

Vivo Participacoes S.A.
Form 6-K
August 07, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of August, 2006

Commission File Number 1-14493

VIVO PARTICIPAÇÕES S.A.

(Exact name of registrant as specified in its charter)

VIVO Holding Company

(Translation of Registrant's name into English)

Av. Roque Petroni Jr., no.1464, 6th floor part, "B"building

04707-000 - São Paulo, SP

Federative Republic of Brazil

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Vivo Participações S.A. and Subsidiaries

Quarterly Financial Statements
for the Six-month Period Ended
June 30, 2006 and
Independent Auditors' Review Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REVIEW REPORT

To the Management and Shareholders of
Vivo Participações S.A.

São Paulo - SP

1. We have performed a special review of the Quarterly Information (ITR) of Vivo Participações S.A. (current denomination for Telesp Celular Participações S.A.) and subsidiaries for the quarter and six-month period ended June 30, 2006, prepared in accordance with the Brazilian accounting practices, including the balance sheets, individual and consolidated, the respective statements of loss and the performance report. These financial statements are the responsibility of the Company's management.
2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council (CFC), and consisted principally of: (a) inquiries of and discussions with persons responsible for the accounting, financial and operating areas of the Company and its subsidiaries regarding the main criteria adopted in preparing the Quarterly Information; and (b) review of the information and subsequent events that had or might have had material effects on the financial position and results of operations of the Company and its subsidiaries.
3. Based on our special review, we are not aware of any material modifications that should be made to the above-mentioned Quarterly Information for it to be in conformity with Brazilian accounting practices, and standards established by the Brazilian Securities Commission (CVM) specifically applicable to the preparation of the mandatory Quarterly Information.
4. We had previously reviewed the balance sheets, individual and consolidated, as of March 31, 2006, presented for comparative purposes, and our special review report, dated May 3, 2006, contained no qualifications. The individual and consolidated statements of loss, for the quarter and six-month period ended June 30, 2005, presented for comparative purposes, were reviewed by us, and our special review report, dated July 25, 2005, contained no qualifications.
5. As mentioned in Note 1, the merger of Tele Sudeste Celular Participações S.A., Tele Leste Celular Participações S.A. and Celular CRT Participações S.A. with the Company was approved on February 22, 2006, as was the merger of the shares of Tele Centro Oeste Celular Participações S.A. Consequently, the statements of loss for the quarter and six-month period ended June 30, 2005 can not be compared with the statements of loss for the quarter and six-month period ended June 30, 2006.

6. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, July 20, 2006

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

José Domingos do Prado
Engagement Partner

(Convenience Translation into English from the Original Previously Issued in Portuguese)

VIVO PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS OF JUNE 30 AND MARCH 31, 2006

(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006
ASSETS				
CURRENT ASSETS				
Cash and banks	191	916	146,017	216,733
Temporary cash investments	-	16,265	498,023	1,443,172
Trade accounts receivable, net	-	-	2,244,431	2,581,531
Inventories	-	-	565,600	461,090
Advances to suppliers	13	12	20,983	22,145
Interest on shareholders' equity and dividends	211,610	56,866	-	-
Deferred and recoverable taxes	8,061	7,925	1,576,618	1,419,889
Prepaid expenses	810	807	376,081	520,940
Credits from Group companies	646,922	15,195	48,526	48,397
Derivative contracts	546	132	260,239	264,489
Other current assets	459	465	178,126	173,073
	868,612	98,583	5,914,644	7,151,459
NONCURRENT ASSETS				
Recoverable taxes	460,347	451,169	1,717,723	1,793,968
Loans and financing	-	2,800	-	-
Derivative contracts	-	-	3,248	-
Prepaid expenses	2,936	3,138	34,068	44,365
Other noncurrent assets	2,605	2,605	76,399	76,044
	465,888	459,712	1,831,438	1,914,377
PERMANENT ASSETS				
Investments	9,101,327	11,590,768	1,374,739	1,463,088
Property, plant and equipment, net	154	184	7,946,861	8,118,133
Deferred assets, net	-	-	157,095	168,779
	9,101,481	11,590,952	9,478,695	9,750,000
TOTAL ASSETS	10,435,981	12,149,247	17,224,777	18,815,836

