(A free translation of the original in Portuguese)

Porto Seguro S.A.

Quarterly Information (ITR) at June 30, 2008 and Report of Independent Accountants on Limited Review

(A free translation of the original in Portuguese)

Report of Independent Accountants on Limited Review

To the Management
Porto Seguro S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) of Porto Seguro S.A. and Porto Seguro S.A. and subsidiaries for the quarter ended June 30, 2008, comprising the parent company and consolidated balance sheets, the statements of operations, statements of cash flows and of added value, the performance report and explanatory notes. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out 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 subsidiaries, with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information, including CVM Instruction No. 469 of May 2, 2008.

4 As mentioned in Note 34(c), Law 11,638 was enacted on December 28, 2007 and is effective as from January 1, 2008. This law amended, revoked and introduced new provisions to Law 6,404/76 (Brazilian Corporation Law) and changed the accounting practices adopted in Brazil. Although this law is already effective, some of the changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented by the companies. Accordingly, during this phase of transition, the CVM, through its Instruction No. 469/08, did not require the implementation of all the provisions of Law 11,638 in the preparation of Quarterly Information. As a result, the accounting information included in the Quarterly Information for the quarter ended June 30, 2008 was prepared in accordance with specific CVM instructions and does not contemplate all the changes in accounting practices introduced by Law 11,638/07.

5 The accounting practices adopted in Brazil differ, in certain significant aspects, from the international accounting standards. The information related to the nature and effect of these differences is presented in Note 36 to the Quarterly Information (ITR).

São Paulo, August 7, 2008

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Ricardo Baldin
Contador CRC 1SP110374/O-0

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - National Corporate Taxpayers' Registration Number - CNPJ
01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

4 - State Registration Number - NIRE
353000151666

01.02 - HEAD OFFICE

1 - ADDRESS	2 - SUBURB OR DISTRICT
Al. Ribeiro da Silva, 275 - 1o. andar	Campos Elíseos

3 - POSTAL CODE	4 - MUNICIPALITY	5 - STATE
01217-010	São Paulo	SP

6 - AREA CODE	7 - TELEPHONE	8 - TELEPHONE	9 - TELEPHONE	10 - TELEX
011	3366-5199	3366-5378	3366-1722	
11 - AREA CODE	**12 - FAX**	**13 -FAX**	**14 -FAX**	
011	3366-5140	3366-1680	3366-8823	

15 - E-MAIL
gri@portoseguro.com.br

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 - NAME
José Tadeu Mota

2 - ADDRESS	3 - SUBURB OR DISTRICT
Al. Ribeiro da Silva, 275 - 1o. andar	Campos Elíseos

4 - POSTAL CODE	5 - MUNICIPALITY	6 - STATE
01217-010	São Paulo	SP

7 - AREA CODE	8 - TELEPHONE	9 - TELEPHONE	10 - TELEPHONE	11 - TELEX
011	3366-5199	3366-5378	-	
12 - AREA CODE	**13 - FAX**	**14 - FAX**	**15 - FAX**	
011	3366-5140	3366-1680	-	

16 - E-MAIL
tadeu.mota@portoseguro.com.br

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	2-END	3-QUARTER	4-BEGINNING	5-END	6-QUARTER	7-BEGINNING	8-END
1/1/2008	12/31/2008	2	4/1/2008	6/30/2008	1	1/1/2008	3/31/2008

9 - INDEPENDENT ACCOUNTANT	10 - CVM CODE
PricewaterhouseCoopers Auditores Independentes	00287-9

11 - PARTNER RESPONSIBLE	12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE
Ricardo Baldin	163.678.040-72

01.01- IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - National Corporate Taxpayers' Registration Number - CNPJ
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01.05- CAPITAL COMPOSITION

Number of shares (Thousands)	Current Quarter 6/30/2008	Prior quarter 3/31/2008	Same quarter in prior year 6/30/2007
Paid-up capital			
1 - Common	230,643	230,643	76,881
2 - Preferred	0	0	0
3 - Total	230,643	230,643	76,881
Treasury Stock			
4 - Common	0	0	0
5 - Preferred	0	0	0
6 - Total	0	0	0

01.06- CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY Commercial, Industrial, and Other
2 - SITUATION Operating
3 - NATURE OF OWNERSHIP Local Private
4 -ACTIVITY CODE 3250 - Administrative and Investment Company - Insurance Companies and Brokers
5 - MAIN ACTIVITY Equity Holding Management (holding)
6 - TYPE OF CONSOLIDATION Total
7 - TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT Without exceptions

01.07- COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 - CNPJ	3 - NAME

01.08- DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3 - DATE APPROVED	4 - AMOUNT	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE
01	RCA	12/18/2007	Dividends	04/04/2008	ON	0.7000000000
02	RCA	12/18/2007	Interest on Own Capital	04/04/2008	ON	0.9740000000

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01.09 - CAPITAL SUBSCRIBED AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 -NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED (THOUSANDS)	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)
01	3/28/2008	920,000	120,000	Revenue reserve	0	0.0000000000

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE	2 - SIGNATURE
06/30/2008	

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

02.01 - Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
1	Total assets	1,934,833	2,005,363
1.01	Current assets	94,109	291,053
1.01.01	Cash and banks	87,942	143,091
1.01.01.01	Banks	24	6
1.01.01.02	Financial investments	87,918	143,085
1.01.02	Credits	6,138	147,205
1.01.02.01	Clients	0	0
1.01.02.02	Sundry credits	6,138	147,205
1.01.02.02.01	Dividends receivable	0	141,495
1.01.02.02.02	Taxes recoverable	6,138	5,710
1.01.03	Inventories	0	0
1.01.04	Other	29	757
1.01.04.01	Other accounts receivable	29	757
1.02	Non-current assets	1,840,724	1,714,310
1.02.01	Long-term receivables	0	0
1.02.01.01	Sundry credits	0	0
1.02.01.02	Credits with related companies	0	0
1.02.01.02.01	Associated and equivalent companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	0	0
1.02.02	Permanent assets	1,840,724	1,714,310
1.02.02.01	Investments	1,840,723	1,714,309
1.02.02.01.01	Investment in Associated/equivalent companies	0	0
1.02.02.01.02	Investment in Associated/equivalent companies - Goodwill	0	0
1.02.02.01.03	Investment in subsidiaries	1,859,878	1,733,200
1.02.02.01.04	Investment in subsidiaries - goodwill	4,940	4,940
1.02.02.01.05	Other investments	0	0
1.02.02.01.06	Investment in subsidiaries - negative goodwill	(23,831)	(23,831)
1.02.02.01.07	Goodwill amortization	(264)	0
1.02.02.02	Fixed assets	0	0
1.02.02.03	Intangible assets	1	1
1.02.02.04	Deferred charges	0	0

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02.02 - Balance Sheet - Liabilities and Shareholders' Equity (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
2	Total liabilities	1,934,833	2,005,363
2.01	Current liabilities	754	144,512
2.01.01	Loans and financing	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	0	0
2.01.04	Taxes, rates and contributions	325	6
2.01.04.01	Taxes and contributions payable	325	6
2.01.05	Dividends payable	7	129,800
2.01.06	Provisions	0	0
2.01.07	Debts with related companies	0	0
2.01.08	Other	422	14,706
2.01.08.01	Accounts payable	0	150
2.01.08.02	Accrued liabilities	422	14,556
2.02	Non-current liabilities	1,687	1,642
2.02.01	Long-term liabilities	1,687	1,642
2.02.01.01	Loans and financing	0	0
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	0	0
2.02.01.04	Debts with related companies	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	1,687	1,642
2.02.01.06.01	Accounts payable	1,687	1,642
2.02.01.06.02	Legal obligations	0	0
2.02.02	Deferred income	0	0
2.04	Shareholders' equity	1,932,392	1,859,209
2.04.01	Paid-up capital	902,589	920,000
2.04.01.01	Capital	920,000	920,000
2.04.01.02	Treasury shares	(17,411)	0
2.04.02	Capital reserves	47,412	47,412
2.04.02.01	Share premium	47,412	47,412
2.04.03	Revaluation reserves	150,955	153,474
2.04.03.01	Own assets	0	0
2.04.03.02	Subsidiaries/Associated and equivalent companies	150,955	153,474
2.04.04	Revenue reserves	693,670	693,670
2.04.04.01	Legal	94,169	94,169
2.04.04.02	Statutory	599,501	599,501
2.04.04.03	Contingencies	0	0
2.04.04.04	Unrealized income	0	0
2.04.04.05	Retention of profits	0	0
2.04.04.06	Special for undistributed dividends	0	0
2.04.04.07	Other revenue reserves	0	0
2.04.05	Retained earnings/accumulated deficit	137,766	44,653
2.04.06	Advance for future capital increase	0	0

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03.01 - Statement of Income (R$ thousand)

1 - Code	2 - Description	3 - 4/1/2008 to 6/30/2008	4 - 1/1/2008 to 6/30/2008	5 - 4/1/2007 to 6/30/2007	6 - 1/1/2007 to 6/30/2007
3.01	Gross sales and/or services	0	0	0	0
3.02	Deductions	0	0	0	0
3.03	Net sales and/or services	0	0	0	0
3.04	Cost of sales and/or services	0	0	0	0
3.05	Gross profit	0	0	0	0
3.06	Operating (expenses)/income	92,666	136,875	122,220	219,515
3.06.01	Selling	0	0	0	0
3.06.02	General and administrative	(290)	(1,077)	(399)	(1,015)
3.06.02.01	Personnel	(92)	(152)	(79)	(159)
3.06.02.02	Third-party services	(144)	(258)	(181)	(268)
3.06.02.03	Facilities and operations	(134)	(170)	(84)	(160)
3.06.02.04	Publications	(69)	(450)	(23)	(367)
3.06.02.05	Sundry expenses	168	(10)	(18)	(33)
3.06.02.06	Taxes	(19)	(37)	(14)	(28)
3.06.03	Financial	2,985	2,451	(426)	289
3.06.03.01	Financial income	3,269	3,425	120	1,325
3.06.03.02	Financial expenses	(284)	(974)	(546)	(1,036)
3.06.04	Other operating income	0	0	0	0
3.06.05	Other operating expenses	0	0	0	0
3.06.06	Equity in the earnings of subsidiaries	89,971	135,501	123,045	220,241
3.06.06.01	Equity in the earnings of subsidiaries	90,235	135,765	123,045	220,241
3.06.06.02	Goodwill amortization	(264)	(264)	0	0
3.07	Operating profit	92,666	136,875	122,220	219,515
3.08	Non-operating result	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Income before taxation/profit sharing	92,666	136,875	122,220	219,515
3.10	Provision for income tax and social contribution	(315)	(315)	18	0
3.11	Deferred income tax	0	0	0	0
3.12	Profit sharing/contributions	0	0	0	0
3.12.01	Profit sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.15	Net income for the period	92,351	136,560	122,238	219,515
	NUMBER OF SHARES, EX-TREASURY (thousand)	230,643	230,643	76,881	76,881
	NET INCOME PER SHARE (R$)	0.40041	0.59208	1.58996	2.85526
	LOSS PER SHARE (R$)				

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04.01 - Notes to the Quarterly Information
(All amounts in thousands of reais unless otherwise indicated)

1 Operations

Porto Seguro S.A. (the "Company") is a publicly-held corporation established to participate, as a shareholder or partner, in other domestic or foreign companies that operate in: (a) all types of insurance activities; (b) activities restricted to financial institutions and equivalent companies, including, without limitation, consortium management; (c) rendering of services and sale of equipment for electronic monitoring of asset protection systems; and (d) activities related or supplementary to insurance activities and the other activities described above.

The activities of the Company's subsidiaries are as follows:

(a) Insurance

(i) Porto Seguro Companhia de Seguros Gerais ("Porto Seguro") - This corporation is a subsidiary of the Company (all shares, except one), established on September 6, 1945, and authorized to operate by Decree 20,138 of December 6, 1945. Its objective is to operate in property, liability, hulls, automobile, transportation, financial risks, personal and rural insurance, in any of their types.

(ii) Porto Seguro Vida e Previdência S.A. ("Porto Seguro Vida") - Controlled by Porto Seguro (99.97%), this corporation was established on December 23, 1986 to operate in personal insurance, as well as the establishment and operation of annuity and lump-sum pension plans.

(iii) Porto Seguro - Seguros del Uruguay S.A. ("Porto Seguro Uruguay") - This corporation is a wholly-owned subsidiary of Porto Seguro and was established on December 23, 1994 to operate mainly in automobile insurance.

(iv) Porto Seguro - Seguro Saúde S.A. ("Porto Seguro Saúde") - Controlled by Porto Seguro (99.99%), this corporation was established on June 12, 2001 to operate as a specialized insurer in the health insurance line.

(v) Azul Companhia de Seguros Gerais ("Azul Seguros") - This corporation is a direct subsidiary of the Company (99.71%), acquired on November 28, 2003 to operate in the casualty and personal insurance lines.

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04.01 - Notes to the Quarterly Information
(All amounts in thousands of reais unless otherwise indicated)

(b) Finance Companies and Consortiums

(i) Porto Seguro Administradora de Consórcios Ltda. ("Porto Consórcio") - A direct subsidiary of the Company (99.99%), acquired on October 27, 2004 to manage consortiums for the acquisition of assets and properties.

(ii) Portoseg S.A. - Crédito, Financiamento e Investimento ("Portoseg") - A direct subsidiary of the Company (99.98%), acquired on October 27, 2004 to finance the acquisition of assets, services and working capital, as well as to carry out all transactions permitted for this type of financial institution.

(iii) Portopar Distribuidora de Títulos e Valores Mobiliários Ltda. ("Portopar") - A direct subsidiary of the Company (99.99%), acquired on October 27, 2004 to manage investment funds and financial assets.

(c) Service Providers

(i) Porto Seguro Proteção e Monitoramento Ltda. ("Porto Seguro Proteção e Monitoramento") - A direct subsidiary of the Company (99.98%), established on January 9, 1998 to purchase, sell, rent, grant as a free lease, install and maintain any equipment related to technology and the electro-electronic systems of asset, house, industry and commercial installations protection, as well as to render services using the electronic surveillance technology of IT systems for remote asset protection through coded signals issued by the mentioned systems to the control center so that it can notify the public security entities, and to manage service rendered in relation to these activities. The company also participates in other companies as partner or shareholder.

(ii) Portoserv Promotora de Serviços Ltda. ("Portoserv") - A direct subsidiary of the Company (99.50%), acquired on October 23, 2006 to provide any and all services related to the agency, promotion, support, and management of sales (cash or credit), economic and administrative services on behalf of third parties to private entities.

(iii) Crediporto Promotora de Serviços Ltda. ("Crediporto") - A direct subsidiary of the Company (99.80%), established on November 1, 2006, to provide (a) services related to identification of target groups and to act as service provider to obtain credits and financing for consumption, for individuals and corporate entities, with officially accredited entities, (b) services related to the sending of consumer financing requests to specialized institutions, (c) analysis of

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consumer credit and customer data files, (d) data processing, including the operations agreed by financial institutions, (e) business development and advisory services (f) collection and out-of-court billing services and customer data information services for third parties, and (g) participation in other companies as partner or shareholder.

(iv) Integração Assessoria e Informática Ltda. ("Integração") - A direct subsidiary of the Company (100.00%), acquired on January 2, 2008, to develop, distribute, advise, maintain, grant license or right of use of computer programs (administrative software).

(v) Portomed - Porto Seguro Serviços Médicos Ltda. ("Portomed") - A direct subsidiary of the Company (99.93%), acquired on December 31, 2007, to provide (a) health outpatient services, including chemotherapy, pursuant to the legal provisions; (b) the preparation and implementation of labor health medical control programs in companies, the preparation and implementation of health risk prevention programs in the work place and other activities related to labor medical care, pursuant to the legal provisions.

(vi) Porto Seguro Serviços S/A ("Porto Seguro Serviços") - A direct subsidiary of the Company (99.00%), established on February 14, 2008, to provide (a) risk and insurance claim inspection; (b) assistance services, including removal and emergency repair services for vehicles; (c) certification of vehicle origin and maintenance situation; (d) developing and hosting Internet sites of advertising, business relationship, sales fostering for vehicles and other chattels and properties, and forwarding agent services and other services related to the mentioned activities; (e) maintenance, conservation and repair of equipment and properties of any nature; (f) technical support, maintenance or coordination of technology services; (g) assistance services to individuals or corporations, including, but not limited to, travel (in Brazil and abroad), funeral, home, condominiums, companies; and home education assistance; medical and/or hospital assistance; tourist and cultural advisory ; (h) services related to the representation, promotion, fostering and management of service or product sales and support of any nature to individuals and corporate entities; (i) management of service providers operating in the activities described in the items above; and (j) investment in other companies, domestic or foreign, simple or corporate, as partner or shareholder.

2 Consolidation Criteria

The main consolidation procedures may be described as follows:

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04.01 - Notes to the Quarterly Information
(All amounts in thousands of reais unless otherwise indicated)

a) Elimination of assets and liabilities account balances between consolidated companies.

b) Elimination of capital investments, reserves and retained earnings of subsidiaries.

c) Elimination of income and expense balances arising from intercompany transactions.

d) The minority interest amounts are shown separately in the consolidated financial statements.

e) The financial statements of Porto Seguro Uruguay are prepared in accordance with the accounting practices generally accepted in Uruguay, which do not differ significantly from the accounting practices adopted by the Company.

3 Presentation of Financial Statements

The financial statements of the Company and its subsidiaries have been prepared in accordance with Brazilian accounting practices and the complementary provisions of the Brazilian Securities Commission (CVM), in addition to the accounting guidelines issued by the National Council of Private Insurance (CNSP), Superintendency of Private Insurance (SUSEP), National Supplementary Health Plan Agency (ANS), National Monetary Council (CMN) and Brazilian Central Bank (BACEN).

Pursuant to SUSEP Circular Letters, changes were introduced in the accounting of the financial statements of insurance, reinsurance, capitalization and open pension plan companies. The main changes are:

- A new manner of accounting for Life Insurance/ VGBL Redemption. This expense, up to the issuance of Circular Letter No. 003/08, was recognized in a statement of income account and, as from March 2008, began to be recorded in a balance sheet account.

- A new manner of accounting for DPVAT (Motorvehicle Mandatory Insurance) consortium premiums transferred to the Public Integrated Health System (SUS). These expenses, up to the issuance of SUSEP Circular Letter No. 356/07, were recognized in the ceded reinsurance premiums account and, as from January 2008, began to be recorded net of the premiums issued account.

The financial statements referring to June 30, 2007 have been adjusted, where possible, for comparison purposes.

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04.01 - Notes to the Quarterly Information
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4 Significant Accounting Practices

The significant accounting practices adopted by the Company and its subsidiaries to record their transactions are as follows:

(a) The result of operations is recorded on the accrual basis of accounting and includes income, charges and monetary or exchange rate variations, at official indices or rates.

(i) Insurance - revenues from insurance premiums are recorded and deferred over the policy or invoice periods through the constitution of unearned premium reserves. Commissions and other acquisition costs are deferred and amortized over the term of the insurance policy or the estimated period policyholders or participants remain in the plan, and are reflected in the "Deferred selling expenses" account. The subsidiaries Porto Seguro and Azul Seguros account for premium revenue estimates for policies which are in the process of being issued, as well as the related commissions.

(ii) Finance companies and consortium - The management fee, due by consortium participants, is recognized as revenue when the installments are received. Commissions on consortium share sales are recognized in the statement of income when consortium shares are sold, as required by BACEN. Other revenues and expenses are accounted for on the accrual basis.

(iii) The revenues from services rendered are recognized on the accrual basis and refer to the subsidiaries Porto Seguro Proteção e Monitoramento, Portoserv, Crediporto, Integração, Portomed and Porto Seguro Serviços.

(iv) Private pension plans - The revenues from contributions to pension plans and Free Benefit Generating Life Plans (VGBL) are recognized upon the effective receipt of the premium installments. Commissions and other acquisition costs are deferred over the estimated period participants remain in the plan, and are reflected in the "Deferred selling expenses" account. The expenses with technical provisions are recorded simultaneously to the recognition of the related revenues.

(b) Financial investments in securities classified as "Trading securities" are stated at cost, plus income earned up to the balance sheet dates, and adjusted to market value, with the related income, gains and losses recorded in income for the period. The investments in securities classified as "Available-for-sale securities" are stated at cost plus income earned, which is recorded in income for the period, and adjusted to market value, with the adjustment recorded in a separate caption in shareholders' equity, net of taxes, and included in income for the period in which the effective realization occurs.

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(c) Derivative financial instruments are classified on the date of acquisition in accordance with management's intention to use them as hedging instruments. Transactions with financial instruments are accounted for at market value, with gains and losses directly recognized in result for the period.

(d) Investments in subsidiaries are accounted for on the equity method. Investments in IRB Brasil Resseguros S.A. and other investments, held by the subsidiaries Porto Seguro, Porto Seguro Vida and Azul Seguros, are stated at cost. For other investments, provisions for adjustment to market value are recognized, when applicable.

(e) Fixed assets of subsidiaries are stated at acquisition cost, except for real estate, which include write-ups or write-downs arising from the revaluations made. Depreciation is calculated on the straight-line method based on the useful lives of assets, at the following annual rates: 2% to 3% for buildings; 10% for furniture, machinery, fixtures, equipment and installations; 20% for vehicles and data processing equipment, and 33.33% for tracking equipment. Depreciation of rental properties is calculated based on their economic useful lives, at the annual rate of 2%.

(f) Deferred charges of the subsidiaries are represented mainly by software development costs, which are amortized at the annual rate of 20%.

(g) Other current assets and long-term receivables are stated at cost, including, when applicable, income earned and provisions for losses.

