005	1,215,752,051	2,033,807,435	3,249,559,486
Treasury Shares at 12/31/2005	10,983,372	62,562,008	73,545,380
Cancellation of shares - OGM/EGM 04/28/2006	(10,983,372)	(62,562,008)	(73,545,380)
Capital increase with subscription of shares	5,268,521	8,620,368	13,888,889
Outstanding Share at 06/30/2006	1,210,037,200	1,979,865,795	3,189,902,995
Outstanding Share at 06/30/2005	1,215,752,051	2,017,556,435	3,233,308,486

b) Dividends

Stockholders are entitled to a mandatory minimum dividend of 25% (twenty five per cent) 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 03/06/2006, was increased from R\$ 9.50 to R\$ 12.00 per thousand shares, as from those paid on 07/03/2006, inclusive.

I- Calculation

Net income	2,006,336	
Adjustments		
(-) Legal Reserve	(100,317)	
Calculation Basis of Dividend	1,906,019	
Interest on own capital	476,505	25.00%

II- Provision of Interest on Own Capital

	Gross	WHT	Net
Provided for (*)			
1 quarterly installment of R\$ 12.00 per thousand shares to be paid in July 2006	38,279	5,742	32,537
1 quarterly installment of R\$ 12.00 per thousand shares to be paid in October 2006	38,279	5,742	32,537
Supplementary of R\$ 48.00 per thousand shares to be paid in August 21, 2006	153,115	22,967	130,148
Supplementary to be declared	330,921	49,638	281,283
Total at 06/30/2006 - R\$ 175.7401 per thousand shares	560,594	84,089	476,505
Total at 06/30/2005 - R\$ 107.6217 per thousand shares	348,016	52,202	295,814

(*) Recorded in Statutory and Social Contributions.

c) Revenue reserves

	06/30/2006	06/30/2005
Revenue reserves	6,340,330	4,868,506
Legal Reserve	689,132	533,006
Statutory Reserve	5,651,198	4,335,500
Dividend Equalization (1)	2,562,258	1,645,161
Working Capital Increase (2)	1,283,531	1,271,369
Increase in Capital of Investees (3)	1,805,409	1,418,970

(1) Reserve for Dividend 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.

d) 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, from the purchase of investments and for the recognition of deferred taxes as well as the elimination of unrealized profits, arising from transactions between consolidated companies, on which corresponding taxes have been deferred.

	Net income		Stockholders' equity	
	01/01 to 06/30/2006	01/01 to 06/30/2005	06/30/2006	06/30/2005
ITAÚSA	2,006,336	1,245,531	11,708,420	10,029,712
Amortization of goodwill	(81,214)	(33,863)	(920,000)	(867,758)
Deferred Taxes	(277,784)	2,728	80,829	431,218
Unrealized profits	-	-	(120)	(120)
ITAÚSA CONSOLIDATED	1,647,338	1,214,396	10,869,129	9,593,052

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 and supplementary private pension funds that administer supplementary retirement plans sponsored by ITAÚSA and/or its subsidiaries, as described in Note 19a; 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\$ 1,088 (R\$ 1,265 from 01/01 to 06/30/2005) and to IIC of R\$ 9,500 (R\$ 9,650 from 01/01 to 06/30/2005).

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 Central Bank of Brazil (BACEN), such as activity of current accounts, investments in and redemption of securities, and the provision of portfolio custody/management services;
- Rental of real estate from Fundação Itaúbanco, FUNBEP and PREBEG.