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	Company		Consolidated	
	June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006
LIABILITIES				
CURRENT LIABILITIES				
Payroll and related accruals	1,983	2,266	124,096	128,139
Trade accounts payable	10,479	13,901	2,203,525	2,145,890
Taxes payable	2,717	2,370	509,667	513,564
Loans and financing	516,419	1,181,458	1,861,738	2,193,701
Interest on shareholders' equity and dividends	55,428	55,564	104,478	105,216
Reserve for contingencies	70,605	69,080	210,189	204,879
Derivative contracts	129,758	368,038	413,127	623,672
Other liabilities	78,155	70,176	318,067	338,955
	865,544	1,762,853	5,744,887	6,254,016
NONCURRENT LIABILITIES				
Loans and financing	1,636,813	1,892,630	2,824,694	3,288,927
Reserve for contingencies	42	7	330,493	314,923
Taxes payable	-	-	169,318	175,055
Derivative contracts	4,833	77,620	141,882	282,456
Other liabilities	-	-	84,628	84,196
	1,641,688	1,970,257	3,551,015	4,145,557
SHAREHOLDERS' EQUITY				
Capital stock	6,347,784	6,153,507	6,347,784	6,153,507
Treasury share	(11,070)	(11,174)	(11,070)	(11,174)
Capital reserve	1,312,999	1,507,276	1,312,999	1,507,276
Income reserve	711,103	711,103	711,103	711,103
Accumulated earnings (losses)	(432,387)	55,105	(432,387)	55,105
	7,928,429	8,415,817	7,928,429	8,415,817
FUNDS FOR CAPITALIZATION	320	320	446	446
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND FUNDS FOR CAPITALIZATION	10,435,981	12,149,247	17,224,777	18,815,836

The accompanying notes are an integral part of these financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

VIVO PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF LOSS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2005

(In thousands of Brazilian reais - R\$, except per share amounts)

	Company		Consolidated	
	June	June	June	June

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	30, 2006	30, 2005 (*)	30, 2006	30, 2005 (*)
GROSS OPERATING REVENUE				
Revenue from services	-	-	5,972,751	3,998,488
Sale of handsets and accessories	-	-	1,409,249	915,327
	-	-	7,382,000	4,913,815
Deductions from gross revenue	-	-	(2,206,657)	(1,287,039)
NET OPERATING REVENUE	-	-	5,175,343	3,626,776
Cost of services provided	-	-	(1,553,732)	(874,898)
Cost of products sold	-	-	(979,422)	(801,718)
GROSS PROFIT	-	-	2,642,189	1,950,160
OPERATING INCOME (EXPENSES)				
Selling expenses	-	-	(2,060,905)	(1,133,774)
General and administrative expenses	(11,598)	(4,163)	(534,618)	(289,477)
Other operating expenses	(156,419)	(177,706)	(380,031)	(295,046)
Other operating income	489	700	158,884	130,794
Equity	(239,823)	87,812	-	-
	(407,351)	(93,357)	(2,816,670)	(1,587,503)
OPERATING LOSS BEFORE FINANCIAL INCOME (EXPENSES)	(407,351)	(93,357)	(174,481)	362,657
Financial expenses	(378,378)	(464,060)	(889,670)	(994,589)
Financial income	158,920	181,045	489,799	529,761
OPERATING LOSS	(626,809)	(376,372)	(574,352)	(102,171)
Nonoperating income (expenses), net	(3,503)	22	(6,159)	5,637
LOSS BEFORE INCOME TAXES AND MINORITY INTEREST	(630,312)	(376,350)	(580,511)	(96,534)
Income and social contribution taxes	(723)	-	(83,958)	(190,710)
Minority interest	-	-	(7,968)	(89,106)
NET LOSS	(631,035)	(376,350)	(672,437)	(376,350)
LOSS PER THOUSAND SHARES - R\$	(0.439)	(0.595)		

(*) Refers to the financial statements of Telesp Celular Participações S.A.

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VIVO PARTICIPAÇÕES S.A. AND SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

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For The Six-Month Period Ended June 30, 2006

(Amounts expressed in thousands of Brazilian reais - R\$, unless otherwise indicated)

1. OPERATIONS

Vivo Participações S.A. (“Vivo” or “Company”) (current denomination of Telesp Celular Participações S.A.) is a publicly-traded company whose controlling shareholders, on June 30, 2006, are Brasilcel N.V. (40.85% of the total capital stock) and its subsidiaries Portelcom Participações Ltda. (4.69% of the total capital stock), Sudestecel Participações Ltda. (6.22% of the total capital stock), Avista Participações Ltda. (3.91% of the total capital stock), TBS Celular Participações Ltda. (4.87% of the total capital stock) and Tagilo Participações Ltda. (2.41% of the total capital stock), excluding treasury shares.