(h) Allowances for doubtful accounts are recorded at amounts considered sufficient to cover potential losses on the realization of receivables, as follows: (i) for the subsidiaries Porto Seguro and Azul Seguros, the allowance is recorded on premiums receivable from risks expired overdue for more than 60 days; (ii) for the subsidiary Porto Saúde, the allowance is recorded on premiums receivable from risks expired overdue for more than 90 days; (iii) for the subsidiary Portoseg, the allowance is recorded based on the analysis of outstanding transactions, taking into account the economic situation and specific and overall portfolio risks, as well as the provisions of Resolution 2,682/99 of the National Monetary Council (CMN).

(i) Technical reserves related to the insurance and pension plan activities.

Technical reserves are recognized in compliance with the requirements and criteria

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established by the CNSP, SUSEP and ANS, as follows:

Casualty (automobile, transportation, property, etc.), life and health insurance lines

(i) The unearned premium reserve (PPNG) is calculated on the portion of the retained premium corresponding to the unexpired risk period of casualty, life and health insurance lines and is calculated on a daily "pro rata" basis.

(ii) The unexpired risk reserve (PRNE) is calculated on a daily "pro rata" basis, based on net premiums (net of selling and administrative expenses) received in the month, and is intended to provide for the portion of the retained premium corresponding to the unexpired risk period, starting on the calculation base date, for individual life insurance.

(iii) The unearned premium reserve for risks in force but not issued (PPNG - RVNE) is intended to estimate the portion of unearned premiums related to risks assumed by the Company and that are in the process of being issued, in accordance with the methodology provided for in the Technical Actuarial Notes (NTA) in the casualty and life lines.

(iv) The reserve for unsettled claims (PSL) is based on estimates of indemnities payable, made upon the receipt of notices of claims, net of ceded coinsurance and reinsurance adjustments. An additional reserve for unsettled claims (IBNER) is recorded to cover reported claims whose amounts are subject to changes in the claim analysis process. This reserve is calculated based on a technical actuarial note, for the casualty and life lines. For Health Insurance, PSL is constituted based on claims payable calculated upon the receipt of claim notice, through the presentation of the medical bill or the service provider notice.

(v) The reserve for claims incurred but not reported (IBNR) for the casualty, life and health lines is calculated on estimate claims occurred but not reported to the Insurer based on a technical actuarial note. The IBNR reserve for the DPVAT (mandatory insurance against personal injury caused by automotive land vehicles) line is recognized pursuant to CNSP Resolution 151/06.

(vi) The premium deficiency reserve (PIP) for the life insurance line is recognized to cover the insufficiency arising from the impossibility of applying the fee adjustment in the existing contracts due to a court decision. This reserve is calculated based on a technical actuarial note.

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(vii) The legal obligation reserve (POL) for the life insurance portfolio is recorded with the objective of covering the difference, if positive, between the PPNG calculated through the minimum parameters provided for in current law and the PPNG calculated based on premiums practiced. This reserve is calculated based on a technical actuarial note.

(viii) The risk fluctuation reserve (POR) is recognized for the purpose of stabilizing the result and reducing impacts on risk rates, upon the occurrence of major claims, in the business, residential and condominium, and national and international transport insurance lines. This reserve is calculated based on a technical actuarial note.

(ix) The complementary provision for premiums (PCP) is recorded monthly with the objective of complementing PPNG, considering all the risks, issued or not issued, in accordance with current law. It is estimated based on the insurance line, and its calculation basis is the initial and final date of the risk validity and the retained commercial premium. The provision amount, if positive, will be the difference between the average sum of the daily amounts for the month they are recorded and the recorded PPNG, for the casualty and life insurance lines.

(x) The mathematical reserve for benefits granted (PMBC) for the health insurance line is recognized based on the estimate of future medical and hospital expenses of the policyholders who are receiving a remission benefit. This reserve is calculated based on a technical actuarial note.

(xi) The reserve for administrative expenses (PDA) is recorded for the purpose of covering the administrative deficit, through the resources originating from the administrative results of the DPVAT computed monthly.

Complementary Pension Plan

(i) The mathematical reserves for unvested (PMBaC) and vested benefits (PMBC) represent the amount of obligations assumed with the participants of annuity and lump-sum pension plans, structured under the capitalization, pay-as-you-go and allocation of coverage capitals financial methods, and of life insurance with a surviving beneficiary clause. These reserves are calculated based on technical actuarial notes.

(ii) The contribution deficiency reserve (PIC), calculated based on an actuarial valuation, is recognized to cover deviations related to technical bases of mathematical reserves for unvested and vested benefits and is calculated based on technical actuarial notes.

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(iii) The reserve for administrative expenses (PDA) is recognized to meet current and future operating expenses when benefits are paid to participants. In June 2006, the subsidiary Porto Seguro Vida also began recognizing this reserve for plans which are still in the contribution stage. This reserve is calculated based on technical actuarial notes.

(iv) The unexpired risk reserve (PRNE) is calculated on a daily "pro rata" basis, based on net contributions received in the month, and is intended to accrue the portion of the contribution corresponding to the unexpired risk period, starting on the calculation base date.

(j) Commissions on premiums issued are recorded in current liabilities on the accrual basis. These commissions are due to insurance brokers when the respective insurance premium is received. The IOF (Tax on Financial Transactions) on premiums receivable, recorded in current liabilities as a corresponding entry to "Premiums receivable", is withheld and paid when the premium is received.

(k) Other current and non-current liabilities are stated at known or estimated amounts, plus accrued charges and monetary variations incurred, when applicable.

(l) Income tax and social contribution

Income tax is calculated at the base rate of 15%, plus 10% surtax on annual taxable income exceeding R$ 240. The provision for social contribution is calculated at the rate of 9% (Note 24(a)). The provision for deferred income tax and social contribution on temporary differences and the revaluation reserve of fixed assets (buildings) are recorded and the amounts are transferred to taxes payable in current liabilities, upon the realization or disposal of assets. Deferred income tax and social contribution on lands are not recognized because there is no expectation of realization or disposal of these assets, in accordance with current rules.

(m) Contingent assets and liabilities and legal obligations - Taxes and social security

(i) Contingent Assets - not recognized, except when management has full control of the situation of a certain future event, which although not yet occurred depends only on it, or when there are real guarantees or favorable, final and unappealable court decisions, which qualify the favorable outcome as practically certain.

(ii) Contingent Liabilities - recognized taking into consideration: (a) the opinion of the legal counsel; (b) the cause of action; (c) the similarity with previous lawsuits; (d) the complexity of the case and the position of courts; whenever the loss may result in outflows of funds to settle the obligations and the amounts involved can be reliably measured.

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(iii) Legal Obligations - Taxes and social security: these arise from lawsuits related to tax obligations, whose legality or constitutionality is being challenged, and which, regardless of the evaluation of the likelihood of a favorable outcome, have their amounts fully recognized in the financial statements and are monetarily adjusted in accordance with current tax legislation (SELIC interest rate).

(n) For corporate reporting purposes, interest on own capital is stated as an allocation of income directly in shareholders' equity. The rate used to calculate interest on capital is limited to the variation of the Long-term Interest Rate (TJLP) for the applicable period and is computed on the higher of: (i) 50% of the Company's net income (after deducting the Social Contribution on Net Income (CSLL) and before considering the aforementioned allocation and any deductions related to income tax); and (ii) 50% of the Company's retained earnings and revenue reserves.

(o) Accounting estimates

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires management to use judgment for the determination and recording of accounting estimates. Significant assets and liabilities subject to these estimates and assumptions are, among others, adjustments to the provision for credit risks, deferred income tax and social contribution, technical reserves and provisions for contingencies. The settlement of transactions involving these estimates may be carried out at values different from those estimated due to inaccuracies which are inherent to the determination process. The Company and its subsidiaries periodically review these estimates and assumptions.

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5 Financial Investments

(a) Breakdown of the investment portfolio by nature of securities:

				June 2008	March 2008
Trading Securities	**Insurance companies**	**Pension plans**	**Other activities**	**Consolidated**	**Consolidated**
Open funds					
Fixed-income securities					
Investment fund quotas	737,220	123,875	171,193	1,032,288	1,429,051
Retained funds - Brazilian Reinsurance Institute (IRB)	550	14	-	564	532
Other investments	275	-	-	275	275
	738,045	123,889	171,193	1,033,127	1,429,858
Variable-income securities					
Investment fund quotas	5,643	-	397	6,040	68,068
Total open funds	743,688	123,889	171,590	1,039,167	1,497,926
Exclusive funds					
Fixed-income securities					
Financial Treasury Bills (LFTs)	108,211	197,906	3	306,120	32,974
National Treasury Bills (LTNs)	606,466	335,519	227	942,212	1,074,794
National Treasury Notes (NTNs) - series B	699,949	138,643	-	838,592	653,073
National Treasury Notes (NTNs) - series C	-	-	-	-	107,748
Private securities	47,708	61,103	-	108,811	85,903
Variable-income securities					
Shares of publicly-held companies	58,556	11,001	-	69,557	41,834
Total exclusive funds	1,520,890	744,172	230	2,265,292	1,996,326
Own portfolio					
Fixed-income securities					
Private securities	315,894	-	40,116	356,010	-
Variable-income securities					
Shares of publicly-held companies	-	-	-	-	271
Total own portfolio	315,894	-	40,116	356,010	271
Derivative financial instruments (item c)	-	4,707	-	4,707	-
Total trading securities	2,580,472	872,768	211,936	3,665,176	3,494,523

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				June 2008	March 2008
Available for Sale Securities	**Insurance companies**	**Pension plans**	**Other activities**	**Consolidated**	**Consolidated**
Own portfolio					
Fixed-income securities					
Financial Treasury Bills (LFTs)	97,228	7,731	-	104,959	94,661
National Treasury Notes (NTNs) - series C	-	225,147	-	225,147	478,921
Total own portfolio	97,228	232,878	-	330,106	573,582
Total securities available for sale	97,228	232,878	-	330,106	573,582
Total financial investments	2,677,700	1,105,646	211,936	3,995,282	4,068,105
Current				3,769,860	3,852,673
Non-current				225,422	215,432

The market value of government securities is based on the "unit market price" disclosed by the National Association of Financial Market Institutions (ANDIMA) at the balance sheet dates.

The positive adjustment to market value of the securities classified as "Available-for-sale securities" amounted to R$10,067 (March 2008 - R$11,461), net of tax effects, which was recorded in an account in shareholders' equity.

Investment fund quotas are valued based on the price of the quota disclosed by the fund's manager at the balance sheet dates.

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(b) Breakdown of the investment portfolio by maturity:

						June 2008
	Without maturity	1 to 30 days	31 to 180 days	181 to 360 days	Over 360 days	Total
Trading securities (i)						
Open funds						
Fixed-income securities						
Investment fund quotas	1,032,288	-	-	-	-	1,032,288
Retained funds - IRB	564	-	-	-	-	564
Other investments	275	-	-	-	-	275
	1,033,127	-	-	-	-	1,033,127
Variable income securities						
Investment fund quotas	6,040	-	-	-	-	6,040
Total open funds	1,039,167	-	-	-	-	1,039,167
Exclusive funds						
Fixed-income securities						
Financial Treasury Bills (LFTs)	-	29,559	1,488	4,351	270,722	306,120
National Treasury Bills (LTNs)	-	107,799	300,480	49,141	484,792	942,212
National Treasury Notes (NTNs) -series B	-	165,936	62,443	279,851	330,362	838,592
Private securities	-	-	1,791	-	107,020	108,811
Variable-income securities						
Shares of publicly-held companies	-	69,557	-	-	-	69,557
Total exclusive funds	-	372,851	366,202	333,343	1,192,896	2,265,292
Own portfolio						
Fixed-income securities						
Private securities	-	-	-	-	356,010	356,010
Total own portfolio	-	-	-	-	356,010	356,010
Derivative financial instruments	-	-	-	-	4,707	4,707
Total trading securities	1,039,167	372,851	366,202	333,343	1,553,613	3,665,176
Available for Sale Securities						
Own portfolio						
Fixed-income securities						
Financial Treasury Bills (LFTs)	-	-	30,096	20,470	54,393	104,959
National Treasury Notes (NTNs) - series C	-	-	-	-	225,147	225,147
Total own portfolio	-	-	30,096	20,470	279,540	330,106
Total securities available for sale	-	-	30,096	20,470	279,540	330,106
Total financial investments	1,039,167	372,851	396,298	353,813	1,833,153	3,995,282

(i) Securities classified as "trading securities" are included in current assets, regardless of their maturity, as provided by current law.

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(c) Derivative financial instruments

	June 2008			
Assets	**Cost**	**Market value**	**%**	**Over 360 days**
Swap – adjustment receivable	4,707	4,707	100.0	4,707
	4,707	4,707	100.0	4,707

6 Premiums Receivable

	Consolidated	
	June 2008	**March 2008**
Insurance premiums receivable	926,884	873,067
Allowance for doubtful accounts	(19,797)	(17,273)
	907,087	855,794

Breakdown by maturity

Not yet due	820,759	785,365
Past due up to 30 days	73,096	58,064
Past due from 31 to 60 days	7,131	6,814
Past due from 61 to 90 days	3,817	3,381
Past due from 91 to 105 days	1,257	1,259
Past due for more than 106 days	20,824	18,184
	926,884	873,067
Allowance for doubtful accounts	(19,797)	(17,273)
	907,087	855,794

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7 Deferred Selling Expenses

	Consolidated	
	June 2008	**March 2008**
Automobile	304,075	294,287
Property	30,952	29,659
Financial risks	18,717	16,421
Personal	2,763	1,527
Health	956	986
Liability	437	507
Transportation	412	367
Other	6,362	6,858
	364,674	350,612
Current	363,569	349,482
Non-current	1,105	1,130

8 Lending Operations

	Consolidated	
	June 2008	**March 2008**
Loans	47,450	42,371
Financing	248,906	226,383
	296,356	268,754
Allowance for doubtful accounts	(17,837)	(16,546)
	278,519	252,208
Current	152,734	140,833
Non-current	125,785	111,375

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9 Other Credits

	Consolidated	
	June 2008	**March 2008**
Commissions in progress (i)	60,021	27,385
Credit card transactions	35,862	6,099
Credits receivable from IRB	4,837	4,343
DPVAT agreement	2,481	3,386
Credits receivable from other insurance companies	393	710
	103,594	41,923

(i) Represented by payments of commissions to brokers for policies in the process of issuance.

10 Taxes and Contributions - Assets and Liabilities

a) Taxes recoverable

	Parent company		Consolidated	
	June 2008	**March 2008**	**June 2008**	**March 2008**
Current assets				
Income tax	6,064	5,636	12,505	15,179
Social contribution	74	74	1,551	2,682
PIS - surcharge	-	-	321	321
Other	-	-	1,334	1,274
	6,138	5,710	15,711	19,456
Non-current assets				
Social Security Fund (FINSOCIAL) (i)	-	-	3,204	3,204
INSS - Independent contractors (i)	-	-	1,896	1,896
Supplementary State Income Tax (AIRE) (i)	-	-	406	406
Income tax	-	-	802	628
Social contribution	-	-	301	301
PIS	-	-	1,088	1,077
	-	-	7,697	7,512

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(i) Contingent assets

FINSOCIAL

The subsidiary Porto Seguro filed a claim for refund of overpayment of amounts collected by and paid to the Federal Government as FINSOCIAL in the year this tax was established. The lawsuit resulted in a favorable judgment and the Federal Government was ordered to refund the overpayment in ten annual installments, through a bond to pay court-ordered debt.

National Institute of Social Security (INSS) - Independent Contractors

The subsidiary Porto Seguro filed a claim for refund of overpayment because of the 20% contribution to the National Social Security Institute (INSS) levied on payments to independent contractors, day workers, and officers. The lawsuit resulted in a favorable judgment and the Federal Government was ordered to refund the overpayment in ten annual installments, through a bond to pay court-ordered debt.

Supplementary State Income Tax (AIRE)

The subsidiary Porto Seguro filed a claim for refund of overpayment because of the amounts collected by and paid to the State of São Paulo as AIRE. The lawsuit resulted in a favorable judgment and the State Government was ordered to refund the overpayment in ten annual installments, through a bond to pay court-ordered debt.

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(b) Taxes and contributions payable

	Parent company		Consolidated	
	June 2008	March 2008	June 2008	March 2008
Current liabilities				
IOF on insurance premiums	2	-	56,304	52,672
Contributions to INSS and to the Government Severance Indemnity Fund for Employees (FGTS)	5	3	11,220	10,793
Income tax	229	-	10,690	10,691
Social contribution	87	-	4,965	4,332
Withheld Income Tax (IRRF)	2	2	4,223	3,936
Services Tax (ISS) withheld at source	-	-	2,295	2,106
PIS and COFINS contributions	-	1	1,299	1,540
Other	-	-	5,255	6,737
	325	6	96,251	92,807

(c) Deferred income tax and social contribution - non-current

Long-term receivables	Parent company		Consolidated	
Nature	June 2008	March 2008	June 2008	March 2008
Income tax and social contribution on temporary differences - COFINS (i)	-	-	213,031	203,173
Income tax and social contribution on temporary differences - PIS and INSS (i)	-	-	52,891	48,781
Income tax and social contribution on temporary differences (ii)	-	-	17,400	16,493
Income tax and social contribution on tax losses	10,441	11,030	10,441	11,030
Provision for losses on tax credits	(10,441)	(11,030)	(10,441)	(11,030)
	-	-	283,322	268,447

(i) See Note 24. Refers to the payment of income tax and social contribution on the legal obligation that generated the temporary difference on the provision for COFINS, PIS and INSS.

(ii) Mainly refers to allowances for doubtful debts, labor claims and civil contingencies.

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Long-term liabilities	**Consolidated**	
Nature	**June 2008**	**March 2008**
Income tax and social contribution on future realization of revaluation reserve	36,548	36,316
Income tax and social contribution on the effects of securities adjusted to market values	2,648	3,372
	39,196	39,688

(d) Reconciliation of income tax and social contribution expenses

	Parent company			
	2008		**2007**	
	2nd Quarter	**1st Half**	**2nd Quarter**	**1st Half**
Profit before IRPJ, CSLL and profit sharing	92,666	136,875	122,220	219,515
Standard rate - %	34%	34%	34%	34%
Computation of IRPJ and CSLL expenses according to the standard rate	**(31,506)**	**(46,538)**	**(41,555)**	**(74,635)**
IRPJ and CSLL effect on permanent differences				
Equity in the earnings of investees	30,680	46,160	41,835	74,882
Employees profit sharing				
Non-deductible expenses, net of taxable income	(264)	(264)		
Tax incentives	-	-	-	-
Dividends received			2	2
Other			(5)	
IRPJ and CSLL expense	**(1,090)**	**(642)**	**277**	249
IRPJ and CSLL effect on temporary differences				
Temporary differences - COFINS				
Temporary differences - PIS				
Temporary differences - other	775	327	(259)	(249)
Total deferred IRPJ and CSLL	**775**	**327**	**(259)**	**(249)**
Current IRPJ and CSLL	(315)	(315)	18	-
IRPJ and CSLL expenses	**(315)**	**(315)**	**18**	**-**

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	Consolidated			
	2008		2007	
	2nd Quarter	**1st Half**	**2nd Half**	**1st Half**
Profit before IRPJ, CSLL and profit sharing	143,723	222,265	205,618	355,371
Standard rate - %	34%	34%	34%	34%
Computation of IRPJ and CSLL expenses according to the standard rate	**(48,866)**	**(75,570)**	**(69,910)**	**(120,826)**
IRPJ and CSLL effect on permanent differences				
Employees profit sharing	1,480	5,020	6,625	6,886
Non-deductible expenses, net of taxable income	(1,211)	(1,742)	(1,674)	(1,793)
Tax incentive	1,207	2,228	565	565
Dividends received	657	657	265	265
Other	917	535	1,575	1,762
IRPJ and CSLL expense	**(45,816)**	**(68,872)**	**(62,554)**	**(113,141)**
IRPJ and CSLL effect on temporary differences				
Temporary differences - COFINS	9,858	19,405	8,551	17,367
Temporary differences - PIS	907	4,728	52,792	53,415
Temporary differences - other	4,110	8,769	6,160	4,761
Total deferred IRPJ and CSLL	**14,875**	**32,902**	**67,503**	**75,543**
Current IRPJ and CSLL	(60,691)	(101,774)	(130,057)	(188,684)
IRPJ and CSLL expenses	**(45,816)**	**(68,872)**	**(62,554)**	**(113,141)**

(i) Note 24(a).

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11 Other Receivables

	Parent company		Consolidated	
	June 2008	March 2008	June 2008	March 2008
Current assets				
Receivables - monitoring	-	-	11,673	12,100
Checks to regularize/undeposited checks	-	-	10,699	9,211
Advances to employees	-	-	9,995	3,026
Receivables from policyholders	-	-	7,868	8,337
Prepaid expenses	26	65	5,274	4,318
Administrative advances	-	-	2,637	2,307
Advances to forwarding agents	-	-	2,568	2,119
Advances to suppliers	-	-	127	127
Other	3	692	5,117	7,827
	29	757	55,958	49,372
Non-current assets				
Advances to employees	-	-	2,630	2,440
Credits receivable	-	-	2,329	2,204
Advances to forwarding agents	-	-	965	1,238
Other	-	-	1,880	3,467
	-	-	7,804	9,349

12 Other Assets

	Consolidated	
	June 2008	March 2008
Salvages for sale (i)	35,785	35,975
Supplies	6,671	5,208
GPS equipment	576	2,433
Assets held by third parties (ii)	2,696	1,374
	45,728	44,990

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(i) Refers to salvages arising from total loss in car accidents and recovery of stolen vehicles, recorded at estimated realizable value.

(ii) Refers to assets received as payment in kind, as well as to assets which have been repossessed and are intended for sale.