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

	06/30/2006	06/30/2005
Duratex S.A.	125,275	162,838
Elekeiroz S.A.	73,613	43,011
Itautec S.A.	54,803	43,648
Total	253,691	249,497

NOTE 18 - FINANCIAL INSTRUMENTS - MARKET VALUE

The financial statements are prepared in conformity with accounting principles, which assume 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 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, is approximately equal to the market value, or does not have a market quotation available, except for the instruments in the table below:

	Book value		Market		Unrealized income (loss) (1)			
					In result		In stockholders' equity	
	06/30/2006	06/30/2005	06/30/2006	06/30/2005	06/30/2006	06/30/2005	06/30/2006	06/30/2005
Interbank deposits	27,807,665	23,140,787	27,821,894	23,152,103	14,229	11,316	14,229	11,316
Securities and derivative financial instruments	37,992,357	30,179,625	38,298,146	30,754,338	<u>555,463</u>	<u>1,082,245</u>	<u>305,788</u>	<u>574,713</u>
Additional provision (exceeding the minimum required)					180,000	400,000	180,000	400,000
Adjustment of available for sale securities					220,176	490,841	-	-
Adjustment of held to maturity securities					155,287	191,404	125,788	174,713
Loan and leasing operations	61,773,716	49,106,080	61,805,017	49,301,102	31,301	195,022	31,301	195,022
Investment in Banco BPI S.A.	577,709	447,608	2,186,886	1,096,568	1,609,177	648,960	1,609,177	648,960
Funds raised by subsidiaries	95,157,289	75,978,659	95,165,776	75,970,958	(8,487)	7,701	(8,487)	7,701
Securitization of foreign payment orders	1,180,896	2,274,728	1,170,406	2,145,823	10,490	128,905	10,490	128,905
Subordinated debts	4,534,861	4,537,413	4,495,066	4,505,639	39,795	31,774	39,795	31,774
Treasury shares	1,125,424	1,003,696	1,538,515	1,397,545	413,091	393,188	413,091	393,849
Total unrealized					2,665,059	2,499,111	2,415,384	1,992,240

(1) It does not include the related tax effects - Includes Unrealized Income of minority stockholders in the amount of R\$ 1,037,664 (R\$ 1,175,516 at 06/30/2005) in result and R\$ 1,122,199 (R\$ 1,030,839 at 06/30/2005) in 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 the 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 3, 2006, for floating-rate securities.
- Government securities, included in Securities, were determined based on market rates, based on comparison with information provided by the National Association of Open Market Institutions (ANDIMA). For the companies of the Financial and Insurance Areas, they were determined based on their market value, according to the rules established by BACEN Circular Letters 3,068 of November 8, 2001 and 3,082 of January 30, 2002 and SUSEP Circular Letter 295, of June 14, 2005, except when classified as held to maturity.
- Shares of listed companies, when included in Securities, at the average quote available on the last trading session of the month, or, if not, the most recent quote in prior trading sessions, published in the daily bulletin of each Stock Exchange.
- Loan operations with maturity over 90 days, when available, based on the 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 hedge operations (swap contracts).
- Interest in overseas affiliate (Banco BPI S.A.), based on the share value on the stock exchanges, the equity value per share and the 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 Gazeta Mercantil on July 3, 2006. The effects of hedge operations (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 at 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 floating cash flows in foreign currency, net of the interest rates practiced in the market at the balance sheet date and considering the credit risk of the issuer. The floating cash flows are estimated from the interest curves of the indexation marketplaces.
- Derivatives related to swaps contracted to hedge the remaining assets/liabilities, based on notional values of each of the contract parameters (part and counterpart), restated up to the maturity dates and discounted at present value using the futures market interest rates, in compliance with the characteristics of each contract.
- Treasury shares are valued according to the average quote available on the last trading session of the month or, if this is not available, according to the most recent quote on prior trading sessions, published in the daily bulletin of each Stock Exchange.

NOTE 19 – BENEFITS TO EMPLOYEES

Under the terms of CVM Resolution 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 Itaú Banco, FUNBEP – Multi-Sponsored Pension Fund, Employees' Social Security Savings of BEG (PREBEG), and Fundação Itaú 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 Itaú Industrial, in case of industrial companies.

Fundação Itaú Industrial gave to the participants of the BD-Duratex plan the option of migrating to the defined-contribution plan (CD-PAI) during the period from July 1 to August 31, 2005; 97% of the participants agreed to migrate.