The controlling shareholders of Brasilcel N.V. are Telefónica Móviles, S.A. (50% of the total capital stock), PT Móveis, Serviços de Telecomunicações, SGPS, S.A. (49.999% of the total capital stock) and Portugal Telecom, SGPS, S.A. (0.001% of the total capital stock).

On February 22, 2006, the General Meeting approved the merger by Vivo of Tele Centro Oeste Celular Participações S.A. (“TCO”) shares, for conversion into a fully-owned subsidiary of Vivo, and the merger of the companies Tele Sudeste Celular Participações S.A. (“TSD”), Tele Leste Celular Participações S.A. (“TLE”) and Celular CRT Participações S.A. (“CRTPart”), as mentioned in the Relevant Fact dated December 4, 2005.

The results of the merged companies from January 1 to February 22, 2006 are shown in the Company’s results, as foreseen in the merger protocol.

The table below shows the companies controlled by Vivo and their respective areas of operation and authorization terms:

Operator	Operating area	Expiration date of authorization
Telesp Celular S.A. (“TC”)	São Paulo	08.05.08
Celular CRT S.A. (“CRT”) (a)	Rio Grande do Sul	12.17.07
Global Telecom S.A. (“GT”)	Paraná and Santa Catarina	04.08.13
Telerj Celular S.A. (“TRJ”) (a)	Rio de Janeiro	11.29.20
Telest Celular S.A. (“TES”) (a)	Espírito Santo	11.30.08
Telebahia Celular S.A. (“TBA”) (a)	Bahia	06.29.08
Telergipe Celular S.A. (“TSE”) (a)	Sergipe	12.15.08
Tele Centro Oeste Celular Participações S.A. (“TCO”) (b)	Distrito Federal	07.24.06
Telegoiás Celular S.A. (“TGO”) (b)	Goiás and Tocantins	10.29.08
Telemat Celular S.A. (“TMAT”) (b)	Mato Grosso	03.30.09
Telems Celular S.A. (“TMS”) (b)	Mato Grosso do Sul	09.28.09
Teleron Celular S.A. (“TRON”) (b)	Rondônia	07.21.09
Teleacre Celular S.A. (“TAC”) (b)	Acre	07.15.09
Norte Brasil Telecom S.A. (“NBT”) (b)	Amazonas, Roraima, Amapá, Pará and Maranhão	11.29.13

(a) Control acquired through the merger of TSD, TLE and CRTPart.

(b) Became direct or indirect fully-owned subsidiaries as a result of the merger of TCO shares.

The above licenses are renewable, once only, for a 15-year term, by paying annual charges equivalent to approximately 1% of operating revenues. TRJ's license was renewed by Act No. 54,324, of November 28, 2005.

The business of the subsidiaries, including the services they may provide, is regulated by the National Telecommunications Agency (ANATEL), the telecommunications regulatory agency, in accordance with Law No. 9,472, of July 16, 1997, and respective regulations, decrees, rulings and plans.

Auction of share fractions

Auctions were held on April 19 and 24, 2006 in the São Paulo Stock Exchange (BOVESPA) to reallocate in the "Free Float" 641,766 shares (310,366 common code VIVO3 shares and 331,400 preferred code VIVO4 shares), corresponding to the fractions remaining after the exchange of shares of the companies Tele Sudeste Celular Participações S.A., Tele Centro Oeste Celular Participações S.A., Tele Leste Celular Participações S.A. and Celular CRT Participações S.A. for Vivo shares arising from the capital restructuring approved by the Extraordinary General Meeting of February 22, 2006. The amounts raised are available to the shareholders holding these fractions in any branch of the Banco ABN Amro Real S.A., the depository agent for "Vivo" book-entry shares.