13 Judicial Deposits

	Consolidated	
	June 2008	**March 2008**
Income tax and social contribution (i)	150,175	146,555
Offset of tax loss - income tax basis (ii)	44,589	43,318
Claims	42,196	36,889
Corporate Income Tax (IRPJ)	31,995	30,315
CSLL	6,610	10,329
INSS - Independent contractors	4,267	3,879
Other	2,772	2,593
	282,604	273,878

(i) Note 24. Refers to the deductibility of taxes and contributions on IRPJ and CSLL calculation bases.

(ii) Refers to tax losses on income tax for the calendar year 1995. 100% of losses were offset but the limit is 30%.

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14 Investment in Subsidiaries - Parent company

(a) Investments in subsidiaries are as follows:

	Porto Seguro	Azul Seguros	Porto Seguro Proteção e Monitoramento	Porto Consórcio	Portoseg	Portopar	Portoserv	Crediporto	Integração	Portomed	Services	Total
Capital	610,000	75,045	16,984	29,500	80,000	1,500	200	500	60	150	100	814,039
Ownership interest (%)	100.00	99.71	99.98	99.99	99.98	99.99	99.50	99.80	100.00	99.93	99.00	
Shareholders' equity of subsidiaries	1,487,245	156,203	24,956	83,197	98,367	9,177	695	308	(94)	213	100	1,860,367
Investment in shareholders' equity	1,487,245	155,750	24,951	83,189	98,350	9,176	692	308	(94)	212	99	1,859,878
Subsidiaries' net income (loss) for the quarter	75,924	9,904	(69)	4,611	(703)	849	96	11	(106)	117	-	90,634
Subsidiaries' net income (loss) for the six-month period	111,016	17,116	(823)	9,268	(1,903)	1,756	37	(111)	(154)	63	-	136,265
Book value of the investment in the parent company Balances at March 31, 2008	1,412,714	146,237	25,020	78,579	59,054	10,578	596	297	(68)	96	99	1,733,200
Equity in the results of subsidiaries - quarter	75,924	9,876	(68)	4,610	(703)	398	96	11	(25)	116	-	90,235
Equity in the results of subsidiaries – six-month period	111,016	17,067	(823)	9,267	(1,903)	1,305	38	(110)	(154)	62	-	135,765
Adjustment to the securities of subsidiaries	(1,393)	-	-	-	-	-	-	-	-	-	-	(1,393)
Adjustment for tax rate increase	-	(364)	-	-	-	-	-	-	-	-	-	(364)
Interest on capital/dividends	-	-	-	-	-	(1,800)	-	-	-	-	-	(1,800)
Capital increase/payment	-	-	-	-	40,000	-	-	-	-	-	-	40,000
Balances at June 30, 2008	1,487,245	155,749	24,951	83,189	98,351	9,176	692	308	(93)	212	99	1,859,878

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	Holding - %
	2008 and 2007
Indirect subsidiaries	
Porto Seguro Vida	99.97
Porto Seguro Saúde	99.99
Porto Seguro Uruguay	100.00

(b) Goodwill and negative goodwill

On November 28, 2003, the Company acquired the shareholding control of Azul Seguros with a negative goodwill of R$ 23,831, which was recorded under "Deferred income" in liabilities (Consolidated). On January 2, 2008, the Company acquired the shareholding control of Integração with goodwill based on expected future results, to be amortized over 10 years, as shown below.

		June 2008		
	Annual amortization rate - %	Cost	Accumulated amortization	Net
Goodwill on acquisition of investment	10.69	4,940	(264)	4,676
Total		4,940	(264)	4,676

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15 Fixed and Intangible Assets and Deferred Charges - Consolidated

(a) Fixed and intangible assets

	Annual depreciation rate - %	June 2008 Cost	June 2008 Accumulated depreciation	June 2008 Net	March 2008 Net
Land	-	144,383	-	144,383	145,632
Buildings	2 to 3	203,968	11,095	192,873	192,738
Total	-	348,351	11,095	337,256	338,370
IT equipment	20	103,187	63,640	39,547	36,523
Equipment	10	33,545	20,789	12,756	11,283
Equipment held by third parties	20	8,025	3,366	4,659	4,920
Furniture, machinery and fixtures	10	43,081	20,888	22,193	19,447
Vehicles	20	14,864	4,088	10,776	9,991
Tracking equipment	33.33	106,116	22,388	83,728	65,265
Construction in progress	-	31,971	-	31,971	25,746
Other fixed assets	10	6,089	2,157	3,932	1,495
		695,229	148,411	546,818	513,040

(b) Deferred charges

	Annual amortization rate - %	June 2008 Cost	June 2008 Accumulated amortization	June 2008 Net	March 2008 Net
Development of systems	20	57,981	39,312	18,669	16,782
Installation expenses	20	3,126	1,571	1,555	1,138
Other deferred expenses	10 to 20	1,958	476	1,482	2,804
Total		63,065	41,359	21,706	20,724

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16 Accounts Payable

	Consolidated	
	June 2008	**March 2008**
Suppliers	53,965	33,898
Credit card transactions	39,201	7,156
Uncleared checks	16,196	10,444
Refund to consortium members	6,173	6,227
Profit sharing	3,851	49,089
Other	2,468	5,023
	121,854	111,837

17 Third-party Deposits - Consolidated

Third-party deposits mainly refer to amounts received from policyholders for the settlement of insurance policies in the process of issuance and the receipt of insurance premiums which are being processed.

18 Other Insurance Debts Payable

	Consolidated	
	June 2008	**March 2008**
Assistance services	11,010	9,039
Provision for operating expenses	2,859	3,049
Premiums to be refunded	1,674	871
Bonus expenses – Porto Socorro	812	289
Insurance companies	544	544
Agents and correspondents	232	539
Other	1,358	1,100
	18,489	15,431

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19 Technical Reserves - Insurance and Pension Plan - Consolidated

(a) Insurance

	Unearned premium reserve		Unsettled claims/ unpaid benefits (*)		Claims incurred but not reported (IBNR)	
	June 2008	March 2008	June 2008	March 2008	June 2008	March 2008
Automobile	1,472,641	1,420,671	293,983	269,272	40,621	45,241
DPVAT	-	-	62,667	71,755	6,154	6,188
Property	114,909	107,709	24,730	23,747	2,889	1,199
Financial risks	70,615	61,799	17,868	14,404	2,707	1,961
Health	11,267	10,811	14,464	14,018	49,674	42,398
Personal	10,055	9,029	57,233	58,734	17,589	18,532
Liabilities	2,904	3,493	11,709	12,109	494	453
Transportation	1,763	1,614	16,603	15,817	759	770
Other	1,142	1,287	1,525	4,415	373	771
	1,685,296	1,616,413	500,782	484,271	121,260	117,513
Porto Seguro Uruguay	15,703	15,633	23,461	23,445	78	80
	1,700,999	1,632,046	524,243	507,716	121,338	117,593
Current	1,694,088	1,626,361	524,243	507,716	121,338	117,593
Non-current	6,911	5,685	-	-	-	-

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	Premium deficiency reserve (PIP)		Unexpired risk reserve (PRNE)		Mathematical reserve - insurance	
	June 2008	March 2008	June 2008	March 2008	June 2008	March 2008
Personal	1,294	1,271	19,366	16,830	35,633	34,126
VGBL	-	-	-	-	154,210	137,185
	1,294	1,271	19,366	16,830	189,843	171,311
Current	1,294	1,271	18,560	16,186	189,843	171,311
Non-current	-	-	806	644	-	-

(*) The reserve for unsettled claims is presented net of ceded coinsurance and reinsurance effects. The claims under judicial dispute, in the amount of R$ 203,258 (March 2008 - R$ 197,437), are recorded under the caption "Unsettled claims/unpaid benefits" in current liabilities, based on estimates made by the legal counsel and the legal departments of the subsidiaries and on the technical area historical experience for each insurance line, as shown below:

	Consolidated	
Loss risk	June 2008	March 2008
Probable	93,335	86,787
Possible	104,649	104,972
Remote	5,274	5,678
	203,258	197,437
Number of processes	13,505	12,275

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(b) Technical reserves - pension plan

	Consolidated	
	June 2008	**March 2008**
Opening balance	723,936	685,123
Contributions	27,366	26,733
Benefit expenses	(1,797)	(1,473)
Monetary variation and interest	30,524	26,341
Other movements	(17,561)	(12,788)
Closing balance	762,468	723,936
Of which:		
Mathematical reserve - pension plan	714,001	679,164
Vested benefits - pension plan	20,369	18,754
Contribution deficiency reserve	28,098	26,018
	762,468	723,936
Vested benefits - health insurance	1,843	1,963
	764,311	725,899
Current	763,234	724,719
Non-current	1,077	1,180

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(c) Other reserves – insurance and pension plan - Consolidated

	Other reserves (i)	
	June 2008	**March 2008**
Personal	14,833	13,419
Properties	11,015	12,809
Transportation	3,663	2,831
VGBL	3,373	3,149
DPVAT	2,838	2,416
Automobile	634	893
Liabilities	2	1
Other	50	48
Total	36,408	35,566

(i) Balances considered as other reserves refer to:

	June 2008	**March 2008**
Risk fluctuation reserve	15,755	17,754
Administrative expenses reserve	14,968	12,279
Legal obligations reserve	2,715	2,878
Extended guarantee reserve	1,973	1,615
Premium supplementary reserve	706	763
Unexpired risk reserve	291	277
	36,408	35,566

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(d) Technical reserve guarantee

In accordance with current rules, the following assets were linked to SUSEP and ANS:

	June 2008	March 2008
Casualty and group life	2,285,616	2,205,255
Pension plans	776,350	732,681
Life with a surviving beneficiary clause	218,588	197,445
Health	77,248	69,190
Total technical reserves	**3,357,802**	**3,204,571**
(-) Retained funds and reserves IRB	(564)	(532)
(-) Credit rights (i)	(655,674)	(628,971)
Amount to be guaranteed	**2,701,564**	**2,575,068**
Government fixed income bonds	597,558	657,647
Investment fund quotas	1,734,841	1,615,567
Specially constituted fund quotas	431,206	395,226
Technical reserve guarantees	**2,763,605**	**2,668,440**

(i) Refers to installments not yet due comprising premiums receivable and unexpired insurance risks.

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20 Obligations for Acceptances of Exchange Bills - Consolidated

These balances refer to funds raised through floating-rate securities (Bill of Exchange) from local Financial Institutions, monthly remunerated at 102.0%, 102.5% and 103.0% of the variation of the Interbank Deposit Certificate (CDI), composed as follows:

Date				
Funding	**Maturity**	**Original amount**	**June 2008**	**March 2008**
12.08.06	05.08.08	5,000	-	5,791
01.19.07	06.11.08	5,000	-	5,711
CDI factor (102.0%)		10,000		11,502
05.25.07	05.25.09	20,000	22,529	21,926
09.04.07	05.25.09	20,000	21,818	21,236
CDI factor (102.5%)		40,000	44,347	43,162
03.31.08	09.29.08	5,000	5,137	5,000
06.11.08	06.08.09	6,000	6,027	-
CDI factor (103.0%)		11,000	11,164	5,000
		61,000	55,511	59,664
Current			55,511	16,502
Non-current			-	43,162

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21 Obligations for Borrowings - Consolidated

These balances refer to two loan agreements in the amount of R$ 19,994 and R$ 34,226, falling due on July 24, 2009 and July 30, 2010, respectively, indexed to Yen variation and bearing interest of 1.3882% p.a. and to the US dollar with interest of 5.676% p.a., linked to two swap agreements whose yield is 102.5% and 107.3% of the CDI, comprised as follows:

Funding	Maturity	Original amount	Balance at June 30, 2008	Swap - differential payable	June 2008	March 2008
06.20.07	06.13.08	40,000	-	-	-	43,492
08.08.07	07.24.09	19,994	18,723	3,285	- 22,008	22,101
06.13.08	07.30.10	34,226	33,642	767	34,409	-
		94,220	52,365	4,052	56,417	65,593
Current					-	43,492
Non-current					56,417	22,101

22 Interbank Deposits - Consolidated

Represent funds obtained through interbank deposits from local Financial Institutions, monthly remunerated at 102.5%, 103.0% and 103.5% of the variation of the Interbank Deposit Certificate (CDI), composed as follows:

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Funding	Maturity	Original amount	June 2008	March 2008
12.26.06	12.26.08	2,000	2,370	2,306
01.05.07	01.05.09	3,000	3,543	3,446
01.18.07	01.19.09	10,000	11,756	11,435
02.27.07	02.16.09	10,000	11,606	11,289
03.29.07	09.19.08	10,000	11,482	11,169
04.20.07	04.09.09	8,000	9,120	8,870
CDI factor (102.5%)		43,000	49,877	48,515
12.07.07	11.26.09	18,000	19,123	18,598
CDI factor (103.0%)		18,000	19,123	18,598
02.01.08	01.21.10	14,800	15,471	15,045
CDI factor (103.5%)		14,800	15,471	15,045
		75,800	84,471	82,158
Current			49,877	39,645
Non-current			34,594	42,513

23 Accounts Payable - Parent Company

The balance comprises amounts payable by the parent company as a result of the acquisition of Azul Seguros and Integração, as shown below:

	Parent company	
	June 2008	March 2008
Azul Seguros (i)	-	14,146
Integração (ii)	2,109	2,052
	2,109	16,198
Current	422	14,556
Non-current	1,687	1,642

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(i) The last installment was paid on June 30, 2008.

(ii) Payment in 5 installments, with final maturity on January 2, 2013. Each installment value will be readjusted by adding the accrued variation of the SELIC rate.

24 Contingent Liabilities and Legal Obligations - Taxes and Social Security

The Company and its subsidiaries are parties to lawsuits involving tax contingencies and labor and civil claims. Provisions for losses arising from these lawsuits are estimated and restated by Management, based on the opinion of the Company's legal department and external legal advisors.

(i) The balance of the provisions constituted is as follows:

	Parent company		Consolidated	
	June 2008	**March 2008**	**June 2008**	**March 2008**
a) Legal obligations	37,267	36,444	1,240,353	1,194,149
(-) Judicial deposits	(37,267)	(36,444)	(370,053)	(353,703)
	-	-	870,300	840,446
b) Labor claims	-	-	19,209	28,100
(-) Judicial deposits	-	-	(6,337)	(6,265)
	-	-	12,872	21,835
c) Civil claims	-	-	10,743	10,474
(-) Judicial deposits	-	-	(3,022)	(2,746)
	-	-	7,721	7,728
Total liabilities provisioned	-	-	890,893	880,129

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Contingent liabilities and legal obligations are presented net of related judicial deposits, in accordance with CVM Resolution 489/05.

(ii) The changes in contingent liabilities were as follows:

	Consolidated					
	June 2008			March 2008		
	Legal obligations	Contingencies		Legal obligations	Contingencies	
	Tax	Labor	Civil	Tax	Labor	Civil
Opening balance	1,194,149	28,100	10,474	1,143,031	28,057	9,878
Additions	35,879	1,256	958	32,474	210	585
Reversals (*)	(10,149)	(10,147)	(821)	-	(167)	(82)
Monetary restatement	20,474	-	132	18,644	-	93
Closing balance	1,240,353	19,209	10,743	1,194,149	28,100	10,474
(-) Judicial deposits	(370,053)	(6,337)	(3,022)	(353,703)	(6,265)	(2,746)
Net provision	870,300	12,872	7,721	840,446	21,835	7,728
Number of processes	97	247	424	89	265	411

(*) See item (a).

(a) Legal obligations – tax and social security

	Parent company		Consolidated	
	June 2008	March 2008	June 2008	March 2008
COFINS	30,619	29,943	728,978	696,322
PIS	6,648	6,501	236,217	228,550
INSS - Independent contractors	-	-	122,192	118,792
Social contribution	-	-	123,684	118,833
Social contribution - Rate dif. 6%	-	-	6,109	-
Income tax	-	-	17,685	17,550
Other	-	-	5,488	14,102
Total tax contingencies	37,267	36,444	1,240,353	1,194,149
(-) Judicial deposits	(37,267)	(36,444)	(370,053)	(353,703)
Net provision	-	-	870,300	840,446

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COFINS

With the enactment of Law 9,718/98, insurance and pension plan companies became subject to Social Contribution on Revenues (COFINS) levied on their revenues, at the rate of 3% as from February 1999, and at the rate of 4% after the enactment of Law 10,684/03.

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Azul Seguros challenged this taxation in court as well as the tax basis established by Law 9,718/98, which considered billings to be equivalent to gross revenue.

On June 28, 2006, in a lawsuit filed by the subsidiaries Porto Seguro and Porto Seguro Vida, the Federal Supreme Court (STF) rendered a final and unappealable decision, disallowing the levy of COFINS on revenues other than those from services provided and sales of goods. Accordingly, in October 2006, the subsidiaries reversed the portion of the provisions related to COFINS levied on those revenues.

The above-mentioned subsidiaries are, at present, awaiting the ruling of the extraordinary appeal against the order which denied continuance to the extraordinary and special appeals filed by the Federal Government. The appeal against the writ of certiorari for the Special Appeal filed by the Union was not accepted and against this decision no appeal may be filed.

Although the balance of accounting provision related to the contribution levying on insurance premiums revenues is maintained during the legal terms for appeals, this amount is not being deducted for income tax and social contribution purposes.

The requests for clarification of Court Decisions filed by Porto Seguro Saúde were rejected. Currently, the company is awaiting the decision on the appeal filed by the Union. The company deposited in court the amounts under discussion.

Azul Seguros is awaiting the decision on requests for clarification it has filed.

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PIS

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Azul Seguros are challenging the levy of the Social Integration Program (PIS), introduced under the provisions of Constitutional Amendments 01/94, 10/96 and 17/97 and Law 9,718/98, which changed the tax basis and the rate levied on gross operating revenue. Some of these lawsuits are currently at an appeals court and others are at the Superior Court of Justice (STJ) and Federal Supreme Court (STF).

The subsidiary Porto Seguro petitioned a Writ of Mandamus with the purpose of guaranteeing its unquestionable right of not paying the contribution to the Social Integration Program (PIS) for the period from July 1997 to December 1999, under the terms of EC 17/97, whereby the PIS calculation basis would be comprised by the “Gross Operating Revenue”; accordingly, the subsidiary requires the right of paying PIS contribution under the terms of LC 07/70.

Administrative Process No. 16327002136/2003-62 questions the period from March 1998 to March 2000. On July 1, 2008, Porto Seguro obtained a favorable decision recognizing the lapsing of the period between March and May 1998, causing the cancellation of the tax referring to that period. As a result, the provision will be reduced by R$ 6.9 million in the second half of 2008.

PIS and COFINS - Revenues from Interest on capital

The Company has filed a lawsuit to challenge the legality and constitutionality of Decree No. 5,164/04, which addresses the levy of PIS and COFINS on amounts received as interest on capital. This lawsuit was dismissed and the Company has filed an appeal, which is pending judgment.

National Institute of Social Security (INSS) - Independent Contractors

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Portopar are discussing in court social security contribution amounts, and requesting the suspension of this contribution levied on the compensation of independent contractors, proprietors and day workers, under Law 9,876/99, since they understand that the additional 2.5% payment, instituted only for financial institutions, is improper. These lawsuits are currently at an appeals court.

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The subsidiary Azul Seguros is discussing the full amount of social security contribution levied on the compensation paid to insurance brokers, since it understands that it is not due in view of the absence of a service rendered. This lawsuit is currently at the Superior Court of Justice (STJ).

Social Contribution on Net Income (deductibility from the Corporate Income Tax (IRPJ) calculation basis)

The subsidiaries Porto Seguro, Porto Seguro Vida and Porto Seguro Saúde are challenging the legality and constitutionality of Law 9,316/96, which prohibited the deduction of social contribution on net income from the Corporate Income Tax (IRPJ) basis. The lawsuits of the subsidiaries Porto Seguro and Porto Seguro Vida are at the Federal Supreme Court (STF), and the lawsuit of Porto Seguro Saúde is at an appeals court.

Social contribution (rate difference)

Subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Azul Seguros, Portoseg and Portopar are challenging the legality and constitutionality of Provisional Measure No. 413/2008 which increased the social contribution rate for financial institutions and insurance companies from 9% to 15%. The preliminary injunction was dismissed and the process is currently at an appeals court awaiting the decision of the interlocutory appeal. The subsidiaries deposited in court the amounts under discussion.

Deductibility of taxes and contributions from IRPJ and CSLL calculation bases

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde and Portopar are challenging the constitutionality of the law which prohibited the deduction of tax and contributions being discussed in court from IRPJ and CSLL calculation bases by the accrual method. Currently, the lawsuits are at an appeals court.

ICMS on salvages

The Company is discussing the enforceability of the Value-added Tax on Sales and Services (ICMS) levied on sale of salvages, instituted by the Decree 45,490/00 of the State of São Paulo. On April 1 , 2008, Porto Seguro obtained a favorable decision as regards ICMS not being levied on the sale of salvages. Accordingly, Porto Seguro reversed the portion of accounting provisions for the mentioned lawsuit in the amount of R$ 10,149 (reversed to

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Operating, Administrative and Financial expenses at the amounts of R$ 6,099, R$ 2,001 and R$ 2,049, respectively).

(b) Labor contingencies:

The subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Azul Seguros, Porto Seguro Proteção e Monitoramento and Porto Consórcio are parties to various labor lawsuits, and the most frequent claims refer to overtime, overtime effects and weekly remunerated rest period, termination pay, salary equalization and undue deductions.

In addition to the provisions recorded, there are other contingent liabilities, amounting to R$ 13,068, for which no provision needs to be recorded, according to the forecast of the subsidiaries' legal advisors (possible loss).

(c) Civil contingencies:

The subsidiaries Porto Seguro and Azul Seguros are parties to various civil lawsuits that have no direct link with the subsidiaries' businesses.