During the period, the contributions paid totaled R\$ 13,685 (R\$ 13,890 from January 1 to June 30, 2005). 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 Banco 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 totaled R\$ 4,592 (R\$ 4,560 from January 1 to June 30, 2005). 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 which considers the actuarial obligations, calculated in conformity with the criteria established by CVM Resolution 371/2000, are summarized below.

	06/30/2006	06/30/2005
Net assets of the plans	9,879,464	9,097,966
Actuarial liabilities	(8,425,776)	(7,510,312)
Surplus (*)	1,453,688	1,587,654

(*)According to paragraph 49g of the attachment to the CVM Resolution 371, of December 13, 2000, the net surplus was not recognized.

In addition to the reserves kept by the plans, the sponsors have provisions in the amount of R\$ 30,420 (R\$ 27,051 at 06/30/2005) to cover insufficient actuarial reserves.

d) Changes in Net assets and Actuarial Liabilities, and Surplus

	01/01 to 06/30/2006			01/01 to 06/30/2005		
	Assets	Actuarial liabilities	Surplus	Assets	Actuarial liabilities	Surplus
Present value – beginning of the period	9,327,392	(8,128,429)	1,198,963	8,685,202	(7,235,424)	1,449,778
Expected return on assets/Cost of current service + Interest	570,670	(511,198)	59,472	529,784	(453,846)	75,938
Benefits paid	(193,888)	193,888	-	(178,958)	178,958	-
Contributions sponsors/Participants	32,414	-	32,414	31,423	-	31,423
Gains/(Losses) in the period (1) (2)	142,876	19,963	162,839	30,515	-	30,515
Present value - end of period	9,879,464	(8,425,776)	1,453,688	9,097,966	(7,510,312)	1,587,654

(1) The gains in assets correspond to earnings obtained above the expected return rate on assets assumptions.

(2) Gains on actuarial liabilities refer to the review of future contributions.

e) Main assumptions used in actuarial evaluation

	06/30/2006		06/30/2005	
	Financial Services Area (1)	Industrial Area (2)	Financial Services Area (1)	Industrial Area (2)
Discount rate	10.24% p.a.	10.77% p.a. (3)	10.24% p.a.	11.30% p.a. (3)
Expected return rate on assets	12.32% p.a.	15.25% p.a. (4)	12.32% p.a.	13.40% p.a.
Mortality table	GAM-83	GAM-83	GAM-83	GAM-83
Turnover	Exp.Itaú 1999/2001	Exp. Towers	Exp.Itaú 1999/2001	Exp. Towers
Future Salary Growth	7.12% p.a.	8.68% p.a. (5)	7.12% p.a.	9.20% p.a. (5)
Growth of the pension fund and social security benefits	4.00% p.a.	4.50% p.a.	4.00% p.a.	5.00% p.a.
Inflation	4.00% p.a.	4.50% 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 plans managed by Fundação Itaúbanco, Funbep, and Prebeg.

(2) Corresponds to the assumptions adopted by the plans 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 8.68% p.a..

(4) The BD-Itautec plan uses an expected return rate on assets of 14.50% p.a..

(5) The BD-Itautec plan uses a future salary growth rate of 10.77% 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 20 – RECLASSIFICATION FOR COMPARISON PURPOSES

We reclassified some balances as of June 30, 2005, for comparison purposes, in view of the regrouping of the headings, in the Balance Sheet, of Derivative Financial Instruments and Other Liabilities Sundry – related to adjustment to market value of futures contracts; Foreign Exchange Portfolio – related to the reclassification of Other Liabilities of Advances on Exchange Contracts; and the reclassification of Tax Contingencies from Liabilities – Tax and Social Security to Other Sundry Liabilities, in such a way as to comply with CVM Resolution 489 of October 3, 2005, and the proper classification of Extraordinary Result in the Statement of Income.