Corporate restructuring - subsidiaries

The Vivo's Board of Directors, at a meeting held on May 2, 2006, approved the proposal for corporate restructuring of the fully-owned subsidiary Global Telecom S.A., through a merger with the fully-owned subsidiaries of Vivo, namely Telergipe Celular S.A., Telebahia Celular S.A., Telerj Celular S.A., Telest Celular S.A., Celular CRT S.A., Telesp Celular S.A. and Tele Centro Oeste Celular Participações S.A. and also the subsidiaries of this last, Telegoiás Celular S.A., Telemat Celular S.A., Telems Celular S.A., Teleron Celular S.A., Teleacre Celular S.A., Norte Brasil Telecom S.A. and TCO IP S.A.

The planned implementation of the corporate restructuring aims to simplify the current corporate and operational structure, by unifying the general business administration of the operators, which will be concentrated in one unique operating company controlled by "Vivo", to take better advantage of the synergies between the companies involved and increasing "Vivo" shareholder value, continuing the process initiated with the corporate restructuring approved in the Extraordinary General Meeting held on February 22, 2006, as divulged in the Relevant Fact dated December 4, 2005. Simultaneously with the corporate restructuring, the name of Global Telecom S.A. will be altered to Vivo S.A.

As this is a case of merging of companies offering SMP and SCM services (except in relation to TCO IP S.A.), the corporate restructuring is subject to prior approval of the ANATEL, and the mergers of the operators by Global Telecom S.A. will only take place after the approval.

Due to the fact that the corporate restructuring does not directly involve "Vivo", but only the subsidiary companies, the Vivo's capital and assets, as well as its share structure and the current shareholder rights, will not suffer any alteration.

2. PRESENTATION OF THE FINANCIAL STATEMENTS

The individual (Company) and consolidated Quarterly Information (ITR) are presented thousands of Brazilian reais (except where otherwise mentioned) and have been prepared in accordance with Brazilian accounting practices and Brazilian corporate law, including the rules applicable to concessionaires of public telecommunications services and the standards and accounting procedures established by the Brazilian Securities Commission (CVM).

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The consolidated quarterly information includes, in addition to the balances and transactions of the Company, the balances and transactions of the subsidiaries mentioned in Note 1 and of the indirect subsidiaries Telesp Celular International Ltd. and Telesp Celular Overseas Ltd. All intercompany balances and transactions were eliminated in consolidation.

This quarterly information was prepared in accordance with principles, practices and criteria consistent with those used in the preparation of the financial statements for the last fiscal year and should be analyzed together with those statements.

The statement of loss for the six-month period ended June 30, 2005 does not include the effects of the mergers mentioned in Note 1, and, consequently, is not comparable with the 2006 statement of operations.

To assist understanding and comparison, we are disclosing, in Note 32, the “combined” consolidated statement of operations, based on the hypothesis that the operations of TSD, TLE and CRTPart had already been managed by the Company and that TCO had already been converted into a fully-owned subsidiary of the Company since January 1, 2005.

The financial statements as of March 31, 2006 and June 30, 2005 have been reclassified, where applicable, for purposes of comparison.

3. TEMPORARY CASH INVESTMENTS

	Company		Consolidated	
	June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006
Temporary cash investments	-	16,265	498,023	1,443,172

Temporary cash investments refer principally to bank deposit certificates, which are indexed to the interbank deposit rates (CDI).

As of June 30, 2006, the subsidiaries had financial investments of R\$150,048 (R\$170,079 as of March 31, 2006), pledged in guarantee of lawsuits.

4. TRADE ACCOUNTS RECEIVABLE, NET

	Consolidated	
	June 30, 2006	March 31, 2006
Unbilled amounts from services rendered	492,765	490,808
Billed amounts	1,149,256	1,388,973
Interconnection	686,937	774,388
Goods sold	412,932	351,460
Provision for doubtful accounts	(497,459)	(424,098)
Total	2,244,431	2,581,531

There are no customers who contribute more than 10% of net accounts receivable as of June 30 and March 31, 2006, except for amounts receivable from Brasil Telecom S.A. - BrT, which represent approximately 11% of net accounts

receivable.