In addition to the provisions recorded, there are other contingent liabilities, amounting to R$ 10,850, for which no provision needs to be recorded, according to the forecast of the subsidiaries' legal advisors (possible loss).

25 Shareholders' Equity - Parent company

(a) Capital

At June 30, 2008, subscribed and paid-up capital is R$ 920,000, divided into 230,642,811 common nominative book-entry shares, with no par value. In the Ordinary and Extraordinary General Meeting held on March 28, 2008, the Company approved a capital increase from R$ 800,000 to R$ 920,000, through the incorporation of part of the statutory revenue reserve account balance, amounting to R$ 120,000.

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(b) Reserves

(i) Capital reserve

In November and December 2004, 6,881,216 shares were issued at the unit value of R$ 18.75, of which R$ 6.89 were allocated to the "Premium on subscription of shares" account, totaling R$ 47,412.

(ii) Revaluation reserve

This reserve was recorded due to the fixed assets revaluations based on appraisal reports.

The realization of this reserve, proportional to the depreciation of the revalued assets, was fully transferred to retained earnings in the amount of R$ 1,206 (March 2008 - R$ 444). This amount will be considered in the calculation of minimum dividends.

(iii) Legal reserve

The legal reserve is established through the appropriation of 5% of net income for the year, in accordance with Article 193 of the Brazilian Corporate Law.

(iv) Statutory reserve

The purpose of this account is to record the portion relating to the unrealized profits for each year in respect of the adjustment of investments in subsidiaries under the equity method, recorded in subsidiaries under the caption "Statutory reserve". This reserve is intended to maintain total shareholders' equity at an adequate amount to comply with the legal requirements of the solvency margin and the coverage of non-operating liabilities of subsidiaries.

(v) Treasury shares

Share Repurchase Program

On February 15, 2008, the Board of Directors approved the Executive Board’s proposal to create a share repurchase program, with the following conditions:

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(i) Objective: acquisition of shares to be maintained in treasury and later sold or cancelled without reducing the capital;

(ii) Number: up to 9,000,000 common shares, corresponding to 9.07% of the total outstanding shares of this class, that is, 99,260,860 shares, taking into consideration the stock split.

(iii) Price: the acquisition will be carried out on the floor of the São Paulo Stock Exchange, at the market values on date of acquisition, throughout the repurchase term;

(iv) Term: up to 365 days counted as from February 15, 2008.

Repurchase transactions in the period are as follows:

Month	Common shares	Volume traded	Minimum price	Average price	Maximum price
April	462,800	8,129	16.87	17.45	18.25
May	319,700	5,990	18.55	18.69	18.90
June	171,100	3,292	18.85	19.16	19.46
	953,600	17,411	-	18.33	-

(vi) Changes in shareholders' equity

	June 2008	March 2008
Opening balance	1,859,209	1,815,121
Adjustment of securities in subsidiaries	(1,393)	(121)
Adjustment of tax rate increase in subsidiaries	(364)	-
Acquisition of treasury stock	(17,411)	-
Net income for the quarter/six-month period	92,351	44,209
Closing balance	1,932,392	1,859,209

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(c) Dividends

Pursuant to the Company's By-laws, shareholders are entitled to receive minimum dividends of 25% of net income for the year, adjusted according to legislation. The payment of mandatory dividends can be limited to the amount of net income realized, under the terms of the law. The payment of Interest on Own Capital (JCP) is imputed to the mandatory dividends.

26 Gross Written Premiums - Consolidated

Gross written premiums comprise issued insurance premiums, net of cancellations, refunds, and premiums ceded to other insurance companies. The amounts of the principal insurance lines are as follows:

	2008		2007	
	2nd Quarter	1st Half	2nd Quarter	1st Half
Automobile	762,810	1,488,410	676,552	1,333,772
DPVAT	41,047	96,032	32,324	72,552
Health	152,559	299,399	121,200	240,880
Personal	67,577	125,254	52,299	102,825
Property	65,168	123,185	49,236	95,875
Transportation	22,322	41,318	16,696	31,087
Liabilities	1,922	3,709	1,224	2,952
Financial risks	38,876	71,404	21,178	40,012
Porto Seguro Uruguay	10,225	21,278	7,461	17,456
	1,162,506	2,269,989	978,170	1,937,411
VGBL premiums	16,657	32,327	12,998	24,377
	1,179,163	2,302,316	991,168	1,961,788

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27 Retained Claims

Retained claims comprise reported indemnities, net of reinsurance and coinsurance recovery, salvages and reimbursements. The amounts of the principal insurance lines are as follows:

	Retained claim				Claim ratio %			
	2008		2007		2008		2007	
	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half
Automobile	387,877	769,517	326,353	636,658	54.6	54.8	51.6	51.4
DPVAT	33,364	78,552	25,799	57,656	82.9	82.7	81.3	80.4
Health	124,386	229,061	90,144	171,390	81.7	76.7	74.7	71.3
Personal	16,769	36,066	20,372	38,143	20.4	30.9	42.8	41.3
Property	24,834	49,971	19,036	35,667	50.5	48.1	45.5	44.0
Transportation	11,171	20,408	6,870	12,247	53.2	50.3	42.3	43.8
Liabilities	732	1,676	2,064	3,560	29.3	39.1	63.4	49.3
Financial risks	15,123	26,569	7,918	16,622	50.6	48.8	47.1	53.1
Porto Seguro Uruguay	5,025	9,429	3,913	7,005	52.2	48.1	51.0	42.1
	619,281	1,221,249	502,469	978,948	57.1	57.1	54.8	54.2

28 General and Administrative Expenses

Administrative - insurance and other

	Parent company				Consolidated			
	2008		2007		2008		2007	
	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half
Personnel	92	152	79	159	108,333	220,652	92,728	180,776
Third-party services	144	258	181	268	24,493	45,286	20,093	40,204
Facilities and operations	134	170	84	160	63,788	121,422	43,462	86,465
Advertising and legal publications	69	450	23	367	16,243	32,685	7,774	17,645
Recovered expenses (i)	-	-	-	-	(3,497)	(7,995)	(635)	(3,533)
Donations and contributions	2	7	2	11	2,885	5,554	1,289	2,600
Fines	(138)	1	1	4	(1,888)	(1,687)	516	11,800
Other	(32)	2	15	18	3,955	9,473	2,606	4,544
	271	1,040	385	987	214,312	425,390	167,833	340,501

(i) Refer to recovery of expenses from unconsolidated related parties, with items of common use.

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Tax expenses - insurance and other

	Parent company				Consolidated			
	2008		2007		2008		2007	
	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half
COFINS	-	-	-	-	25,386	50,975	21,421	43,297
PIS	-	-	-	-	5,195	10,107	4,607	9,016
ICMS (ii)	-	-	-	-	312	1,340	-	-
Other	19	37	14	28	3,338	6,820	2,757	5,735
	19	37	14	28	34,231	69,242	28,785	58,048

(ii) Refers to taxes on GPS sales of the subsidiary Porto Seguro Proteção e Monitoramento which began in September 2007.

29 Financial Results

(a) Income

	Parent company				Consolidated			
	2008		2007		2008		2007	
	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half
Investment fund quotas	3,269	3,425	120	1,319	139,463	221,123	147,836	263,411
Insurance transactions (i)	-	-	-	-	35,388	70,112	33,149	66,111
PGBL transactions	-	-	-	-	10,374	17,705	8,535	15,527
Judicial deposit monetary variations	-	-	-	-	6,626	12,935	928	2,231
Other	-	-	-	6	11,070	18,144	16,262	14,376
	3,269	3,425	120	1,325	202,921	340,019	206,710	361,656

(i) Refer mainly to charges on insurance premium installments appropriated over the installment period.

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(b) Expenses

	Parent company				Consolidated			
	2008		2007		2008		2007	
	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half	2nd Quar	1st Half
Monetary variations on provision for long-term taxes	-	-	305	660	12,013	24,299	11,086	23,855
Pension plan transactions	-	-	-	-	30,524	56,865	23,087	41,607
Insurance transactions	-	-	-	-	2,781	4,775	2,650	4,678
CPMF (ii)	(22)		241	376	16	922	7,106	13,474
Fund raising costs (iii)	-	-	-	-	10,663	20,168	-	-
Other	306	974	-	-	1,143	3,397	4,570	7,638
	284	974	546	1,036	57,140	110,426	48,499	91,252
Financial result	2,985	2,451	(426)	289	145,781	229,593	158,211	270,404

(ii) Tax on Bank Accounts. As from January 2008, this contribution is no longer levied.

(iii) Refers to funds from acceptance and issue of securities, borrowings and interbank deposits of Portoseg.

30 Other Operating Income and Expenses

(a) Income

	Consolidated			
	2008		2007	
	2nd Quar	1st Half	2nd Quar	1st Half
Collection of policy costs	40,406	80,026	33,686	66,262
Other	5,707	11,094	1,883	5,503
	46,113	91,120	35,569	71,765

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(b) Expenses

	Consolidated			
	2008		2007	
	2nd Quar	1st Half	2nd Quar	1st Half
Risk inspection and preventive actions	8,002	18,865	8,721	18,145
Expenses with anti-robbery device	18,543	31,952	5,645	13,019
Supervision and collection	16,200	33,049	11,186	23,408
Social charges on insurance transactions	590	6,659	5,590	10,773
Production costs	824	2,003	765	1,959
Constitution (reversal) of allowance for doubtful accounts	4,711	7,943	(1,918)	(1,140)
Attorney's fees	2,597	4,668	2,213	3,637
Bonus expenses - Porto Socorro	1,329	2,802	1,017	1,805
Other	11,120	18,265	1,352	10,929
	63,916	126,206	34,571	82,535

31 Related Parties

Intercompany receivables and payables are as follows:

	Parent company	
	June 2008	March 2008
Assets		
Dividends receivable		
Porto Seguro	-	138,939
Azul Seguros	-	731
Porto Consórcio	-	1,050
Portopar	-	775
	-	141,495
Liabilities		
Dividends payable		
Shareholders	7	129,800
	7	129,800

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	Consolidated			
	Income		Expenses	
		2nd Quarter		2nd Quarter
Statement of income	**2008**	**2007**	**2008**	**2007**
Direct subsidiaries				
Porto Seguro	19,591	17,174	-	-
Azul Seguros	-	-	6,444	1,889
Porto Seguro Proteção e Monitoramento	-	-	1,641	1,691
Porto Consórcio	-	-	2,764	2,069
Portoserv	-	-	(363)	(11)
Portoseg	-	-	(791)	838
Portopar	-	-	243	174
Crediporto	-	-	(152)	-
Portomed	-	-	210	-
Indirect subsidiaries				
Porto Seguro Vida	-	-	4,191	2,057
Porto Seguro Saúde	-	-	5,404	8,467
	19,591	17,174	19,591	17,174

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	Consolidated			
	Income		Expenses	
	1st Half		1st Half	
Statement of income	**2008**	**2007**	**2008**	**2007**
Direct subsidiaries				
Porto Seguro	46,714	34,819	-	-
Azul Seguros	-	-	16,246	3,468
Porto Seguro Proteção e Monitoramento	-	-	3,910	3,381
Porto Consórcio	-	-	5,466	4,291
Portoserv	-	-	(347)	(6)
Portoseg	-	-	486	1,720
Portopar	-	-	483	390
Crediporto	-	-	(34)	-
Portomed	-	-	213	-
Indirect subsidiaries				
Porto Seguro Vida	-	-	7,383	4,478
Porto Seguro Saúde	-	-	12,908	17,097
	46,714	34,819	46,714	34,819

Related-party transactions mainly refer to the recovery of administrative costs and payment of rentals, contracted under usual market terms and conditions, which have been eliminated on consolidation.

32 Financial Instruments

(a) Overview

The investment portfolio of the Company and its subsidiaries follows the internal evaluation criteria related to each business segment. This evaluation considers the need to allocate funds in conformity with legislation for insurance, pension fund, consortium, and credit markets. In this connection, the composition of technical reserves for the insurance and pension fund segments, as well as the monitoring of assets and liabilities (ALM - Asset Liabilities Management) should be highlighted. For the allocation of funds, the Company has a manager performance measurement and monitoring mechanism, with limits established based on qualitative and quantitative information.

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The pre-selection of new managers is effected through a due diligence process to obtain detailed information on the manager, such as technical and operating issues. Comparative manager performance analyses are also included in this context.

These procedures are part of the Company's investment strategy, which seeks the best managers for each type of asset, in line with the profitability goals and respecting the risk limits previously established. The Investment Committee is the forum where the guidelines on fund allocation and management are continuously assessed and updated.

(b) Risk management

Considering the actual asset position by type of investment on the last business day of June 2008, the investment portfolio of the Company and its subsidiaries is mostly exposed to interest rate fluctuations in the domestic market and, to a lesser extent, to expected inflation. The level of exposure is related to variations in asset prices due to changes in market expectations. Changes in market expectations are monitored on a daily basis together with the related areas.

(c) Derivative financial instruments

Derivative transactions in investment funds whose quotas are all held by the Company and its subsidiaries are restricted and allowed in accordance with the law. These transactions involve operations related to interest futures contracts (DI) traded on the Commodities and Futures Exchange.

The transactions related to these instruments are constantly monitored, within predefined limits and pursuant to the internal fund allocation policies established by the Investment Committee.

The criteria adopted to evaluate these transactions take into account the stress testing analysis of alternative scenarios in relation to the risk policy adopted, with constant monitoring of the transactions carried out - Value at Risk (VAR).

Asset pricing is performed directly within the investment funds in accordance with the criteria accepted by ANBID's (National Association of Investment Banks) self-regulation code, complying with generally accepted mark-to-market criteria. Pricing takes into account the price database of the National Association of Open Market Institutions (ANDIMA) and the Commodities and Futures Exchange (BM&F).

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(d) Other transactions

Transactions with private risk and variable-income transactions are allowed. In these specific cases, monitoring is made by the Investment Strategy department and is restricted to the limit defined by the Investment Committee.

33 Employee Benefits

(a) Pension plan

On June 23, 1994, the subsidiaries Porto Seguro, Porto Seguro Vida, Porto Seguro Saúde, Porto Consórcio, Porto Seguro Proteção e Monitoramento, Portoseg and Portopar implemented a variable contribution pension plan for their employees, through Portoprev - Porto Seguro Previdência Complementar, a nonprofit, private pension fund.

Under this plan's regulations, the main funds are represented by contributions from the plan's sponsors and participants, and the yield of the investments of such funds. Contributions made by participants vary from 1% to 6% of each participant's salary and the sponsor's contribution corresponds to 100% of the participant's contribution.

At June 30, 2008, the entity had 2,236 (2,020 in 2007) active participants who contributed with a total of R$ 1,964 (R$ 1,626 in 2007).

(b) Other benefits

	Consolidated	
	June	
	2008	2007
Food and meal vouchers	29,304	21,934
Health and dental plan	13,670	11,385
Transportation vouchers	4,086	3,636
Tuition	1,290	1,289
Child daycare assistance	1,433	1,279
	49,783	39,523

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34 Other Information - Consolidated

(a) Insurance coverage

The insurance practices of the Company and its subsidiaries consider mainly the concentration of risks and their significance, and insurance coverage is considered sufficient by management taking into account the nature of operations. The insurance coverage is as follows:

		Amount insured	
Items	**Type of insurance**	**June 2008**	**March 2008**
Buildings	Any damage to buildings, installations, machinery and equipment	169,339	168,892
Vehicles	Fire, theft and collision - optional civil liability	15,859	15,650
		185,198	184,542

(b) Additional capital based on the subscription risk of insurance companies

CNSP and SUSEP, through CNSP Resolution No. 155/2006 and No. 158/2006, amended by SUSEP Circular No. 355/2007, determine the constitution of a Minimum Required Capital for insurance operations in the country.

For the effect of the mentioned Resolutions, the following concepts will be considered:

Minimum required capital: capital amount which the insurance company should maintain, at any time, to guarantee its operations, equivalent to the sum of the Base Capital and the Additional Capital.

Base capital: fixed amount of capital which the insurance company should maintain, at any time.

The base capital to guarantee the Company's operations in the whole country is R$ 15,000,000.00 (fifteen million reais).

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Additional capital: variable amount of capital which the insurance company should maintain, at any time, to guarantee the risks inherent to its operations.

The subsidiaries Porto Seguro and Azul Seguros comply with these rules. Therefore, no subscription of capital is necessary.

(c) Changes in the Brazilian Corporate Law for 2008

Law No. 11,638/07 was enacted on December 28, 2007 amending Brazilian Corporation Law in relation to certain accounting practices, as from the fiscal year ending December 31, 2008.

In accordance with the new Law, the issuance of accounting norms by CVM for publicly-held companies regulated by it shall be done consistently with international standards. In a communication to the market, CVM states that, as its preliminary understanding, the standards adopted by the International Accounting Standards Board (IASB) are now considered as the international reference for accounting standards.

Part of the changes introduced by the law are already adopted by the Company and its subsidiaries (i) voluntarily, as in the case of Statement of Cash Flows and Statement of Added-value, or (ii) as a result of the requirement of the Brazilian Central Bank and SUSEP, by adopting the classification and mark-to-market criteria of the financial instruments (Note 5).

Although the mentioned Law is already effective, the main changes depend on regulation in order to be fully applied by the companies. Accordingly, in this transition phase, SUSEP, through its Circular Letter DECON/GAB No. 005/2008 of June 9, 2008 and the Brazilian Central Bank (BACEN), through its Notice No. 16,669 of March 20, 2008, waived the application of the provisions of Law 11,638/07 for the preparation of interim accounting statements for 2008 and CVM, through its Instruction 469/08, permitted the non-application of the provisions of Law 11,638/07 in the preparation of the Quarterly Information (ITR).

Therefore, the accounting information contained in the Quarterly Information at June 30, 2008 was prepared in accordance with specific SUSEP, BACEN and CVM instructions and does not contemplate all the changes in accounting practices introduced by Law 11,638/07.

The Company prepared studies on and an evaluation of the impacts of the new Law to subsequently measure the effects of the changes in accounting practices, and also prepared

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studies on the differences between Brazilian accounting practices and international accounting practices (IFRS) issued by IASB. The results of these studies, as well as the quantification of the effects on result and stockholders' equity are summarized in Note 36. The main changes introduced by Law 11,638/07 are summarized as follows:

- Financial instruments should be marked to market, including derivatives - already adopted due to the requirements of the Brazilian Central Bank and SUSEP (Note 5).

- Replacement of the statement of financial position by the statement of cash flows and inclusion of the statement of added value, applicable to publicly-held companies (these are already prepared by the Company in its annual financial statements). Quarterly Information includes the statement of cash flows (Note 35).

- Assets and liabilities arising from long-term transactions and others, when the effect is significant, should be adjusted to present value based on discount rates which reflect the best current market assessments as regards money value over time and assets and liabilities specific risks. Based on a preliminary study of the main balance sheet accounts and taking into consideration the Instruction CVM 469 of May 2, 2008 management believes that the adjustment to present value will not have a material impact, principally because:

  a) Long-term receivables and liabilities are already mostly adjusted to present value, including financial investments, judicial deposits, technical reserves, borrowings, contingencies and legal obligations.

  b) Short and long-term receivables of the financial entities or institutions are already at present value and the insurance premiums receivable are appropriate to the result over the period of the policies, which represents an adjustment to present value with a very minor effect on the result and stockholders' equity, and also the majority of the receivables are short-term and those which have longer maturities, even less than one year, are already being adjusted for interest on the installments.

- The requirement of periodic revaluations, provided for in CVM Resolution No. 183 of 1995, is no longer applicable. Previous revaluations may be maintained in the respective accounts until actual realization or, alternatively, may be reversed. Management decided to maintain revaluation reserve existing balances up to the actual realization. In the future, if the revalued amounts are not recoverable, the balance will be reduced, in accordance

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with CVM Resolution No. 527 which approved the technical pronouncement of the Accounting Pronouncements Committee No. 01, item 58.

- Periodic analysis must be made to verify the extent to which values recorded in fixed assets, intangible assets and deferred charges are recoverable. Already adopted by the Company.

- The equity method of accounting must be used for all associated companies in which the investor has a significant influence, with the presumption of significant influence when the investment is 20% or more of voting capital (before, the percentage was calculated on total capital). Not applicable to the Company and its subsidiaries, since all investments are higher than the percentages defined by the new law (Note 14).

- The Company does not have donation and incentive amounts for temporary recording in Deferred Income, as mentioned in Article 3 of Instruction 469/08.

Management considers that the changes mentioned above will not have a significant effect on the Company's financial statements as of December 31, 2008. However, it will monitor the regulations issued by the regulatory authorities to determine with reasonable safety the effects of fully adopting the new law.

(d) Stock split

The Ordinary and Extraordinary General Meeting held on March 28, 2008 approved the stock split of shares representing the Company's capital, through the issuance of 2 new book-entry nominative common shares, with no par value, for each existing share. Accordingly, capital becomes represented by 230,642,811 book-entry nominative common shares, with no par value. Shares resulting from this split will be entitled, under equal conditions, to all benefits, including dividends and capital remunerations which may be declared by the Company.