	Prior Balances	Reclassifications	Current Balances
SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS	30,119,731	59,894	30,179,625
Derivative financial instruments	2,768,579	59,894	2,828,473
OTHER RECEIVABLES	24,904,843	1,553,212	26,458,055
Foreign exchange portfolio	12,041,988	1,563,727	13,605,715
Sundry	8,967,686	(10,515)	8,957,171
TOTAL ASSETS	148,665,957	1,613,106	150,279,063
DERIVATIVE FINANCIAL INSTRUMENTS	1,726,624	49,337	1,775,961
TAXES AND SOCIAL SECURITY CONTRIBUTIONS	5,128,487	(375,941)	4,752,546
OTHER LIABILITIES	26,010,001	1,939,710	27,949,711
Foreign exchange portfolio	12,250,638	1,563,727	13,814,365
Sundry	7,919,704	375,983	8,295,687
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	148,665,957	1,613,106	150,279,063
STATEMENT OF INCOME FOR THE PERIOD			
OPERATING REVENUE	17,077,133	67,427	17,144,560
Equity in earnings of affiliates	(53,948)	67,427	13,479
OPERATING EXPENSES	(12,238,364)	(321,995)	(12,560,359)
Other operating expenses	(1,682,426)	(321,995)	(2,004,421)
OPERATING INCOME	4,838,769	(254,568)	4,584,201
NON-OPERATING RESULT	3,550	(178,142)	(174,592)
INCOME TAX AND SOCIAL CONTRIBUTION	(1,619,160)	47,730	(1,571,430)
Deferred related to temporary differences	110,130	47,730	157,860
EXTRAORDINARY RESULT	(384,980)	384,980	-
NET INCOME OF ITAÚSA CONGLOMERATE	2,598,334	-	2,598,334

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 securities and assets at amounts considered sufficient to cover possible claims.

b) Foreign currencies

The balances in reais linked to foreign currency were:

	06/30/2006	06/30/2005
Permanent foreign investments	6,545,355	6,564,058
Net amount of assets and liabilities indexed to foreign currency, including derivatives	(11,814,637)	(10,000,934)
Net foreign exchange position	(5,269,282)	(3,436,876)