Changes in the provision for doubtful accounts were as follows:

	Consolidated	
	2006	2005
Balance at the beginning of the year	249,399	144,621
Provision for doubtful accounts charged to selling expense in the 1st quarter	160,981	61,628
Write-offs and recoveries in the 1st quarter	(93,624)	(46,442)
Amount merging	107,342	-
Balance as of March 31	424,098	159,807
Provision for doubtful accounts charged to selling expense in the 2nd quarter	338,754	77,797
Write-offs and recoveries in the 2nd quarter	(265,393)	(78,940)
Balance as of June 30	497,459	158,664

5. INVENTORIES

	Consolidated	
	June 30, 2006	March 31, 2006
Digital handsets	631,661	533,221
Accessories	5,263	8,661
Provision for obsolescence	(71,324)	(80,792)
Total	565,600	461,090

6. DEFERRED AND RECOVERABLE TAXES

	Company		Consolidated	
	June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006
Prepaid/recoverable income and social contribution taxes	432,575	423,408	632,120	604,944
Withholding income tax	2,157	2,010	74,698	78,455
Recoverable ICMS (State VAT)	-	-	382,180	385,372
Recoverable PIS and COFINS	32,291	32,291	297,226	272,251
Other	242	242	8,342	7,773
Total recoverable taxes	467,265	457,951	1,394,566	1,348,795
Deferred tax	1,143	1,143	1,841,363	1,795,836
ICMS on sales to be recognized	-	-	58,412	69,226
Total	468,408	459,094	3,294,341	3,213,857
Current	8,061	7,925	1,576,618	1,419,889
Noncurrent	460,347	451,169	1,717,723	1,793,968

Deferred income and social contribution taxes are comprised as follows:

Consolidated

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	June 30, 2006	March 31, 2006
Tax credits recorded on corporate restructuring	827,127	889,331
Provision/accrual for:		
Inventory obsolescence	21,736	23,930
Contingencies	154,683	148,331
Doubtful accounts receivable	145,959	119,222
Customer loyalty program	20,179	18,817
Employees' profit sharing	11,936	15,422
Suppliers	98,976	84,917
Accelerated depreciation	67,529	61,995
Other	112,175	82,052
Tax loss carryforwards	381,063	351,819
Total deferred taxes	1,841,363	1,795,836
Current	780,191	657,830
Noncurrent	1,061,172	1,138,006

Deferred taxes have been recorded if it is probable that they will be realized, as follows:

- a) Tax loss carryforwards: will be offset up to a limit of 30% per year of taxable income for the next few years.
- b) Merged tax credit: consists of the net balance of goodwill and reserve for maintaining the integrity of shareholders' equity (Note 27) and is realized in proportion to the amortization of the goodwill of the subsidiaries, with terms of five to ten years. Studies by external consultants used in the corporate restructuring process supported recovery of the amount within this term.
- c) Temporary differences: will be realized upon payment of the accruals, effective losses on bad debts and realization of inventories.

At December 31, 2005, the Company prepared technical feasibility studies, approved by the Board of Directors, which indicated full recovery of recognized deferred taxes, as defined by CVM Instruction No. 371/02. At June 30, 2006 the Company identified no factors that could substantially alter the results of these studies.

The Company and its subsidiaries GT, TCO IP and Telebahia did not recognize deferred income and social contribution on tax loss carryforwards and temporary differences, due to the lack of projections of taxable income to be generated in the short term.

7. PREPAID EXPENSES

	Company		Consolidated	
	June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006
FISTEL fees	-	-	273,297	394,349
Rentals	-	-	27,257	12,943
Advertising	-	-	86,446	127,009
Financial charges	3,743	3,945	4,197	4,512
Commercial incentives	-	-	3,333	4,584

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Other	3	-	15,619	21,908
Total	3,746	3,945	410,149	565,305
Current	810	807	376,081	520,940
Noncurrent	2,936	3,138	34,068	44,365

8. OTHER ASSETS

	Company		Consolidated	
	June 30, 2006	March 31, 2006	June 30, 2006	March 31, 2006
Escrow deposits	129	129	174,154	168,955
Advances to employees	83	83	17,039	19,597
Credits with suppliers	-	-	9,114	18,496
Subsidies on handset sales	-	-	32,264	21,685
Other	2,852	2,858	21,954	20,384
Total	3,064	3,070	254,525	249,117
Current	459	465	178,126	173,073
Noncurrent	2,605	2,605	76,399	76,044