	Shareholders' equity (02/29/2008)	Number of shares	Equity value (unit)	Market value
Before the stock split	1,845,977	76,881	24.01	53.20
After the stock split	1,845,977	230,643	8.00	17.73

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35 Statements of Cash Flows for the Periods Ended June 30, 2008 and March 31, 2008

(In thousands of reais)

	Parent company		Consolidated	
	June 2008	March 2008	June 2008	March 2008
Cash flows from operating activities				
Net income for the period	136,560	44,209	136,560	44,209
Depreciation and amortization	-	-	29,954	14,650
Goodwill amortization	264	-	264	-
Equity in results of subsidiaries	(135,765)	(45,530)	-	-
Results from sale of fixed assets			342	(213)
Adjusted net income	1,059	(1,321)	167,120	58,646
(Increase) decrease in assets				
Variation in financial investments	(87,909)	(143,076)	(18,578)	(91,401)
Variation in premiums written	-	-	(75,934)	(24,641)
Variation in deferred selling expenses	-	-	(22,699)	(8,499)
Variation in lending operations	-	-	(43,385)	(17,074)
Variation in other credits	-	-	(65,785)	1,985
Variation in dividends receivable	157,489	15,994		
Variation in deferred income tax and social contribution	-	-	(32,902)	(18,027)
Variation in taxes and contributions	(441)	(13)	(2,248)	(5,808)
Variation in other accounts receivable	76	(652)	(12,065)	(13,261)
Variation in other assets	-	-	(7,263)	(6,525)
Variation in judicial deposits	-	-	(17,035)	(18,429)
	69,215	(127,747)	(297,894)	(201,680)
Increase (decrease) in liabilities				
Variation in accounts payable	(14)	136	(5,128)	(15,145)
Variation in payables	(11,587)	2,502	(11,587)	2,502
Variation in vacations and related charges	-	-	14,150	4,428
Variation in taxes and contributions payable	318	(1)	(6,110)	(9,554)
Variation in third-party deposits	-	-	25,574	19,417
Variation in commissions on premiums written	-	-	36,067	3,281
Variation in other payables	-	-	(11,186)	(11,066)
Variation in technical provisions - insurance and reinsurance	-	-	304,244	151,013
Variation in deferred income tax and social contribution	-	-	(1,111)	(619)
Variation in legal obligations	(8,318)	(8,318)	45,535	25,801
Variation in labor and civil contingencies	-	-	(8,792)	178
Variation in borrowings	-	-	(6,946)	6,407
Variation in acceptances of exchange bills	-	-	2,254	2,230
Variation in interbank deposits	-	-	7,634	5,321
Variation in adjustments of securities	-	-	(1,513)	(332)
Variation in minority interest	-	-	53	25
	(19,601)	(5,681)	383,138	183,887
Net cash generated by (used in) the operating activities	50,673	(134,749)	252,364	40,853
Cash flow from investing activities				
Interest on own capital and dividends received	141,800	140,000	-	-

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	Parent company		Consolidated	
	June 2008	**March 2008**	**June 2008**	**March 2008**
Sale of fixed assets	-	-	533	1,188
Goodwill on the acquisition of investments	(4,940)	(4,940)	(4,940)	(4,940)
Acquisition of fixed assets			(89,997)	(43,302)
Acquisition of investments	(40,309)	(309)	-	-
Deferred charges	-	-	(5,506)	(1,912)
Net cash generated by (used in) investing activities	96,551	(134,751)	(99,910)	(48,966)
Net cash generated by (used in) financing activities				
Treasury shares	(17,411)	-	(17,411)	-
Distribution of interest on capital and dividends	(129,793)	-	(129,793)	-
Net cash used in financing activities	(147,204)	-	(147,204)	-
Net increase (decrease) in cash and cash equivalents	20	2	5,250	(8,113)
Cash and cash equivalents at the beginning of the six-month period	4	4	19,860	19,860
Cash and cash equivalents at the end of the six-month period	24	6	25,110	11,747
Increase (decrease) in cash and banks	20	2	5,250	(8,113)

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36 Summary of the Differences between the Accounting Practices Adopted in Brazil and the International Accounting Standards - Consolidated

The Company's accounting practices and its consolidated financial statements are in accordance with accounting practices adopted in Brazil ("BR GAAP"), which differ in some respects from International Financial Reporting Standards (IFRS).

First time adoption of IFRS

The Company's consolidated financial statement reconciliations for the year ended December 31, 2006 were the first annual reconciliations that comply with IFRS.

The Company applied the First Time Adoption of International Financial Reporting Standards (IFRS 1), in preparing these consolidated financial statement reconciliations. The Company's transition date was January 1, 2005.

However, in accordance with IFRS 1, an entity's first IFRS financial statements are the first annual financial statements in which the entity adopts IFRS, by an explicit and unreserved statement in those financial statements of compliance with IFRS. This reconciliation is not a full set of financial statements and, therefore, is not considered to be financial statements in accordance with IFRS. When the Company prepares the first annual financial statements in accordance with IFRS, probably as from 2010, the possibility cannot be excluded that the figures in this accompanying reconciliation may have to be adjusted due to, for example, the transition date may not be the same as the date used for preparing this reconciliation or amended or additional standards or interpretations may be issued by the IASB that may impact the financial statements.

IFRS 1 allows some exemptions from full retrospective application of certain standards. In the preparation of these consolidated financial statements under IFRS 1, the Company applied the mandatory exemptions and some of the optional exemptions from full retrospective application of IFRS.

The Company applied the provisions of IFRS 4, *Insurance Contracts*, which made it possible for certain BR GAAP accounting practices to remain unchanged, after meeting certain minimum IFRS requirements, such as the classification of contracts and the test on the adequacy of liabilities (*Liability Adequacy Test*, as defined in IFRS 4), mandatory for the contracts that meet the definition of insurance contract under IFRS. The adjustments

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resulting from the application of IFRS 4 are detailed in our reconciliations of net income and shareholders' equity.

The Company decided to apply the following optional exemptions from full retrospective application:

Business combinations that took place prior to the date of transition to IFRS

IFRS 1 permits that business combinations that took place prior to the transition date do not have to be recognized in accordance with IFRS 3 (*Business combinations*). This exemption releases first-time adopters of IFRS from having to gather financial information which had not been obtained for business combinations with an acquisition date prior to the transition date. The Company applied the business combination exemption under IFRS 1 and, consequently, has used IFRS 3 to evaluate all the business combinations taking place after January 1, 2005. (See Note (o) included below in this reconciliation relating to the acquisition of the subsidiary Integração on January 2, 2008).

Fair value or revaluation as deemed cost of fixed assets

According to IFRS 1, a Company may, at the date of transition to IFRS, measure an item of fixed assets at its fair value, or use the revaluation value of Property, Plant and Equipment (PP&E), which, as from this date, becomes the new cost of the asset.

The Company used this IFRS 1 exemption and the revaluation value of fixed assets was used as the deemed cost at the date of transition to IFRS.

Cumulative differences upon the conversion of the balance sheets of subsidiaries and investments in foreign companies

The Company adopted this exemption and considered the cumulative translation differences for its wholly-owned subsidiary in Uruguay (Porto Seguro Uruguay) to be zero at the date of transition. The reconciliation of the Company's net income shows the effects of the conversion of this subsidiary after the date of transition to IFRS.

A summary of the main accounting practices that differ from those of the IFRS is as follows:

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(a) Cost of policy issuance, prior inspection and other selling expenses

According to regulations of the sector, only commissions and certain acquisition costs are deferred in accordance with the period in which policies are in effect or the estimated period policyholders or participants remain in the plan. In accordance with IFRS 4, an insurer may, at the date of transition, change certain accounting policies related to the measurement of insurance contracts and acquisition costs if, and only if, this change makes the financial statements more relevant to the economic decision- making needs of the users.

Consequently, the Company's management decided to change its accounting policy for the evaluation of deferred selling expenses, changing them to include other expenses in addition to the expenses which had been deferred under BR GAAP. The Company considered as deferred selling expenses the expenses which are directly related to the sale and renewal of insurance policies. Therefore, for IFRS purposes, this category includes the expenses incurred with previous inspection and installation of security devices on the date of issuance of policies, administrative expenses, personnel expenses, benefits and productivity bonuses, among others, which can be measured in a reliable manner, are directly linked to the acquisition of new insurance contracts and will generate economic benefits to the Company in future periods. These expenses are recorded in the Company's financial systems in a detailed manner. Deferred selling expenses are amortized in accordance with the periods in which the related policies are effective, which substantially correspond to the expiry term of the insurance risk transferred to the Company under these contracts.

In compliance with the requirements of IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*, the Company retrospectively recorded the effect of this change in accounting practice in the shareholders' equity of the opening IFRS balance sheet at January 1, 2005.

(b) Accounting treatment of security devices

In the financial statements under BR GAAP, the expenses incurred with security devices (whose assets are owned by the Company) were charged to profit and loss on the date on which they were incurred and installed. As from 2007, the Company started to defer the expenses incurred with security devices in accordance with IAS 16 in its financial statements under BR GAAP. For IFRS purposes, the security devices are recognized pursuant to IAS 16 (*Property, Plant & Equipment)* and depreciated over the useful economic lives of this

equipment, which approximate the average term the policyholder remains with the Company (36 months) and is substantially equivalent to the period over which future economic benefits will flow to the Company.

(c) Complementary Provision for Premiums - PCP

In accordance with regulations of the sector, the Complementary Provision for Premiums (PCP) is recorded in order to supplement the Unearned Premium Reserve (PPNG), considering all the risks, issued or not, under the terms of current legislation. This provision is estimated based on the insurance line and its calculation basis is the initial and final date of the risk validity and the retained commercial premium. The amount of this provision, if positive, will be the difference between the average sum of the daily amounts for the month in which they are recorded and the recorded PPNG.

Although IFRS 4 permits the Company to continue to use excessive prudence in the measurement of insurance contracts at the date of transition to IFRS, which sometimes occurs under BR GAAP, on a consistent basis, according to IFRS, the set up of provisions for potential losses arising from contracts which do not exist at the closing date of the balance sheet or provisions for equalization of risks for contracts whose risk has already expired is not allowed. Accordingly, the mentioned provision was reversed for IFRS purposes.

(d) Legal Obligation Reserve (POL)

In accordance with regulations of the sector, the Legal Obligation Reserve (POL) for the life insurance portfolio is recorded for the purpose of covering a tariff adjustment not characterized as a deficiency in the existing contracts subject to this possibility, showing the use of excessive caution in the evaluation of these contracts.

Under IFRS 4, an insurer does not need to change the accounting practices adopted under BR GAAP to eliminate effects arising from the use of excessive prudence in the measurement of insurance contracts. However, an insurer may change its BR GAAP accounting practices for insurance contracts only if this change makes the financial statements more relevant and not less reliable to the needs involved in the decision making of the users of the financial statements. Consequently, management decided to change the accounting practice used in the calculation of the POL recorded for the life insurance portfolio to eliminate this excess of prudence in the measurement of the contracts.

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At January 1, 2005, there were no balances in this provision that would require a retrospective adjustment under IFRS, based on the requirements of IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*.

(e) Costs and revenues at the origination of credit transactions (Transaction Costs)

Under BR GAAP, the Company recognizes revenues from fees charged for the origination of credit transactions for customers and the costs related to these transactions directly in the statement of income for the period, on the date the credit is granted to customers.

IFRS requires the use of the effective interest method, where the effective interest rate is the rate that discounts the cash flows of future payments or receipts over the term of the contract. The Company included all the revenues, transaction costs and other premiums or discounts which will be paid or received between the parties to the contract and are an integral part of the effective interest rate (as required by IAS 39). Consequently, all transaction costs and revenues were considered in the calculation of the effective interest rate and deferred in accordance with IFRS standards.

(f) Impairment of financial assets

Under BR GAAP, the Company uses the regulatory criteria established by the Brazilian Central Bank (BACEN) and the Superintendence of Private Insurance (SUSEP) to set up provisions for credit risks at amounts deemed sufficient to cover potential losses on the realization of credit transactions and issued premiums receivable.

The Company performed recoverability tests on these financial assets (impairment test in accordance with IAS 39) on the dates of preparation of the reconciliation to IFRS, where the model used was the "incurred loss model" which provides for the existence of objective evidence of impairment and separate recoverability tests for items which are significant on an individual basis and show objective evidence of impairment and collective tests for credits which are not significant on an individual basis and credits which are significant on an individual basis but show no objective evidence of impairment. The Company prepared discounted cash flows by using the effective interest rate (as defined in IAS 39), taking into consideration the fair value of collateral linked to the contracts for individual and collective impairment tests.

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(g) Pre-operating expenses

Under BR GAAP, the costs incurred in the pre-operating stage (except for those directly recorded in fixed assets) are capitalized as deferred charges.

Under IFRS, in accordance to IAS 38 - *Intangible Assets*, an intangible asset should be recognized only if it is probable that the expected future economic benefits of the asset will be attributable to the Company and the cost of the asset can be measured in a reliable manner. Pursuant to IAS 38, pre-operating costs (or start-up costs) are immediately recognized as expenses when incurred.

(h) Reversal of negative goodwill on acquisition of investments

Under BR GAAP, negative goodwill is not amortized. This negative goodwill is only realized upon sale/ write-off or extinguishment of the investment.

In accordance with IFRS 3 - *Business Combinations,* the negative goodwill recorded in the balance sheet of January 1, 2005 should be fully written-off and, therefore, the corresponding adjustment was made to the opening IFRS balance sheet against the retained earnings account. Negative goodwill (as defined in IFRS) does not meet the definition of a present obligation of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets.* Furthermore, IFRS 3 requires that the residual negative goodwill arising from a transaction that qualifies as a business combination (as defined in IFRS 3) be recorded as a gain directly in the statement of income for the year, after the revaluation and identification of the assets, liabilities and contingent liabilities of the acquiree and an evaluation of the cost of the business combination.

The effect of the negative goodwill determined under BR GAAP in 2003 on the acquisition of the subsidiary Azul Seguros is included as a reconciliation item of shareholders' equity.

(i) Reversal of dividends proposed above the minimum mandatory amount pending approval of the Ordinary General Meeting

Under BR GAAP, proposed dividends are immediately accrued in the financial statements regardless of approval at the Annual Shareholders' Meeting.

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Under IFRS, proposed dividends may only be recognized as liabilities and accrued if they fulfill the criterion of a present obligation provided for in IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*. Consequently, considering that proposed dividends and interest on capital are usually approved at the Ordinary General Meeting in the year subsequent to the financial statements, for IFRS purposes only the minimum dividend provided for in the Company's by-laws is subject to accrual.

(j) Deferred income tax and social contribution on revaluation of land

Under BR GAAP, the provision for taxes levied on the Revaluation Reserve is not recorded for assets that will not be realized through depreciation, amortization or depletion, or without expected realization through write-off or sale.

Under IFRS, through SIC Interpretation 21 - *Recovery of Revalued Non-depreciable Assets*, a deferred tax asset or liability arising from the revaluation of a non-depreciable asset, pursuant to IAS 16 - *Property, Plant and Equipment,* should be measured on the basis of the tax consequences that would follow from the recovery of the carrying amount of the asset through sale, regardless of the basis used to evaluate it, and, consequently, deferred income tax should be recognized on the revaluation of non-depreciable assets.

The tax effect on the land revalued was included as a reconciliation item of shareholders' equity.

(k) Deferred income tax and social contribution on IFRS adjustments

IAS 12 requires the recognition of deferred income tax and social contribution on all taxable or deductible temporary differences, except for deferred taxes arising from the initial recognition of goodwill, or the initial recognition of a liability or asset which does not qualify as a business combination and, at the transition date, does not affect the statement of income and the profit (or loss) for tax purposes.

The deferred income tax and social contribution adjustments calculated on the IFRS adjustments were reflected in the reconciliation.

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(l) Minority interest in subsidiaries

Under BR GAAP, the balance of minority interest in subsidiaries is disclosed separately in liabilities, as an intermediary account, between the deferred income account and shareholders' equity.

IFRS, IAS 27 - *Consolidated and Separate Financial Statements* and IAS 1 - *Presentation of Financial Statements* require the balance of minority interest in subsidiaries to be presented as an integral part of shareholders' equity in the consolidated IFRS financial statements. Consequently, the Company included the balance of minority interest as a reconciliation item to IFRS.

(m) Effect of the translation of foreign subsidiary

Under BR GAAP, up to December 31, 2007, the differences arising from the conversion of the balance sheet of the foreign subsidiary (Porto Seguro Uruguay) were recorded in the statement of income for the period.

For IFRS purposes, management determined the "Uruguayan peso" as the functional currency of the subsidiary Porto Seguro Uruguay, whose currency differs from the Company's functional and reporting currency (Brazilian reais). According to IAS 21 - *The Effects of Changes in Foreign Exchange Rates*, the functional currency is defined as the currency of the primary economic environment in which the entity operates.

Under IFRS, the differences calculated on the translation of the balance sheet of Porto Seguro Uruguay were reported directly in shareholders' equity. We translated the transactions denominated in foreign currency at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted at the closing exchange rate at the date of each balance sheet. Non-monetary assets and liabilities are translated at historical rates. Non-monetary assets carried at fair value are translated at the exchange rate ruling on the date of determination of the fair value. The statement of income is translated at the average exchange rate as a practical alternative adopted by the Company to calculate cumulative translation differences (in the event the exchange rate for the translation of Uruguayan pesos into Brazilian reais does not fluctuate significantly during the reporting period).

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(n) Tax effect of items recorded directly in shareholders' equity

Under BR GAAP, entities may pay interest on capital to their shareholders instead of dividends, giving it the same accounting treatment as that of dividends. Brazilian tax legislation allows these entities to deduct the amount of this payment, for income tax and social contribution purposes, up to a predetermined limit. Under BR GAAP, although the interest is reclassified to equity as if this is dividend, the related tax effect is kept in the income statement.

IAS 12 - *Income Taxes* requires that the tax effects of items that affected the shareholders' equity of an entity also be recorded in the shareholders' equity of the Company. Consequently, the tax effects resulting from the payment of interest on capital, recorded in the statement of income under BR GAAP, are reflected in the reconciliation.

(o) Reversal of goodwill on the acquisition of investments

In accordance with BR GAAP, goodwill originated from business combinations, based on estimates of future results, should be amortized.

According to IFRS 3 – Business Combinations, the goodwill originated from business combinations (as defined in the international standard) should not be amortized and should be evaluated as regards impairment on each reporting date, or when there is objective evidence (or indicators) that the test should be carried out.

On January 2, 2008, the Company acquired 100.00% of the shareholding of the subsidiary Integração, through the payment of R$ 5,000 (at market value, being R$ 3,000 in cash and R$ 2,000 on credit). The shareholding of this subsidiary passed to the Company on January 2, 2008, when assets and liabilities at market fair value, totaling R$ 60, were assumed. The transaction was considered as a business combination according to IFRS 3 with IFRS goodwill of R$ 4,940. The effect of the reversal of goodwill amortization recorded under BR GAAP during the six-month period ended June 30, 2008 is recorded as a reconciliation item in result and stockholders' equity.

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(p) Earnings per share

Under BR GAAP, the earnings per share are calculated based on the number of outstanding shares as of the balance sheet date. Under IFRS, the Company calculates the earnings per share in accordance with IAS 33 - *Earnings per Share*, which provides for the calculation of Basic and Diluted earnings per share. Basic earnings per share are calculated by dividing the available net income by the weighted average number of outstanding shares during the period. Diluted earnings per share are calculated in a similar manner, except that they include the effect of any dilutive potential common shares, which may include securities convertible into shares, stock option plans, among others. The Company does not have any potential common shares that may have a dilutive effect on the calculation of earnings per share as of June 30, 2008 and 2007. Accordingly, the calculation presented below is valid for both basic and diluted earnings per share.