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

c) Statement of Cash Flow

I - ITAUSA CONSOLIDATED

	01/01 to 06/30/2006	01/01 to 06/30/2005
Adjusted net income	7,531,131	5,235,271
Net income	1,647,338	1,214,396
Adjustment to net income:	5,883,793	4,020,875
Adjustment to market value of securities and derivative financial instruments (assets/liabilities)	27,258	75,328
Allowance for loan losses	2,884,060	1,426,327
Results from operations with subordinated debts	130,450	(49,062)
Results from securitization of foreign payment orders	(66,930)	(189,556)
Change in technical provision for insurance, pension plan and capitalization	1,251,685	1,103,050
Depreciation and amortization	326,060	343,486
Adjustment to legal liabilities - tax and social security	(58,514)	(6,044)
Adjustment to provision for contingent liabilities	(33,327)	141,911
Provision for corporate restructuring	-	75,000
Deferred taxes	(31,947)	(157,860)
Equity in earnings of affiliates	(97,988)	(13,479)
Income from held to maturity securities	(12,632)	(93,298)
Minority interest results	1,588,338	1,383,938
Others	(22,720)	(18,866)
Changes in assets and liabilities	(13,964,563)	(8,846,878)
(Increase) Decrease in interbank investments	(4,891,905)	(3,353,090)
(Increase) Decrease in securities and derivative financial instruments (assets/liabilities)	(4,472,791)	(1,167,922)
(Increase) Decrease in interbank accounts of subsidiaries	1,827,488	(775,616)
(Increase) Decrease in loan, capital leasing and other credit operations	(8,128,544)	(6,180,653)
(Increase) Decrease in inventories	(40,237)	(30,816)
(Increase) Decrease in other receivables and other assets	(783,833)	(684,718)
(Increase) Decrease in foreign exchange portfolio	103,774	(37,402)
(Increase) Decrease in prepaid expenses	68,506	20,665
(Decrease) Increase in technical provisions for insurance, pension plan and capitalization	518,082	380,098
(Decrease) Increase in social contribution and tax and other liabilities	1,839,054	2,989,785
(Decrease) Increase in deferred income	(4,157)	(7,209)
OPERATING ACTIVITIES - Net cash provided by/(invested)	(6,433,432)	(3,611,607)
Interest on own capital/Dividends received	45,112	34,811
Funds from interest received and redemption of held to maturity securities	313,456	1,370,166
Sale of investments	5,210	5,524
Sale of fixed assets for use	15,995	34,581
Purchase of held to maturity securities	(10,073)	-
Purchase of investments	(72,132)	(17,851)
Purchase of fixed assets for use and forest reserves	(322,228)	(280,256)
Deferred charges	(53,997)	(47,171)
Change in minority interest	201,625	(379,447)
INVESTMENT ACTIVITIES - Net cash provided by/(invested)	122,968	720,357
Increase (Decrease) in funds obtained by subsidiaries - foreign currency	(1,048,809)	(408,369)
Increase (Decrease) in funds obtained by subsidiaries - domestic currency	4,058,133	2,599,319
Increase (Decrease) in funds obtained by subsidiaries - money market	5,554,723	1,789,603
Increase (Decrease) in borrowings - foreign currency	47,188	(40,867)
Increase (Decrease) in borrowings - local currency	14,093	(25,960)
Increase (Decrease) in credit card operations	(456,045)	(110,398)
Increase (Decrease) in securitization of foreign payment orders	(37,509)	561,257
Increase (Decrease) in liabilities through subordinated debt	(180,010)	(178,865)
Interest on own capital paid to minority stockholders	(711,485)	(571,659)
Subscription of shares	100,000	100,000
Premium on subscription of shares	182	328
Purchase of treasury shares	-	(81,894)
Interest on own capital paid	(708,250)	(570,231)
FINANCING ACTIVITIES - Net cash provided by/(invested)	6,632,211	3,062,264
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS, NET	321,747	171,014
At the beginning of the period	2,193,878	2,035,381
At the end of the period	2,515,625	2,206,395

II - ITAÚSA

	01/01 to 06/30/2006	01/01 to 06/30/2005
Adjusted net income	136,041	266,742
Net income	2,006,336	1,245,531
Adjustment to net income:	(1,870,295)	(978,789)
Amortization of goodwill	3,077	691
Equity in earnings of subsidiary and affiliated companies	(1,873,806)	(979,944)
(Reversal) Provision for losses	(6)	19
Depreciation and amortization	440	445
Changes in assets and liabilities	(175,752)	(145,710)
(Increase) Decrease in securities and derivative financial instruments	(156,948)	(185,209)
(Increase) Decrease in sundry receivables and other assets	55,544	28,058
(Decrease) Increase in provisions and accounts payable and other liabilities	(74,348)	11,441
OPERATING ACTIVITIES - Net cash provided by/ (invested)	(39,711)	121,032
Sale of investments	39,699	8
Sale of property, plant and equipment	-	5
Sale of investments	(72,913)	(75,771)
Purchase of fixed assets for use	(1)	(3)
Interest on own capital/Dividends received	680,878	505,800
INVESTMENT ACTIVITIES - Net cash provided by/ (invested)	647,663	430,039
Premium on subscription of shares	182	328
Capital increase	100,000	100,000
Purchase of treasury shares	-	(81,894)
Interest on own capital paid	(708,250)	(570,231)
Reserves from tax incentives	-	535
FINANCING ACTIVITIES - Net cash provided by/ (invested)	(608,068)	(551,262)
INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(116)	(191)
At the beginning of period	128	193
At the end of period	12	2