9. INVESTMENTS

a) Investments in subsidiaries

Investee	Common and total share interest - %
Telesp Celular S.A.	100.00
Global Telecom S.A.	100.00
Tele Centro Oeste Celular Participações S.A.	100.00
Celular CRT S.A.	100.00
Telerj Celular S.A.	100.00
Telest Celular S.A.	100.00
Telebahia Celular S.A.	100.00
Telergipe Celular S.A.	100.00

b) Number of shares held

Investee	In thousands Common and total shares
Telesp Celular S.A.	83,155

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Global Telecom S.A.	3,810
Tele Centro Oeste Celular Participações S.A.	44,333
Celular CRT S.A.	445,440
Telerj Celular S.A.	30,449
Telest Celular S.A.	2,039
Telebahia Celular S.A.	17,998
Telergipe Celular S.A.	1,011

c) Information on subsidiaries

Investee	Shareholders' equity		Net income (loss) for the six-month period ended	
	June	March	June	June
	30, 2006	31, 2006	30, 2006	30, 2005
Telesp Celular S.A.	3,066,526	3,071,661	10,718	91,139
Global Telecom S.A.	966,638	806,028	(150,442)	(97,630)
Tele Centro Oeste Celular Participações S.A.	1,945,207	2,865,739	(6,244)	183,409
Celular CRT S.A.	552,195	1,162,813	(25,257)	66,990
Telerj Celular S.A.	786,196	1,662,944	(36,483)	9,710
Telest Celular S.A.	248,950	382,123	22,663	32,205
Telebahia Celular S.A.	152,783	167,970	(65,534)	(40,645)
Telergipe Celular S.A.	50,202	60,700	1,483	6,875

d) Components and changes

The Company's investments include the equity interests in the direct subsidiaries, goodwill, advance for future capital increase and reserve provision for losses on investments and other investments, as shown below:

	Company		Consolidated	
	June	March	June	March
	30, 2006	31, 2006	30, 2006	31, 2006
Investments in subsidiaries	6,365,875	8,471,625	-	-
Goodwill on investment acquisitions, net	1,678,531	1,773,960	1,719,918	1,825,281
Advance for future capital increase	1,402,822	1,708,353	-	-
Provision for investment losses (*)	(346,005)	(363,274)	(346,005)	(363,274)
Other investments	104	104	826	1,081
Balance of investments	9,101,327	11,590,768	1,374,739	1,463,088

(*) Provisions for investment losses were recorded due to GT's accumulated deficit and indebtedness as of December 31, 2002 and 2001.

The changes in investment balances of the subsidiaries of the six-month periods ended June 30, 2006 and 2005 are as follows:

Investments in subsidiaries	TC	GT	TCO	CRT	2006	TES	TBA	TSE
					TRJ			

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Balance at the beginning of the year	2,359,318	844,201	1,168,107	-	-	-	-	-	-	4,3
Merger of companies	-	-	1,066,158	993,668	1,469,423	352,929	93,888	55,568	4,0	4,0
Capital increase	108,553	266,000	111,254	24,968	54,280	5,987	26,000	489	5	5
Capital reduction	-	-	(30,000)	(151,300)	(450,500)	-	-	-	(6	(6
Donations and subsidies	3,615	6,879	722	1,348	74	268	624	164		
Interest gain	-	-	-	-	-	-	-	-	-	-
Equity method of accounting (a) (b)	10,718	(150,442)	(14,212)	(25,257)	(36,483)	22,663	(65,534)	1,483	(2	(2
Unclaimed distribution of interest on shareholders' equity	-	-	3,547	-	-	-	-	-	-	-
Interim dividend	-	-	(835,740)	(427,064)	(357,191)	(132,897)	-	(10,401)	(1,7	(1,7
Balance as of June 30	2,482,204	966,638	1,469,836	416,363	679,603	248,950	54,978	47,303	6,3	6,3

(a) The equity accounting for the year comprises: (i) result of subsidiaries - R\$(257,064); (ii) donations - R\$13,694; and (iii) distribution of interest on shareholders' equity - R\$3,547.

(b) TCO's equity accounting balance is stated net of the amount of R\$7,968, referring to minority interests.

Advance for future capital increase	2006							2005	
	TC	TCO	CRT	TRJ	TES	TBA	TSE	Total	Total
Balance at the beginning of the year	692,875	586,625	-	-	-	-	-	1,279,500	1,506,514
Amount merging	-	-	160,800	160,873	5,987	97,805	3,388		