	2008		2007	
	2nd quarter	1st Half	2nd quarter	1st Half
Allocated net income available to controlling stockholders.	92,297	137,559	121,799	220,423
Weighted average number of outstanding shares for the period	230,643	230,643	76,881	76,881
Earnings per share - R$	0.40	0.60	1.58	2.87

(q) Reconciliation of net income

Ref.		2008		2007	
		2nd quarter	1st Half	2nd quarter	1st Half
	Net income for the quarter/six-month period under BR GAAP	92,351	136,560	122,238	219,515
	Adjustments to reconcile BR GAAP to IFRS				
(a)	Cost of issuance of policies, previous inspections and other acquisition costs	1,690	4,714	(255)	3,086
(b)	Accounting treatment of security devices	(586)	(1,511)	(1,829)	(3,839)
(c)	Complementary Provision for Premiums - PCP	(58)	41	-	-
(d)	Legal Obligation Reserve - POL	(163)	76	2	2
(e)	Costs and revenues at the origination of credit transactions	(286)	(599)	697	1,032
(f)	Impairment of financial assets	(986)	(1,564)	-	-
(g)	Pre-operating expenses	47	94	-	-

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04.01 - Notes to the Quarterly Information
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Ref.		2008		2007	
		2nd quarter	1st Half	2nd quarter	1st Half
(m)	Effect of translation of foreign subsidiary	-	-	475	722
(o)	Reversal of goodwill amortization on acquisition of investments	264	264	-	-
(k)	Effect of deferred income tax and social contribution on IFRS adjustments	24	(516)	471	(95)
(l)	Minority interest	33	52	35	62
	Net income for the quarter/six-month period under IFRS	92,330	137,611	121,834	220,485
	Attributable to				
	Controlling shareholders	92,297	137,559	121,799	220,423
	Minority interest	33	52	35	62

(r) Reconciliation of shareholders' equity

Ref.		June 2008	March 2008
	Shareholders' equity under BR GAAP	1,932,392	1,859,209
	Adjustments to reconcile BR GAAP to IFRS		
(a)	Cost of issuance of policies, previous inspections and other acquisition costs	53,605	51,915
(b)	Accounting treatment of security devices	1,505	2,091
(c)	Complementary Provision for Premiums - PCP	704	762
(d)	Legal Obligation Reserve - POL	2,715	2,877
(e)	Costs and revenues at the origination of credit transactions	1,957	2,244
(f)	Impairment of financial assets	2,409	3,395
(g)	Pre-operating expenses	(846)	(893)

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Ref.		June 2008	March 2008
(h)	Reversal of negative goodwill on the acquisition of investments	23,831	23,831
(j)	Deferred income tax and social contribution on land revaluation	(25,091)	(25,091)
(o)	Reversal of goodwill on the acquisition of investments	264	-
(k)	Deferred income tax and social contribution on IFRS adjustments	(29,289)	(29,316)
(l)	Minority interest	528	500
	Shareholders' equity under IFRS	1,964,684	1,891,524
	Attributable to		
	Controlling shareholders	1,964,160	1,891,029
	Minority interest	524	495

(s) Changes in shareholders' equity under IFRS

	June 2008	March 2008
Opening balance	1,891,524	1,888,648
Net income for the quarter/six-month period under IFRS	92,330	45,281
Acquisition of own shares	(17,411)	-
Adjustment to securities in subsidiaries	(1,393)	(120)
Supplementary dividends paid - prior years	-	(42,289)
Adjustment for tax rate increase in subsidiaries	(363)	-
Adjustment to minority interest	(3)	4
Closing balance	1,964,684	1,891,524
Attributable to		
Controlling shareholders	1,964,160	1,891,029
Minority interest	524	495

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(t) *IAS 16* - Property, plant and equipment

As required by the international accounting standard (IAS 16), the changes in PP&E are shown below:

Changes in properties

	Land		Buildings	
	June 2008	March 2008	June 2008	March 2008
Opening balance	145,632	150,887	192,738	186,412
Additions	-	1,963	4	1,122
Transfers	(1,249)	(7,218)	1,247	7,220
Depreciation	-	-	(1,116)	(2,016)
Closing balance	144,383	145,632	192,873	192,738
Cost	144,383	145,632	203,968	202,717
(-) Accumulated depreciation	-	-	11,095	9,979
Balance	144,383	145,632	192,873	192,738

The changes in equipment, equipment held by third parties, furniture, machinery and utensils and other PP&E are as follows:

	Information technology		Equipment	
	June 2008	March 2008	June 2008	March 2008
Opening balance	36,522	28,468	11,283	11,073
Additions	6,234	12,984	7,632	831
Transfers	7	(11)	(5,827)	158
Depreciation	(118)	(4,915)	(149)	(779)
Sales	(3,098)	(3)	(183)	-
Closing balance	39,547	36,523	12,756	11,283

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	Information technology		Equipment	
	June 2008	March 2008	June 2008	March 2008
Cost	103,187	100,499	33,545	31,443
(-) Accumulated depreciation	63,640	63,976	20,789	20,160
Balance	39,547	36,523	12,756	11,283

	Equipment held by third parties and tracking equipment		Furniture, machinery and utensils	
	June 2008	March 2008	June 2008	March 2008
Opening balance	70,185	54,446	19,447	18,287
Additions	30,310	23,250	3,991	2,456
Transfers	(4,739)	(144)	(8)	(3)
Depreciation	(7,369)	(7,367)	(352)	(1,293)
Sales	-	-	(885)	-
Closing balance	88,387	70,185	22,193	19,447
Cost	114,141	87,868	43,081	39,977
(-) Accumulated depreciation	25,754	17,683	20,888	20,530
Balance	88,387	70,185	22,193	19,447

The changes in vehicles, construction in progress and other PP&E are as follows:

	Vehicles		Construction in progress	
	June 2008	March 2008	June 2008	March 2008
Opening balance	9,991	8,053	25,746	24,249
Additions	1,950	2,969	6,225	1,497

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	Vehicles		Construction in progress	
	June 2008	**March 2008**	**June 2008**	**March 2008**
Transfers	(123)	-	-	-
Depreciation	(186)	(884)	-	-
Sales	(856)	(147)	-	-
Closing balance	10,776	9,991	31,971	25,746
Cost	14,864	13,741	31,971	25,747
(-) Accumulated depreciation	4,088	3,750	-	1
Balance	10,776	9,991	31,971	25,746

	Other PP&E	
	June 2008	**March 2008**
Opening balance	1,495	1,496
Additions	2,608	1,492
Depreciation	(171)	(1,493)
Closing balance	3,932	1,495
Cost	6,089	3,556
(-) Accumulated depreciation	2,157	2,061
Balance	3,932	1,495

(u) Risk management

The Company is exposed to financial risks through its financial assets and liabilities, as well as to obligations related to its insurance contracts.

In addition to the information disclosed in Note 32 the Company is exposed to the following risks:

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. Risks relating to Brazil

The Brazilian government has exerted, and continues to exert, significant influence on the Brazilian economy. This influence, as well as the Brazilian political and economic conditions, could have a direct impact on the Company's businesses, financial position, results of operations and perspectives.

. Market risk

The Brazilian insurance market is highly competitive. The Company mainly competes based on its experience, the strength of its relationships with customers and brokers, its reputation, the premiums charged and products offered, the promptness in the payment of claims, its general financial capacity and the breadth of its businesses (both in terms of size and geographic location). The Company also competes with insurance companies that belong to the same economic group as some of the largest Brazilian banks. Some of these competitors have more financial, marketing, management and distribution resources than the Company. More specifically, the Company's competitors that belong to the groups led by large banks can distribute their products through the extensive branch network of these banks. The Company believes it will continue to face ever-growing competition from its current competitors and new market players. Therefore, the Company cannot ensure that it will be able to increase or maintain its market share in the product lines in which it competes. Furthermore, an increase in competition may lead to a decrease in the demand for the Company's products or an increase in the expenses with the acquisition and retention of customers, which may have a material adverse impact on the Company's growth and profitability. The regulatory system under which the Company operates and potential changes in this system may have a material adverse impact on the Company's businesses, financial position, results of operations and perspectives.

. Interest rate risk

The Brazilian government's actions, including changes in the base interest rate, interventions in the foreign exchange market and efforts to adjust or, in extreme cases, to set the value of the local currency, may lead to economic uncertainties in Brazil. Should there be a high-inflation scenario in Brazil in the future, the Company may not be able to adjust the prices charged to customers to offset the adverse impacts of inflation on its cost structure.

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. Liquidity risk

Liquidity risk is the risk of a mismatch between financial flows of assets and liabilities and its consequences on the financial capacity of the Company to acquire assets and honor its obligations. The Company's product lines are highly concentrated in the State of São Paulo. Accordingly, an economic downturn or the occurrence of a natural or manmade disaster in the State of São Paulo could have a material adverse impact on the Company's financial position, results of operations and prospects, as well as on the market price of the common shares issued by the Company.

. Risks related to insurance contracts

By accepting the risk arising from the insurance contracts, the Company is subject to the occurrence and payment of claims.

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The main risk the Company faces under its insurance contracts is the occurrence of a large number of claims or payments of significant amounts in excess of those expected and accrued.

The occurrence of claims is random and the actual number and amount of claims may vary from year to year from the estimate made through statistical calculations.

Should the retained claims exceed the Company's technical provisions, its financial situation and results of operations may be significantly and adversely affected.

The Company's concentration on the car insurance sector can make it more susceptible to adverse conditions in the car insurance market. Due to this concentration, the impacts of unfavorable conditions affecting the car insurance sector would be harder on the Company than on the competitors that have less concentrated portfolios.

. Underwriting risks

The Company is exposed to certain underwriting risks:

a. The Company's results of operations and financial situation depend on the ability of accurately evaluating potential losses related to the risks that the Company underwrites. Should the retained claims exceed the Company's expectations, there may be a significant increase in its technical provisions and a decrease in its profitability, including operating losses.

b. Changes in the practices of the sector and legal and social conditions may lead to unexpected and unintentional matters related to claims and coverage. These matters may adversely impact the businesses, financial situation, results of operations and prospects of the Company, either extending the coverage beyond the Company's intention upon the underwriting of risks, or increasing the number or size of claims covered.

c. It is possible that various clauses of the policies, such as limitations or exclusions of coverage, negotiated to limit risks, are not accepted by the courts as the Company intends. There is no certainty that all these loss limitation methods will be effective.

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The Company may be held responsible for liabilities of the Financial Subsidiaries should the Brazilian Central Bank take on the management of, intervene in or dissolve the Financial Subsidiaries. The Company controls the Financial Subsidiaries. Brazilian law authorizes the Brazilian Central Bank to take on the management of, intervene in or dissolve financial institutions in the event of insolvency, reckless management and noncompliance with Brazilian banking laws and regulations. The Brazilian legislation also sets forth that, in any of these situations, the managers and controlling shareholders will be jointly liable for the net capital deficiency of the institution until the completion of the investigation and final determination of those responsible for the liabilities. The Company may be held responsible for liabilities of the insurance companies should the Superintendence of Private Insurance (SUSEP) or the National Supplementary Health Plan Agency (ANS) take on the management of, intervene in or dissolve any of these companies. The Brazilian legislation authorizes the SUSEP and the ANS to intervene in or dissolve insurance, capitalization and open private pension companies should they take actions which are harmful to the insurance policy, fail to record reserves or funds required by the regulations, have debts with the Brazilian Institute of Reinsurance (IRB) or go bankrupt. The Brazilian legislation also sets forth that, in any of these situations, the managers and controlling shareholders will be jointly liable for the net capital deficiency of the insurance company and the assets of the latter will be unavailable until the completion of the investigation and final determination of those responsible for the liabilities.

(v) Business segments

The Company is mainly engaged in the following activities:

. Activities in all lines of insurance.

. Activities restricted to financial institutions and equivalent companies, including, without limitation, consortium management.

. Provision of services and sale of equipment for electronic monitoring of asset protection systems.

The insurance activities account for approximately 93.1% of the Company's consolidated revenues.

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05.01 - Comments on Company Performance during the Quarter

Analysis of the Result for the Second Quarter of 2008 in Comparison to that of the Second Quarter of 2007

In the topics below, the expressions "in 2008" and "in 2007" refer to the balances and indices computed by the Company in the periods from **April 1 to June 30, 2008 and 2007,** respectively.

The results for the second quarter of 2008 presented the following performance in relation to the second quarter of 2007:

Equity in the Earnings of Subsidiaries

In 2008, the equity in the earnings of subsidiaries totaled R$90.2 million, a reduction of R$32.8 million or 26.7% over the R$123.0 million in 2007.

General and Administrative Expenses

The Company’s general and administrative expenses amounted to R$290.0 thousand in 2008, a reduction of R$109.0 thousand or 27.3% over the R$399.0 thousand in 2007, which resulted mainly from the reversal of the payment of a fine on exchange remittance - Axa Seguros, in the amount of R$138.3 thousand.

Financial Income and Expenses

- In 2008, financial income totaled R$3.3 million, an increase of R$3.2 million in comparison to the R$0.1 million recorded in 2007, referring mainly to the 45.3% increase in average financial investments to R$ 27.6 million in 2008 in comparison with the R$ 19.0 million in 2007.

- In 2008, financial expenses totaled R$284.0 thousand, a reduction of R$262.0 thousand or 48.0% in comparison to the R$546.0 thousand in 2007. This reduction is due to the reversal of the payment of interest on exchange remittance - Axa Seguros, in the amount of R$166.1 thousand.

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05.01 - Comments on Company Performance during the Quarter

Net Income

The net income in 2008 totaled R$92.4 million, a reduction of 24.4% over the R$122.2 million in 2007. The net income per share was R$0.40 in 2008, a reduction of 24.4% over the R$0.53 in 2007, already considering the new number of shares for comparison purposes.

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05.01 - Comments on Company Performance during the Quarter

Analysis of the Result for the First Six-month Period of 2008 in Comparison to that of the First Six-month Period of 2007

In the topics below, the expressions "in 2008" and "in 2007" refer to the balances and indices computed by the Company in the periods from **January 1 to June 30, 2008 and 2007,** respectively.

The results for the first six-month period of 2008 presented the following performance in relation to the first six-month period of 2007:

Equity in the Earnings of Subsidiaries

In 2008, the equity in the earnings of subsidiaries totaled R$135.8 million, a reduction of R$84.4 million or 38.3% over the R$220.2 million in 2007.

General and Administrative Expenses

The Company’s general and administrative expenses amounted to R$1.1 million in 2008, an increase of R$0.1 million or 10.0% over the R$1.0 million in 2007, which resulted mainly from expenses with legal publications.

Financial Income and Expenses

- In 2008, financial income totaled R$3.4 million, an increase of R$2.1 million or 161.5% in comparison to the R$1.3 million recorded in 2007. This increase refers mainly to the 112.6% increase in average financial investments to R$ 44.0 million in 2008, in comparison with the R$ 20.7 million in 2007.

- In 2008, financial expenses totaled R$1.0 million, remaining unchanged in comparison with 2007.

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05.01 - Comments on Company Performance during the Quarter

Net Income

The net income in 2008 totaled R$136.6 million, a reduction of 37.8% over the R$219.5 million in 2007. The net income per share was R$0.59 in 2008, a reduction of 37.8% over the R$0.95 in 2007, already considering the new number of shares for comparison purposes.

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06.01 - Consolidated Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
1	Total assets	6,967,088	6,813,146
1.01	Current assets	5,439,351	5,366,270
1.01.01	Cash and banks	25,110	11,747
1.01.02	Credits	5,312,555	5,260,161
1.01.02.01	Clients	0	0
1.01.02.02	Sundry credits	5,312,555	5,260,161
1.01.02.02.01	Financial investments	3,769,860	3,852,673
1.01.02.02.02	Premiums receivable	907,087	855,794
1.01.02.02.05	Deferred selling expenses	363,569	349,482
1.01.02.02.06	Lending operations	152,734	140,833
1.01.02.02.07	Other credits	103,594	41,923
1.01.02.02.09	Taxes and contributions	15,711	19,456
1.01.03	Inventories	0	0
1.01.04	Other	101,686	94,362
1.01.04.01	Other accounts receivable	55,958	49,372
1.01.04.03	Other assets	45,728	44,990
1.02	Non-current assets	1,527,737	1,446,876
1.02.01	Long-term receivables	933,739	887,123
1.02.01.01	Sundry credits	933,739	887,123
1.02.01.01.01	Financial investments	225,422	215,432
1.02.01.01.02	Deferred income tax and social contribution	283,322	268,447
1.02.01.01.03	Taxes and contributions	7,697	7,512
1.02.01.01.04	Lending operations	125,785	111,375
1.02.01.01.06	Judicial deposits	282,604	273,878
1.02.01.01.07	Other accounts receivable	7,804	9,349
1.02.01.01.08	Deferred selling expenses	1,105	1,130
1.02.01.02	Credits with related companies	0	0
1.02.01.02.01	Associated and equivalent companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other related companies	0	0
1.02.01.03	Other	0	0
1.02.02	Permanent assets	593,998	559,753
1.02.02.01	Investments	25,474	25,989
1.02.02.01.01	Investments in associated/equivalent companies	0	0
1.02.02.01.02	Investment in associated/equivalent companies - goodwill	0	0
1.02.02.01.03	Investment in subsidiaries	0	0
1.02.02.01.04	Investment in subsidiaries - goodwill	4,940	4,940
1.02.02.01.05	Other investments	1,315	1,513
1.02.02.01.06	Investments in IRB Brasil Resseguros	8,428	8,428
1.02.02.01.07	Rental properties	11,055	11,108
1.02.02.01.08	Goodwill amortization	(264)	0
1.02.02.02	Fixed assets	545,602	511,897
1.02.02.03	Intangible assets	1,216	1,143
1.02.02.04	Deferred charges	21,706	20,724

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06.02 - Consolidated Balance Sheet - Liabilities and Shareholders' Equity (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
2	Total liabilities	6,967,088	6,813,146
2.01	Current liabilities	3,976,829	3,901,055
2.01.01	Loans and financing	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	0	0
2.01.04	Taxes, rates and contributions	96,251	92,807
2.01.04.01	Taxes and contributions payable	96,251	92,807
2.01.05	Dividends payable	7	129,800
2.01.06	Provisions	164,944	145,205
2.01.06.01	Accounts payable	121,854	111,837
2.01.06.03	Accrued vacation and related charges	43,090	33,368
2.01.07	Debts with related companies	0	0
2.01.08	Other	3,715,627	3,533,243
2.01.08.01	Third-party deposits	90,532	84,375
2.01.08.02	Commissions on premiums issued	142,260	109,474
2.01.08.03	Other payables from insurance transactions	18,489	15,431
2.01.08.04	Provision for unearned premiums	1,694,088	1,626,361
2.01.08.05	Provision for unexpired risks	18,560	16,186
2.01.08.06	Mathematical provision - insurance	189,843	171,311
2.01.08.07	Mathematical provision - pension plan	714,001	679,164
2.01.08.08	Unsettled claims/unpaid benefits	524,243	507,716
2.01.08.09	IBNR provision	121,338	117,593
2.01.08.10	Benefits vested	21,135	19,537
2.01.08.11	Provision for insufficient contributions	28,098	26,018
2.01.08.12	Premium deficiency reserve	1,294	1,271
2.01.08.13	IRB - Brasil Resseguros S/A	9,528	9,045
2.01.08.14	Other provisions	36,408	35,566
2.01.08.15	Acceptances of exchange bills	55,511	16,502
2.01.08.16	Borrowings and onlendings	0	43,492
2.01.08.17	Interbank deposits	49,877	39,645
2.01.08.18	Accrued liabilities	422	14,556
2.02	Non-current liabilities	1,057,339	1,052,382
2.02.01	Long-term liabilities	1,033,508	1,028,551
2.02.01.01	Loans and financing	0	0
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	3,614	3,569
2.02.01.03.01	Accounts payable	1,927	1,927
2.02.01.03.02	Accrued liabilities	1,687	1,642
2.02.01.04	Debts with related parties	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Other	1,029,894	1,024,982
2.02.01.06.01	Deferred income tax and social contribution	39,196	39,688
2.02.01.06.02	Legal obligations	870,300	840,446
2.02.01.06.03	Labor and civil contingencies	20,593	29,563
2.02.01.06.04	Acceptances of exchange bills	0	43,162
2.02.01.06.05	Loans and onlendings	56,417	22,101
2.02.01.06.06	Interbank deposits	34,594	42,513
2.02.01.06.07	Provision for unearned premiums	6,911	5,685
2.02.01.06.08	Provision for unexpired risks	806	644
2.02.01.06.09	Benefits vested	1,077	1,180
2.02.02	Deferred income	23,831	23,831
2.03	Minority interest	528	500
2.04	Shareholders' equity	1,932,392	1,859,209
2.04.01	Paid-up capital	920,000	920,000
2.04.02	Capital reserves	47,412	47,412
2.04.02.01	Share premium	0	0

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1 - Code	2 - Description	3 - 6/30/2008	4 - 3/31/2008
2.04.03	Revaluation reserves	150,955	153,474
2.04.03.01	Own assets	0	0
2.04.03.02	Subsidiaries/associated and equivalent companies	150,955	153,474
2.04.04	Revenue reserves	676,259	693,670
2.04.04.01	Legal	94,169	94,169
2.04.04.02	Statutory	599,501	599,501
2.04.04.03	Contingencies	0	0
2.04.04.04	Unrealized profits	0	0
2.04.04.05	Retention of profits	0	0
2.04.04.06	Special for undistributed dividends	0	0
2.04.04.07	Other revenue reserves	(17,411)	0
2.04.04.07.01	Treasury shares	(17,411)	0
2.04.05	Retained earnings	137,766	44,653
2.04.06	Advance for future capital increase	0	0

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07.01 - Consolidated Statement of Income (R$ thousand)

1 - Code	2 - Description	3 - 4/1/2008 to 6/30/2008	4 - 1/1/2008 to 6/30/2008	5 - 4/1/2007 to 6/30/2007	6 - 1/1/2007 to 6/30/2007
3.01	Gross sales and/or services	1,265,326	2,474,002	1,059,196	2,095,052
3.01.01	Written premiums	1,179,163	2,302,316	991,168	1,961,788
3.01.02	Contributions to pension plans	27,366	54,099	24,508	50,184
3.01.03	Services rendered - monitoring	11,305	24,517	7,485	14,652
3.01.04	Services rendered - consortium	25,994	50,504	21,179	40,937
3.01.05	Services rendered - portoserv	110	235	144	379
3.01.06	Services rendered - crediporto	1,079	2,616	0	0
3.01.07	Services rendered - integração	748	1,410	0	0
3.01.08	Services rendered - portomed	60	113	0	0
3.01.09	Services rendered - services	0	0	0	0
3.01.10	Lending operations	17,511	34,038	12,153	22,228
3.01.11	Other income	1,990	4,154	2,559	4,884
3.02	Gross revenues deductions	0	0	0	0
3.03	Net sales and/or services	1,265,326	2,474,002	1,059,196	2,095,052
3.04	Cost of sales and/or services	0	0	0	0
3.05	Gross profit	1,265,326	2,474,002	1,059,196	2,095,052
3.06	Operating (expenses)/income	(1,121,026)	(2,251,532)	(853,899)	(1,740,077)
3.06.01	Selling	0	0	0	0
3.06.02	General and administrative	(1,248,740)	(2,445,775)	(1,013,108)	(1,999,711)
3.06.02.01	Reinsurance ceded	(5,056)	(9,260)	(4,416)	(9,015)
3.06.02.02	Redemption of Individual Life Insurance /VGBL	0	0	0	0
3.06.02.03	Variation in technical reserves - insurance	(88,755)	(153,310)	(70,323)	(147,474)
3.06.02.04	Variation in technical reserves - pension plan	(26,617)	(50,594)	(25,321)	(50,031)
3.06.02.05	Pension plan benefits	(1,797)	(3,270)	(2,069)	(2,566)
3.06.02.06	Retained claims	(619,281)	(1,221,249)	(502,469)	(978,948)
3.06.02.07	Selling expenses - insurance	(231,147)	(459,958)	(195,867)	(386,236)
3.06.02.08	Selling expenses - other	(13,568)	(23,027)	(8,981)	(14,676)
3.06.02.09	Cost of services rendered - surveillance	(7,548)	(17,137)	(5,051)	(9,248)
3.06.02.10	Cost of services rendered - integração	(760)	(1,524)	0	0
3.06.02.11	Financial intermediation expenses	(5,668)	(11,814)	(1,993)	(2,968)
3.06.02.12	Administrative expenses - insurance	(196,103)	(387,668)	(154,398)	(313,645)
3.06.02.13	Administrative expenses - other	(18,209)	(37,722)	(13,435)	(26,856)
3.06.02.14	Tax expenses - insurance	(28,966)	(58,103)	(24,960)	(50,758)
3.06.02.15	Tax expenses - other	(5,265)	(11,139)	(3,825)	(7,290)
3.06.03	Financial	145,781	229,593	158,211	270,404
3.06.03.01	Financial income	202,921	340,019	206,710	361,656
3.06.03.01.01	Financial income - insurance	189,799	318,957	202,107	351,192
3.06.03.01.02	Financial income - other	13,122	21,062	4,603	10,464

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3.06.03.02	Financial expenses	(57,140)	(110,426)	(48,499)	(91,252)
3.06.03.02.01	Financial expenses - insurance	(46,048)	(88,388)	(43,924)	(83,820)
3.06.03.02.02	Financial expenses - other	(11,092)	(22,038)	(4,575)	(7,432)
3.06.04	Other operating income	46,113	91,120	35,569	71,765
3.06.04.01	Other operating income - insurance	46,113	91,120	35,569	71,765
3.06.05	Other operating expenses	(63,916)	(126,206)	(34,571)	(82,535)
3.06.05.01	Other operating expenses - insurance	(63,394)	(125,333)	(34,128)	(81,663)
3.06.05.02	Other operating expenses - other	(522)	(873)	(443)	(872)
3.06.06	Equity in the earnings of investees	(264)	(264)	0	0
3.06.06.01	Equity in the earnings of investees	0	0	0	0
3.06.06.02	Goodwill amortization	(264)	(264)	0	0
3.07	Operating profit	144,300	222,470	205,297	354,975
3.08	Non-operating result	(577)	(205)	321	396
3.08.01	Income	(577)	(205)	321	396
3.08.02	Expenses	0	0	0	0
3.09	Income before taxation/profit sharing	143,723	222,265	205,618	355,371
3.10	Provision for income tax and social contribution	(60,691)	(101,774)	(130,057)	(188,684)
3.11	Deferred income tax	14,875	32,902	67,503	75,543
3.12	Profit sharing/contributions	(5,523)	(16,781)	(20,791)	(22,653)
3.12.01	Profit sharing	(5,523)	(16,781)	(20,791)	(22,653)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of interest on capital	0	0	0	0
3.14	Minority interest	(33)	(52)	(35)	(62)
3.15	Net income for the period	92,351	136,560	122,238	219,515
	NUMBER OF SHARES, EX-TREASURY (thousand)	230,643	230,643	76,881	76,881
	NET INCOME PER SHARE - R$	0.40041	0.59208	1.58996	2.85526
	LOSS PER SHARE - R$				

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08.01 - Comments on Consolidated Performance during the Quarter

Porto Seguro S.A. (the "Company") is a publicly-held corporation established to participate, as a shareholder, partner or quotaholder, in other local or foreign companies that operate in: (a) all types of insurance activities; (b) activities restricted to financial institutions and equivalent companies, including, without limitation, consortium management; (c) rendering of services and sale of equipment for electronic surveillance of asset protection systems; and (d) activities related or supplementary to insurance activities and the other activities described above.