d) Statement of Added Value

	01/01 to 06/30/2006	Share %	01/01 to 06/30/2005	Share %
Sales of products and services, net of cost of materials, third-party services and others (a)	4,948,513	-	4,480,824	-
Income from financial operations (b)	6,000,525		6,149,878	
Result from operations with insurance, pension plan and capitalization (c)	517,598	-	397,516	-
Other operating income/expenses (d)	(2,653,790)	-	(3,089,964)	-
Added value (e = a + b + c + d)	8,812,846	-	7,938,254	-
Compensation of employees (f) (*)	2,538,036	28.8	2,246,913	28.3
Payment of taxes and contributions (g)	2,975,155	33.8	3,012,918	38.0
Payment of debts (h)	63,979	0.7	80,089	1.0
Amount distributed to stockholders (i)	1,072,327	12.2	729,461	9.2
Parent company	560,594	6.4	348,016	4.4
Minority interests	511,733	5.8	381,445	4.8
Reinvestment of profits (j)	2,163,349	24.5	1,868,873	23.5
Parent company	1,086,744	12.3	866,380	10.9
Minority interests	1,076,605	12.2	1,002,493	12.6
Distribution of added value (k = f + g + h + i + j)	8,812,846	100.0	7,938,254	100.0

(*) Does not include social security contributions.

REPORT OF INDEPENDENT AUDITORS ON THE SPECIAL REVIEW

The Board of Directors and Stockholders
Itaúsa – Investimentos Itaú S.A.

1. We have carried out a special accounting review of the Quarterly Information of Itaúsa – Investimentos Itaú S.A. (parent company and consolidated) for the half year ended June 30, 2006, comprising the balance sheet and statement of income, all prepared under the responsibility of the Company's management. Our responsibility is to issue a report, without expressing an opinion, on this quarterly information. The quarterly information of the subsidiaries Banco Itaú Holding Financeira S.A., Itaúsa Export S.A., Itaúsa Europa – Investimentos, SGPS, Ltda., Duratex S.A., Itautec S.A., and Elekeiroz S.A. for the half year ended June 30, 2006, which values were the basis for the valuation on the equity method and consolidation (note 15a), was reviewed by other independent auditors. Our report on the special review, as regards the value of these investments, is exclusively based on the reports of these other independent auditors.
2. Our review was carried out in accordance with specific standards established by IBRACON – Brazilian Institute of Independent Auditors in conjunction with CFC – Federal Accounting Council and mainly comprised: (a) inquiry and discussion with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the quarterly information and (b) a review of relevant information and subsequent events which have, or could have, significant effects on the Company's financial position and operations.
3. Based on our special review and on the other independent auditors' reports, we are not aware of any material changes which should be made to the Quarterly Information referred to in paragraph 1, for it to be stated in conformity with the Brazilian accounting practices specifically applicable to the preparation of quarterly information (ITR) and consistent with the standards of the Brazilian Securities Commission – CVM regulations.
4. The balance sheet as of June 30, 2005 and the respective statement of income for the half year then ended, presented for comparative purposes, were examined by other independent auditors, whose special review report dated August 8, 2005 was unqualified.

São Paulo, August 4, 2006

Orlando Octavio de Freitas Jr.
Accountant-Partner
CRC 1SP178871/O-4
BDO Trevisan Auditores Independentes
CRC 2SP013439/O-5

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. (“the Company”) and the consolidated financial statements of Itaúsa – Investimentos Itaú S.A. and its subsidiary companies for the six-month periods ended June 30, 2006 and 2005, consisting of the balance sheets and the corresponding statements of income and of changes in financial position, and the statement of changes in stockholders’ equity of the Company. This financial information is 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 financial statements 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 Company 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 4, 2006

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

Listed Company

NIRE. 35300022220

OPINION OF THE FISCAL COUNCIL

The effective members of the Fiscal Council of ITAÚSA – INVESTIMENTOS ITAÚ S.A., having perused the financial statements for the period from January to June of 2006, have verified the accuracy of all the items examined, understanding them to adequately reflect the company's capital structure, financial position and the activities conducted during the period, recommending that they be approved by the company's Board of Directors.

São Paulo-SP, August 7, 2006.

JOSÉ MARCOS KONDER COMPARATO
President

PAULO RICARDO MORAES AMARAL
Member

ARTEMIO BERTHOLINI
Member