The Company offers to individuals, families, companies and public entities in Brazil, through its direct and indirect subsidiaries a wide range of insurance products, including:

i) Insurance- automobile, health, property, transportation, financial risks, personal and rural;

ii) Financial and consortium of assets - financing for the acquisition of assets and services and for working capital, management of consortium groups of assets and property;

iii) Services - renders services for the protection and electronic surveillance of properties and vehicles;

iv) Private pension plan - pension plans and similar products.

The main items in the financial statements of the subsidiaries are:

Total Revenues

Gross Premiums

Written premiums comprise: (i) insurance premiums issued, net of cancellations, refunds, premiums ceded to other insurance entities and (ii) estimates of premium revenues for the policies in process of issuance.

Pension Plan Contributions

The pension plan contributions arise from the amount of the monthly contribution made by each participant of the pension plans.

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Surveillance Services

Income from surveillance services arises from the protection and electronic surveillance services rendered by Porto Seguro Proteção e Monitoramento.

Consortium Services

Income from the rendering of consortium services arises from the management fees charged to the consortium member groups.

Provision of services - Portoserv

Revenues from the rendering of services related to the agency, promotion, fostering and management of service or product sales and any nature of support to individuals and corporate entities.

Provision of services - Crediporto

Revenues from credit analysis, collection, billing, third-party reference file information, business development and advisory services.

Provision of services - Integração

Revenues from the rendering of services related to the licensing or granting of right of use for computer programs.

Provision of services - Portomed

Revenues from the rendering of outpatient health services, preparation and implementation of labor health medical control in companies, preparation and implementation of health risk prevention in the work place and other activities related to labor health care.

Provision of services - Porto Seguro Serviços

Revenues from the rendering of condominium, security and janitor management services, and from the hosting of Internet sites of advertising, and other services described as its objective.

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Lending Operations

Income from lending operations represents the interest charged on the loans and financing granted by Portoseg.

Other Revenues - Portopar

Other revenues arise from the management of funds administered by Portopar.

Net Financial Income

Net financial income arises from the investment of available funds, net of financial expenses.

Costs and Expenses

Reinsurance Premiums Ceded

The subsidiaries (Porto Seguro, Porto Seguro Vida and Azul Seguros) reinsure part of their risks with IRB - Brasil Resseguros S.A., ceding reinsurance mainly to: (a) reduce the net risk related to individual risks; (b) mitigate the effects of individual losses; (c) stabilize the underwriting results; and (d) increase the Company's underwriting capacity.

Change in Technical Reserves

The change in technical reserves basically consists of: (a) expense with the constitution of an unearned premium reserve; (b) expense with the constitution of a reserve for unvested pension plan benefits; and (c) income with the reversal of these reserves.

Retained Claims

Retained claims comprise the expenses of the subsidiaries with the claims and the regulation and settlement of claims, net of recoveries of reinsurance and coinsurance, salvages and reimbursement.

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Selling Expenses

Selling expenses refer to the commissions that the subsidiaries pay to the brokers, expenses of subsidiaries with the sponsorship of campaigns and cost allowances they provide to the brokers, as well as selling expenses related to the other products and services.

Cost of Services Rendered - Monitoring

Cost of services rendered comprises the cost of electronic surveillance services, installation of electronic equipment and its periodical maintenance, provision of services by the security companies contracted by Porto Seguro Proteção e Monitoramento and personnel expenses of the surveillance center.

Financial Intermediation Expenses

These expenses mainly refer to provisions of amounts payable to financial institutions for the raising of funds in the market.

Administrative Expenses

Administrative expenses basically comprise expenses with employees, facilities and office supplies (office and infrastructure expenses), third-party services (security, maintenance, temporary employees, external advisory and auditors) and advertising and marketing.

Tax Expenses

The expenses with taxes basically refer to the Social Integration Program (PIS), Social Contribution on Revenues (COFINS) and Services Tax (ISS).

Other Operating Income (Expenses)

Other operating income (expenses) comprise the cost of policies charged to the insured party, sundry revenues, expenses with inspection of risks, cost of issuance of policies and allowances for doubtful accounts.

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Non-operating Result

The non-operating result mainly refers to (i) the result on sale or disposal of permanent assets; and (ii) income or expenses not related to the operating activities.

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Analysis of the Result for the Second Quarter of 2008 in Comparison to that of the Second Quarter of 2007

In the topics below, the expressions "in 2008" and "in 2007" refer to the balances and indices computed by the Company in the periods from **April 1 to June 30, 2008 and 2007,** respectively.

The results for the second quarter of 2008 presented the following performance in relation to the second quarter of 2007:

Total Revenues

The Company's total revenues, including financial income and revenues from rental of properties, were R$1,411.1 million in 2008, an increase of R$193.7 million or 15.9% in comparison to the R$1,217.4 million in 2007.

Total Revenues (R$ million)			
	2nd Quarter		**Variation %**
	2008	**2007**	**2007-2008**
Gross premiums	1,179.2	991.2	19.0
Net financial income	145.2	157.9	(8.0)
Pension plan contributions	27.4	24.5	11.8
Income from services rendered - Consortium	26.0	21.2	22.6
Lending operations - Portoseg	17.5	12.2	43.4
Income from services rendered - Monitoring	11.3	7.5	50.7
Other revenues - Portopar	2.0	2.6	(23.1)
Income from services rendered - Crediporto	1.1	-	-
Income from services rendered - Integração	0.7	-	-
Revenues from properties	0.6	0.2	200.0
Income from services rendered - Portoserv	0.1	0.1	-
Total revenues	**1,411.1**	**1,217.4**	**15.9**

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Gross Premiums

The premiums written by the Company totaled R$ 1,162.6 million in 2008, an increase of R$ 184.4 million or 18.9% in relation to the R$ 978.2 million in 2007, excluding the VGBL plans.

Gross Premiums (R$ million)			
	2nd Quarter		Variation %
Premiums by segment	**2008**	**2007**	**2007 - 2008**
Porto Seguro Auto	626.9	595.9	5.2
Azul Seguros Auto	135.9	80.7	68.4
Total Auto	**762.8**	**676.6**	**12.7**
Health	152.6	121.2	25.9
Personal	67.6	52.3	29.3
Property	65.2	49.2	32.5
Transportation	22.3	16.7	33.5
Financial risks	38.9	21.2	83.5
Liabilities	2.0	1.3	53.8
DPVAT	41.0	32.2	27.3
Porto Seguro Uruguay	10.2	7.5	36.0
Total premiums without VGBL	**1,162.6**	**978.2**	**18.9**
VGBL premiums	16.6	13.0	27.7
Total premiums	**1,179.2**	**991.2**	**19.0**

- Automobile Segment - Porto Seguro - written premiums in the automobile segment totaled R$626.9 million in 2008, an increase of R$31.0 million or 5.2% over the R$595.9 million in 2007, which arose from the 11.4% increase in the number of vehicles insured to 1,492.6 thousand in 2008 compared to the 1,339.9 thousand in 2007, partially offset by the 5.6% reduction in the annual average premium to R$1,679.77 in 2008 compared to R$1,778.71 in 2007, mainly due to the business expansion outside the regions of São Paulo and Rio de Janeiro.

- Automobile Segment - Azul Seguros - written premiums in the automobile segment totaled R$135.9 million in 2008, an increase of R$55.2 million or 68.4% over the R$80.7 million in 2007, which arose from the 54.3% increase in the number of vehicles insured to 420.4 thousand in 2008 compared to the 272.5 thousand in 2007, and from the 9.2% increase in the annual average

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premium to R$1,293.43 in 2008 in comparison to R$1,184.67 in 2007.

- Health Segment - written premiums in the health segment totaled R$152.6 million in 2008, an increase of R$31.4 million or 25.9% in comparison with the R$121.2 million recorded in 2007, which resulted from the 28.3% increase in the number of lives insured to 447.2 thousand in 2008 compared to 348.5 thousand in 2007, partially offset by the decrease of 1.9% in the annual average premium to R$1,364.61 in 2008 over R$ 1,391.06 in 2007.

- Personal Segment - written premiums in the personal segment totaled R$67.6 million in 2008, an increase of R$15.3 million or 29.3% in comparison to the R$52.3 million in 2007. This is a result of the 177.1% increase in the number of lives insured to 4,686.8 thousand in 2008 compared to 1,691.3 thousand in 2007. The increase in the number of lives insured is due mainly to the entry of partnership lives in mass lines as from October 2007. Not considering the effect of these partnerships, written premiums totaled R$ 61.9 million, an increase of 18.4% over the R$ 52.3 million of the prior year, resulting from the increase of 36.6% in the number of lives insured to 2,310.9 thousand in 2008 over the 1,691.3 thousand in 2007, partially offset by the reduction of 13.3% in the annual average premium to R$107.20 in 2008 over the R$ 123.69 in 2007.

Pension Plan Contributions

Pension plan contributions totaled R$27.4 million in 2008, an increase of R$2.9 million or 11.8% over the R$24.5 million in 2007, which arose from the 15.6% increase in the number of participants to 113.6 thousand in 2008 compared to 98.3 thousand in the previous year, partially offset by the decrease of 3.4% in the average annual contribution to R$ 963.80 in 2008 over the R$ 997.64 in the previous year.

Provision of Services - Surveillance

Revenues from electronic surveillance services totaled R$11.3 million in 2008, an increase of R$3.8 million or 50.7% over the R$7.5 million in 2007, which mainly resulted from: (i) the selling of the GPS product as from September 2007; in the second quarter of 2008, revenues totaled R$ 3.6 million and (ii) growth of 11.4% in the number of clients to 12.7 thousand in 2008 in relation to the 11.4 thousand of the prior year, partially offset by the reduction of 7.3% in the annual average revenue from provision of services to R$ 2,431.37 in 2008, in relation to the R$ 2,622.63 of the prior year.

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Provision of Services - Consortiums

The revenues from consortium management services totaled R$26.0 million in 2008, an increase of R$4.8 million or 22.6% over the R$21.2 million in 2007, which resulted mainly from the 15.8% increase in the number of consortium shares managed to 48.5 thousand in 2008 over the 41.9 thousand in the previous year.

Lending Operations

Revenues from lending operations totaled R$17.5 million in 2008, an increase of R$5.3 million or 43.4% over the R$12.2 million in 2007, which mainly arose from the 68.6% increase in the portfolio of lending operations managed to R$296.4 million in 2008 over the R$175.8 in the previous year.

Other Revenues - Portopar

The revenues of Portopar arising from financial management totaled R$2.0 million in 2008, a reduction of R$0.6 million or 23.1% over the R$2.6 million in 2007.

Reinsurance Premiums Ceded

Expenses with reinsurance premiums ceded totaled R$5.1 million in 2008, an increase of R$0.7 million or 15.9% over the R$4.4 million in 2007.

Changes in the Expenses with Technical Reserves

The changes in the expenses with technical reserves were as follows:

Technical Reserves (R$ Million)	**2nd Quarter**		**Variation %**
	2008	**2007**	**2007-2008**
Reserve for unearned premiums	71.0	52.0	36.5
Reserve for pension plans	26.6	25.3	5.1
Mathematical reserve	18.5	14.2	30.3
Reserve for unexpired risks	1.0	1.8	(44.4)
Other reserves	(1.7)	2.3	(173.9)
Total change in technical reserves	**115.4**	**95.6**	**20.7**

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Retained Claims

The expenses with retained claims totaled R$619.3 million in 2008, an increase of R$116.8 million or 23.2% over the R$502.5 million in 2007, mainly in the automobile and health portfolios, as follows:

Auto: the increase reflects the growth of 11.4% in the number of vehicles insured.

Health: reflects the portfolio growth, since corporate health plans do not have grace periods.

	Retained claims			Claim ratio	
Portfolio	**2008**	**2007**	**Var. %**	**2008**	**2007**
Porto Seguro Auto	314.7	278.5	13.0	52.1	50.2
Azul Seguros Auto	73.1	47.7	53.2	69.1	62.0
Health	124.4	90.2	37.9	81.7	74.7
Personal	16.7	20.4	(18.9)	20.4	42.8
Property	24.8	19.1	29.8	50.5	45.5
Transportation	11.2	6.9	67.2	53.2	42.3
Financial Risks	15.2	7.9	87.7	50.6	47.1
Liabilities	0.9	2.1	(57.1)	29.3	63.4
DPVAT	33.3	25.8	31.1	82.7	81.3
Porto Seguro Del Uruguay	5.0	3.9	28.2	52.2	51.0
Total	**619.3**	**502.5**	**23.2**	**57.1**	**54.8**

Selling Expenses

Selling expenses totaled R$244.7 million in 2008, an increase of R$39.9 million or 19.5% over the R$204.8 million in 2007.

Insurance selling expenses totaled R$231.1 million in 2008, an increase of R$35.2 million or 18.0% over the R$195.9 million in 2007. The percentage of insurance selling expenses to earned premiums in 2008 was 21.3%, and in 2007 was 21.4%, showing a reduction of 0.1 percentage points.

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Administrative and Tax Expenses

The Company's administrative expenses totaled R$214.3 million in 2008, an increase of R$46.5 million or 27.7% over the R$167.8 million in 2007. This change basically arose from publicity and advertising expenses and from the increase of R$15.6 million or 27.6% in personnel expenses, due to the 5.5% collective wage increase agreement and the increase of 19.3% in the number of employees due to the business expansion.

Tax expenses totaled R$34.2 million in 2008, an increase of R$5.4 million or 18.8% compared to the R$28.8 million in 2007.

The total administrative and tax expenses of the insurance companies as a percentage of premiums earned was 20.8% in 2008 and 19.6% in 2007, an increase of 1.2 percentage point.

Financial Result

Financial income totaled R$202.9 million in 2008, a decrease of R$3.8 million or 1.8% over the R$206.7 million in 2007, due to:

(i) Financial investment income totaled R$149.8 million in 2008, a decrease of R$13.3 million or 8.2% over the R$163.1 million in 2007, which mainly arose from the 3.3% increase in the average of financial investments to R$3,921.5 million in 2008 compared to the R$3,796.8 million in 2007, offset by the reduction of the effective rate to 3.82% in 2008 in relation to the 4.30% in 2007.

(ii) The other financial income totaled R$52.5 million, an increase of R$ 9.2 million or 21.2% compared to the R$43.3 million in 2007, which results mainly from the R$5.7 million increase in the judicial deposits restatements carried out as from August 2007 (contingent tax deductibility lawsuits).

In 2008, financial expenses totaled R$57.1 million, an increase of R$8.6 million or 17.7% compared to the R$48.5 million in 2007, which results mainly from the R$7.4 million increase in pension plan operations and R$7.3 million increase in the restatement of obligations for acceptances of exchange bills (Portoseg), offset by the reduction of R$7.1 million in CPMF.

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Other Operating Income and Expenses

- In 2008, other operating income totaled R$46.1 million, an increase of R$10.5 million or 29.5% compared to the amount of R$35.6 million in 2007. This variation is due mainly to the increase in revenues from policy costs of R$6.7 million or 19.9%.

- Other operating expenses totaled R$63.9 million in 2008, an increase of R$29.3 million or 84.7% over the R$34.6 million recorded in 2007. This variation results mainly from the increase in risk inspection expenses (vehicle monitoring) and in the allowance for doubtful accounts.

IRPJ and CSLL (Income Tax and Social Contribution)

The expenses with IRPJ and CSLL totaled R$45.8 million in 2008, a reduction of R$16.8 million or 26.8% over the R$62.6 million recorded in 2007. The effective rates of IRPJ and CSLL in 2008 and 2007 were 31.9% and 30.4%, respectively.

Net income

Net income totaled R$92.4 million in 2008, a decrease of 24.4% over the R$122.2 million recorded in 2007.

This reduction is due mainly to the decrease of 8.2% in financial income from investments, and the increase of 2.3 percentage points in retained claims.

The net income per share was R$0.40 in 2008, a decrease of 24.4% over the R$0.53 recorded in 2007, already taking into consideration the new number of shares for comparison purposes.

Combined Index

The combined index (retained claims, selling, administrative and tax expenses compared to premiums earned) was 99.2% in 2008, an increase of 3.4 percentage points compared to 95.8% recorded in 2007. This index varied mainly as a result of the increase of 2.3 percentage points in the claim rate, and of 1.2 percentage point in administrative and tax expenses, offset by the reduction of 0.1 percentage points in selling expenses.

The amplified combined index, which also considers the financial result, was 87.5% in 2008, an increase of 5.8 percentage points in relation to the index of 81.7% in 2007.

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08.01 - Comments on Consolidated Performance during the Quarter

Analysis of the Result for the First Six-month Period of 2008 in Comparison to that of the First Six-month Period of 2007

In the topics below, the expressions "in 2008" and "in 2007" refer to the balances and indices computed by the Company in the periods from **January 1 to June 30, 2008 and 2007,** respectively.

The results for the first six-month period of 2008 presented the following performance in relation to the first six-month period of 2007:

Total Revenues

The Company's total revenues, including financial income and revenues from rental of properties, were R$2,703.6 million in 2008, an increase of R$338.2 million or 14.3% in comparison to the R$2,365.4 million in 2007.

Total Revenues (R$ million)			
	1st Six-month period		**Variation %**
	2008	**2007**	**2007-2008**
Gross premiums	2,302.3	1,961.8	17.4
Net financial income	227.9	268.6	(15.2)
Pension plan contributions	54.1	50.2	7.8
Income from services rendered - Consortium	50.5	40.9	23.5
Lending operations - Portoseg	34.0	22.2	53.2
Income from services rendered - Monitoring	24.6	14.7	67.3
Other revenues - Portopar	4.2	4.9	(14.3)
Income from services rendered - Crediporto	2.6	-	-
Revenues from properties	1.7	1.7	-
Income from services rendered - Integração	1.4	-	-
Income from services rendered - Portoserv	0.2	0.4	(50.0)
Income from services rendered - Portomed	0.1	-	-
Total revenues	**2,703.6**	**2,365.4**	**14.3**

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Gross Premiums

The premiums written by the Company totaled R$2,270.0 million in 2008, an increase of R$ 332.6 million or 17.2% in relation to the R$ 1,937.4 million in 2007, excluding the VGBL plans.

Gross Premiums (R$ million)			
	1st Six-month period		Variation %
Premiums by segment	**2008**	**2007**	**2007 - 2008**
Porto Seguro Auto	1,219.4	1,160.5	5.1
Azul Seguros Auto	269.0	173.3	55.2
Total Auto	**1,488.4**	**1,333.8**	**11.6**
Health	299.4	240.9	24.3
Personal	125.3	102.8	21.9
Property	123.2	95.8	28.6
Transportation	41.3	31.1	32.8
Financial risks	71.4	40.0	78.5
Liabilities	3.7	3.0	23.3
DPVAT	96.0	72.5	32.4
Porto Seguro Uruguay	21.3	17.5	21.7
Total premiums without VGBL	**2,270.0**	**1,937.4**	**17.2**
VGBL premiums	32.3	24.4	32.4
Total premiums	**2,302.3**	**1,961.8**	**17.4**

- Automobile Segment - Porto Seguro - written premiums in the automobile segment totaled R$1,219.4 million in 2008, an increase of R$58.9 million or 5.1% over the R$1,160.5 million in 2007, which arose from the 11.4% increase in the number of vehicles insured to 1,492.6 thousand in 2008 compared to the 1,339.9 thousand in 2007, partially offset by the 5.7% reduction in the annual average premium to R$1,633.91 in 2008 compared to R$1,732.14 in 2007, mainly due to the business expansion outside the regions of São Paulo and Rio de Janeiro.

- Automobile Segment - Azul Seguros - written premiums in the automobile segment totaled R$269.0 million in 2008, an increase of R$95.7 million or 55.2% over the R$173.3 million in 2007, which arose from the 54.3% increase in the number of vehicles insured to 420.4 thousand in 2008 compared to the 272.5 thousand in 2007, and from the 0.6% increase in the annual average

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premium to R$1,279.95 in 2008 in comparison to R$1,271.77 in 2007.

- Health Segment - written premiums in the health segment totaled R$299.4 million in 2008, an increase of R$58.5 million or 24.3% in comparison with the R$240.9 million recorded in 2007, which resulted from the 28.3% increase in the number of lives insured to 447.2 thousand in 2008 compared to 348.5 thousand in 2007, partially offset by the decrease of 3.1% in the annual average premium to R$1,339.03 in 2008 over R$1,382.34 in 2007.

- Personal Segment - written premiums in the personal segment totaled R$125.3 million in 2008, an increase of R$22.5 million or 21.9% in comparison to the R$102.8 million in 2007. This is a result of the 177.1% increase in the number of lives insured to 4,686.8 thousand in 2008 compared to 1,691.3 thousand in 2007. The increase in the number of lives insured is due mainly to the entry of partnership lives in mass lines as from October 2007. Not considering the effect of these partnerships, written premiums totaled R$ 117.0 million, an increase of 13.8% over the R$ 102.8 million of the prior year, resulting from the increase of 36.6% in the number of lives insured to 2,310.9 thousand in 2008 over the 1,691.3 thousand in 2007, partially offset by the reduction of 16.7% in the annual average premium to R$101.26 in 2008 over the R$ 121.59 in 2007.

Pension Plan Contributions

Pension plan contributions totaled R$54.1 million in 2008, an increase of R$3.9 million or 7.8% over the R$50.2 million in 2007, which arose from the 15.6% increase in the number of participants to 113.6 thousand in 2008 compared to 98.3 thousand in the previous year, partially offset by the decrease of 6.7% in the average annual contribution to R$952.65 in 2008 over the R$1,021.41 in the previous year.

Provision of Services - Surveillance

Revenues from electronic surveillance services totaled R$24.6 million in 2008, an increase of R$9.9 million or 67.3% over the R$14.7 million in 2007, which mainly resulted from: (i) the selling of the GPS product as from September 2007, in the first six-month period of 2008, revenues totaled R$ 9.0 million and (ii) growth of 11.4% in the number of clients to 12.7 thousand in 2008 in relation to the 11.4 thousand of the prior year, partially offset by the reduction of 4.3% in the annual average revenue from provision of services to R$ 2,455.35 in 2008, in relation to the R$ 2,566.92 of the prior year.

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Provision of Services - Consortiums

The revenues from consortium management services totaled R$50.5 million in 2008, an increase of R$9.6 million or 23.5% over the R$40.9 million in 2007, which resulted from the 15.8% increase in the number of consortium shares managed to 48.5 thousand in 2008 over the 41.9 thousand in the previous year.

Lending Operations

Revenues from lending operations totaled R$34.0 million in 2008, an increase of R$11.8 million or 53.2% over the R$22.2 million in 2007, which mainly arose from the 68.6% increase in the portfolio of lending operations managed to R$296.4 million in 2008 over the R$175.8 in the previous year.

Other Revenues - Portopar

The revenues of Portopar arising from financial management totaled R$4.2 million in 2008, a reduction of R$0.7 million or 14.3% over the R$4.9 million in 2007.

Reinsurance Premiums Ceded

Expenses with reinsurance premiums ceded totaled R$9.3 million in 2008, an increase of R$0.3 million or 3.3% over the R$9.0 million in 2007.

Changes in the Expenses with Technical Reserves

The changes in the expenses with technical reserves were as follows:

Technical Reserves (R$ Million)	**1st Six-month period**		**Variation %**
	2008	**2007**	**2007-2008**
Reserve for unearned premiums	117.1	110.0	6.5
Reserve for pension plans	50.6	50.0	1.2
Mathematical reserve	34.1	25.4	34.3
Reserve for unexpired risks	1.6	4.9	(67.3)
Other reserves	0.5	7.2	(93.1)
Total change in technical reserves	**203.9**	**197.5**	**3.2**

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Retained Claims

The expenses with retained claims totaled R$ 1,221.2 million in 2008, an increase of R$242.3 million or 24.8% over the R$978.9 million in 2007, mainly in the automobile and health portfolios, as follows:

Auto: the increase reflects the growth of 11.4% in the number of vehicles insured, as well as the effect of the strong rains in the first quarter of 2008.

Health: reflects the portfolio growth, since corporate health plans do not have grace periods.

	Retained claims			Claim ratio	
Portfolio	**2008**	**2007**	**Var. %**	**2008**	**2007**
Porto Seguro Auto	629.9	545.7	15.4	52.3	49.9
Azul Seguros Auto	139.6	90.8	53.7	70.1	62.4
Health	229.1	171.4	33.7	76.7	71.3
Personal	36.0	38.1	(6.3)	30.9	41.3
Property	50.0	35.7	40.1	48.1	44.0
Transportation	20.4	12.2	67.2	50.3	43.8
Financial Risks	26.6	16.7	58.3	48.8	53.1
Liabilities	1.7	3.6	(52.8)	39.1	49.3
DPVAT	78.5	57.7	37.0	82.7	80.4
Porto Seguro Del Uruguay	9.4	7.0	34.3	48.1	42.1
Total	**1,221.2**	**978.9**	**24.8**	**57.1**	**54.2**

Selling Expenses

Selling expenses totaled R$483.0 million in 2008, an increase of R$82.1 million or 20.5% over the R$400.9 million in 2007.

Insurance selling expenses totaled R$460.0 million in 2008, an increase of R$73.8 million or 19.1% over the R$386.2 million in 2007. The percentage of insurance selling expenses to earned premiums in 2008 was 21.5%, and in 2007 was 21.4%, showing an increase of 0.1 percentage points.

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Administrative and Tax Expenses

The Company's administrative expenses totaled R$425.4 million in 2008, an increase of R$84.9 million or 24.9% over the R$340.5 million in 2007. This change basically arose from publicity and advertising expenses and from the increase of R$39.9 million or 22.1% in personnel expenses, due to the 5.5% collective wage increase agreement and the increase of 19.3% in the number of employees due to the business expansion.

Tax expenses totaled R$69.2 million in 2008, an increase of R$11.2 million or 19.3% compared to the R$58.0 million in 2007.

The total administrative and tax expenses of the insurance companies as a percentage of premiums earned was 20.8% in 2008 and 20.2% in 2007, an increase of 0.6 percentage point.

Financial Result

Financial income totaled R$340.0 million in 2008, a decrease of R$21.7 million or 6.0% over the R$361.7 million in 2007, due to:

(i) Financial investment income totaled R$238.8 million in 2008, a decrease of R$40.1 million or 14.4% over the R$278.9 million in 2007, which mainly arose from the 4.8% increase in the average of financial investments to R$3,983.4 million in 2008 compared to the R$3,802.5 million in 2007, offset by the reduction of the effective rate to 5.99% in 2008 in relation to the 7.33% in 2007.

(ii) The other financial income totaled R$99.5 million, an increase of R$ 18.6 million or 23.0% compared to the R$80.9 million in 2007, which results mainly from the R$10.7 million increase in the judicial deposits restatements carried out as from August 2007 (contingent tax deductibility lawsuits).

In 2008, financial expenses totaled R$110.4 million, an increase of R$19.1 million or 20.9% compared to the R$91.3 million in 2007, which results mainly from the R$15.3 million increase in pension plan operations and R$14.8 million increase in the restatement of obligations for acceptances of exchange bills (Portoseg), offset by the reduction of R$12.6 million in CPMF.

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08.01 - Comments on Consolidated Performance during the Quarter

Other Operating Income and Expenses

- In 2008, other operating income totaled R$91.1 million, an increase of R$19.3 million or 26.9% compared to the amount of R$71.8 million in 2007. This variation is due mainly to the increase in revenues from policy costs of R$13.8 million or 20.8%.

- Other operating expenses totaled R$126.2 million in 2008, an increase of R$43.7 million or 53.0% over the R$82.5 million recorded in 2007. This variation results mainly from the increase in risk inspection expenses (vehicle monitoring) and in the allowance for doubtful accounts.

IRPJ and CSLL (Income Tax and Social Contribution)

The expenses with IRPJ and CSLL totaled R$68.9 million in 2008, a reduction of R$44.2 million or 39.1% over the R$113.1 million recorded in 2007. The effective rates of IRPJ and CSLL in 2008 and 2007 were 31.0% and 31.8%, respectively.

Net income

Net income totaled R$136.6 million in 2008, a decrease of 37.8% over the R$219.5 million recorded in 2007.

This reduction is due mainly to the decrease of 14.4% in financial income from investments and the increase of 2.9 percentage points in retained claims.

The net income per share was R$0.59 in 2008, a decrease of 37.8% over the R$0.95 recorded in 2007, already taking into consideration the new number of shares for comparison purposes .

Combined Index

The combined index (retained claims, selling, administrative and tax expenses compared to premiums earned) was 99.4% in 2008, an increase of 3.6 percentage points compared to 95.8% recorded in 2007. This index varied mainly as a result of the increase of 2.9 percentage points in the claim rate, of 0.6 percentage point in administrative and tax expenses, and of 0.1 percentage points in selling expenses.

The amplified combined index, which also considers the financial result, was 89.8% in 2008, an increase of 6.4 percentage points in relation to the index of 83.4% in 2007.

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09.01 - Investments in Subsidiary and/or Associated Companies

1 - ITEM	**2 - SUBSIDIARY/ASSOCIATED COMPANY'S REGISTERED NAME**	**3 - NATIONAL CORPORATE TAXPAYERS' REGISTRY (CNPJ)**	**4 - CLASSIFICATION**	**5 - % PARTICIPATION IN THE CAPITAL OF THE INVESTEE**	**6 - % OF NET EQUITY OF THE INVESTOR**
7 - TYPE OF COMPANY		**8 - NUMBER OF SHARES IN THE CURRENT QUARTER (Thousands)**		**9 - NUMBER OF SHARES IN THE PRIOR QUARTER (Thousands)**	
01	PORTO SEGURO CIA DE SEGUROS GERAIS	61.198.164/0001-60	INVESTEE OF THE SUBSIDIARY/ASSOCIATED COMPANY	100.00	76.96
INSURANCE COMPANY		414,202		414,202	

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16.01 - Other Information Considered Relevant by the Company

1) Position of the shareholders with more than 5% of the shares:

Base Date: June 30, 2008

Parent company/ Investor	Name/ Corporate name	CPF/CNPJ	Common shares/ Quotas	% Holding
Porto Seguro S/A	Pares Empreend. e Partic. S/C Ltda.	43.761.758/0001-55	94,021,035	40.77
	Rosag Empreend. E Partic. S/A	59.884.445/0001-24	36,169,533	15.68
	Skopos Administradora de Recursos Ltda. (*)	04.368.986/0001-08	13,174,200	5.71
	Tarpon Investimentos S.A. (*)	05.341.549/0001-63	18,011,390	7.81
	Rosas Empreend. e Partic. Ltda.	59.867.234/0001-83	13,735,956	5.96
	Other		44,329,237	19.2
	Total		230,642,811	100.00
Rosas Empreend. e Partic. Ltda.	Stela Yara Blay	872.326.508-68	34,756,005	94.71
	Jayme Blay	005.305.498-91	1,942,183	5.29
	Total		36,698,188	100.00
Pares Empreend. e Partic. S/C Ltda.	Jayme Brasil Garfinkel	525.260.388-04	18,285,878	26.41
	Cleusa Campos Garfinkel	410.929.458-49	16,986,763	24.53
	Ana Luiza Campos Garfinkel	299.713.918-05	16,986,763	24.53
	Bruno Campos Garfinkel	267.737.238-09	16,986,763	24.53
	Total		69,246,167	100.00
Rosag Empreend. E Partic. S/A	Jayme Brasil Garfinkel	525.260.388-04	2,852,596	99.99
	Pares Empreend. E Partic. S/C Ltda.	43.761.758/0001-55	10	0.01
	Total		2,852,606	100.00

(*) Interest through investment funds administered by these companies, in which no quotaholder or fund holds more than 5% individually.

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16.01 - Other Information Considered Relevant by the Company

2) Consolidated securities issued by the Company and held by the Majority Shareholder, Executive Board and members of the Board of Directors:

Position at June 30, 2008

Groups	Securities	Characteristics of the securities	Number	% Holding
Majority shareholder (*)	Shares	Common	130,618,274	56.45
Board of Directors	Shares	Common	754,287	0.52
Executive Board	Shares	Common	9,390	0.00
Other shareholders	Shares	Common	99,260,860	43.03
Total			230,642,811	100.00

Note: A fiscal council has not been established.

(*) The difference in the holding percentage refers to the shares of Rosas Empreend. e Partic. Ltda, which is now part of the other shareholders' group.

Position at December 31, 2007

Groups	Securities	Characteristics of the securities	Number	% Holding
Majority shareholder	Shares	Common	47,876,410	62.27
Board of Directors	Shares	Common	262,202	0.49
Executive Board	Shares	Common	3,130	0.00
Other shareholders	Shares	Common	28,622,595	37.24
Total			76,880,937	100.00

3) Outstanding shares in the market:

Position at June 30, 2008

Characteristics of the securities	Number	% Holding
Common shares	99,260,860	43.03

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16.01 - Other Information Considered Relevant by the Company

4) Investor's Schedule

Conference Call on the Results:

Date: Monday, August 11, 2008 (in Portuguese)
Time: 11:30 – Brasília time
10:30 – New York time

Date: Monday, August 11, 2008 (in English)
Time: 14:30 - Brasília time
13:30 - New York time

APIMEC - S.P. - Public meeting with analysts:

São Paulo - SP
Wednesday, August 13, 2008
8:30 – Brasília time

5) Commitment Clause:

In accordance with statutory provisions, the Company is linked to the Market Arbitrage Chamber ("Arbitration Rules") of the São Paulo Stock Exchange (BOVESPA). Any and all disputes or controversy among the Company, shareholders, administrators and members of the Company's Fiscal Council, among each other or with BOVESPA, which are related to or arise from the interpretation and application of the provisions of the current By-laws, of Law 6,404/76, of the Agreement of Participation in the New Market of BOVESPA, if applicable, of the standards issued by the National Monetary Council, the Brazilian Central Bank, the Brazilian Securities Commission and other capital market rules, in addition to the Listing Rules of the New Market, should be definitively settled, through arbitration, under the terms of the Regulation of the Market Arbitration Chamber ("Arbitration Rules"), of BOVESPA.

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16.01 - Other Information Considered Relevant by the Company

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Porto Seguro S.A. is made up of independent members, in accordance with the best corporate governance practices applicable to companies whose shares are traded in the New Market of BOVESPA and in compliance with the requirements of legislation, particularly Resolution No. 118/04 of the National Council of Private Insurance (CNSP) and Resolution No. 3,198/04 of the Brazilian Central Bank (BACEN).

The main responsibilities of the Audit Committee are to evaluate, monitor and recommend, in an independent manner: (i) full compliance with the legal and normative requirements and rules applicable to Porto Seguro S.A. and its subsidiaries, considering the particularities of each company, in addition to internal policies and regulations; (ii) the internal control systems of Porto Seguro S.A. and its subsidiaries; (iii) the financial statements of Porto Seguro S.A. and its subsidiaries; (iv) the work performed by the internal and external auditors and (v) the correction or improvement of policies, practices and procedures identified within the ambit of its activities.

The activities of the Audit Committee cover all the companies of the Porto Seguro Conglomerate, starting from Porto Seguro S.A., a publicly-held company that controls the companies that make up the Conglomerate.

Management is responsible for the preparation, presentation and integrity of the financial statements of Porto Seguro S.A. and its subsidiaries, as well as for the implementation and maintenance of adequate internal controls considering the complexity of their operations, in order to comply with accounting practices adopted in Brazil and the standards and rules issued by the National Council of Private Insurance (CNSP), the Superintendency of Private Insurance (SUSEP), the National Supplementary Health Plan Agency (ANS), the Brazilian Central Bank (BACEN) and the Brazilian Securities Commission (CVM).

PricewaterhouseCoopers Auditores Independentes is responsible for the Special Review of the Quarterly Information (ITR) of Porto Seguro S.A. and its subsidiaries for the quarter ended June 30, 2008 (Quarterly Information - ITR for June 30, 2008). As a result of this review, which was conducted in accordance with the rules of the Institute of Independent Auditors of Brazil (IBRACON), together with the Federal Accounting Council, the Independent Auditors inform whether they are aware of any significant changes that should be made to the quarterly information.

The Committee met with the Independent Auditors and was informed of the Report on the Special Review of the Quarterly Information (ITR) of Porto Seguro S.A. and its subsidiaries at June 30, 2008 in which the Independent Auditors state that they were not aware of any

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significant changes that should be made to this quarterly information in order for it to comply with accounting practices adopted in Brazil.

Therefore, in the exercise of its activities and duties, and based on the conclusions presented by the Report on the Limited Review of the Quarterly Information (ITR) of Porto Seguro S.A. and its subsidiaries at June 30, 2008, issued by the Independent Auditors, the Audit Committee recommends that the Board of Directors approve this quarterly information.

São Paulo, August 7, 2008.

Carlos Atushi Nakamuta

Fernando Kasinski Lottenberg

Lie Uema do Carmo

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17.01 - Report on Special Review - Without Exceptions

(A free translation of the original in Portuguese)

Report of Independent Accountants on Limited Review

To the Management
Porto Seguro S.A.

1 We have reviewed the accounting information included in the Quarterly Information (ITR) of Porto Seguro S.A. and Porto Seguro S.A. and subsidiaries for the quarter ended June 30, 2008, comprising the parent company and consolidated balance sheets, the statements of operations, statements of cash flows and of added value, the performance report and explanatory notes. This Quarterly Information is the responsibility of the Company's management.

2 Our review was carried out 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 subsidiaries, with regard to the main criteria adopted for the preparation of the Quarterly Information and (b) a review of the significant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.

3 Based on our review, we are not aware of any material modifications that should be made to the accounting information included in the Quarterly Information referred to above in order that it be stated in accordance with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information, including CVM Instruction No. 469 of May 2, 2008.

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17.01 - Report on Special Review - Without Exceptions

4 As mentioned in Note 34(c), Law 11,638 was enacted on December 28, 2007 and is effective as from January 1, 2008. This law amended, revoked and introduced new provisions to Law 6,404/76 (Brazilian Corporation Law) and changed the accounting practices adopted in Brazil. Although this law is already effective, some of the changes introduced by it depend on regulations to be issued by the regulatory agencies for them to be implemented by the companies. Accordingly, during this phase of transition, the CVM, through its Instruction No. 469/08, did not require the implementation of all the provisions of Law 11,638 in the preparation of Quarterly Information. As a result, the accounting information included in the Quarterly Information for the quarter ended June 30, 2008 was prepared in accordance with specific CVM instructions and does not contemplate all the changes in accounting practices introduced by Law 11,638/07.

5 The accounting practices adopted in Brazil differ, in certain significant aspects, from the international accounting standards. The information related to the nature and effect of these differences is presented in Note 36 to the Quarterly Information (ITR).

São Paulo, August 7, 2008

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Ricardo Baldin
Contador CRC 1SP110374/O-0

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
01665-9	PORTO SEGURO S.A.	02.149.205/0001-69

19.01 – Description of the information altered

Alteration in Group 16 – Other information, as instructed by Bovespa.

01 - IDENTIFICATION		
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		PORTO SEGURO CIA. DE SEGUROS GERAIS	

Atenção

******* Não destacar esta folha do trabalho *******

PRICEWATERHOUSECOOPERS

Departamento de Traduções - 1o. andar

Dados do Projeto

Cliente	**PORTO SEGURO S.A.**
Departamento	ABAS/Assurance
Tipo de trabalho	ITR
Idioma	P/I
Nome do arquivo	**PSEG68SG.DOC**
Código para débito	01016655/ 0001
Sócio	Carlos Matta
Gerente	Cristiane Freitas
Sócio substituto	
Encaminhar para	**Cristiane Freitas**

Andamento - Traduções

	Nome	**Data**	**Observações**	
Entrada		11.08.08	☐ Track Changes	☐ _____
Montagem	Israel	11 e 12.08.08	☐ Free Translation	
Tradução	SG	12 a 18-08-08	☐ Ponto por vírgula	☐ _____
Correções	Israel	19.08.08	☐ Corretor ortográfico	
Revisão da tradução	GHM	22.08.08	☐ Montagem ITR	☐ _____
Correções	Débora	22.08.08	☐ Formatação	
Cheque	Sandra	22.08.08	☐ Correções	☐ _____
Correções	Débora	22.08.08	☐ OK	
Confronto	Melina Matuck	26.08.08		
Correções	Débora	26.08.08		