TELE CENTRO OESTE CELULAR PARTICIPACOES
Form 6-K
June 23, 2004

# 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 June, 2004**

**Commission File Number 001-14489**

# TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

(Exact name of registrant as specified in its charter)

## Tele Centro Oeste Celular Participações Holding Company

(Translation of Registrant's name into English)

**SCS - Quadra 2, Bloco C, Edifício Anexo-Telebrasília Celular**
**-7° Andar, Brasília, D.F.**
**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 ___X___ 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 ___X____

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

*Tele Centro Oeste Celular Participações*

*S.A. and Subsidiaries*

*Interim Financial Statements for the Quarter*

*Ended March 31, 2004 and*

*Independent Accountants Review Report*

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT ACCOUNTANTS REVIEW REPORT

To the Shareholders and Management of

Tele Centro Oeste Celular Participações S.A.

Brasília - DF

1.We have made a special review of the accompanying interim financial statements of Tele Centro Oeste Celular Participações S.A. and subsidiaries (Company and Consolidated), consisting of the balance sheets as of March 31, 2004, the statements of income for the quarter then ended, and the performance report, all expressed in Brazilian reais and prepared in accordance with accounting practices adopted in Brazil under 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, which consisted principally of: (a) inquiries of and discussions with persons responsible for the accounting, financial and operating areas as to the criteria adopted in preparing the interim financial statements, 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 interim financial statements referred to in paragraph 1 for them to be in conformity with accounting practices adopted in Brazil and standards issued by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.

4. We had previously audited the Company and consolidated balance sheets as of December 31, 2003, presented for comparative purposes, and issued an unqualified opinion thereon, dated February 3, 2004. The Company and consolidated statements of income for the quarter ended March 31, 2003, presented for comparative purposes, were reviewed by other independent auditors whose review report thereon, dated May 2, 2003, was unqualified.

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

São Paulo, April 20, 2004

DELOITTE TOUCHE TOHMATSU José Domingos do Prado

Auditores Independentes Engagement Partner

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

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

BALANCE SHEETS AS OF MARCH 31, 2004 AND DECEMBER 31, 2003

(In thousands of Brazilian reais - R$)

| | Company | | Consolidated | |
|---|---|---|---|---|
| ASSETS | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | Unaudited | | Unaudited | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 98.831 | 107.516 | 914.231 | 972.054 |
| Trade accounts receivable, net | 103.588 | 96.147 | 454.898 | 390.257 |
| Receivables from subsidiaries and affiliates | 105.517 | 97.636 | 420 | - |
| Inventories | 17.883 | 22.718 | 79.336 | 79.076 |
| Deferred and recoverable taxes | 35.335 | 31.817 | 155.819 | 150.011 |
| Prepaid expenses | 3.991 | 2.914 | 15.730 | 12.274 |
| Other | 3.154 | 2.946 | 11.676 | 6.565 |
| | 368.299 | 361.694 | 1.632.110 | 1.610.237 |
| NONCURRENT ASSETS | | | | |
| Receivables from affiliates | 5.276 | 4.301 | - | - |
| Deferred and recoverable taxes | 32.594 | 31.022 | 56.605 | 55.264 |
| Derivatives | 8 | 44 | 16 | 87 |
| Prepaid expenses | 676 | - | 3.849 | - |
| Other | 26.272 | 56.818 | 28.150 | 58.134 |
| | 64.826 | 92.185 | 88.620 | 113.485 |
| PERMANENT ASSETS | | | | |
| Investments | 1.360.616 | 1.280.369 | 4.197 | 4.588 |
| Property, plant and equipment, net | 240.385 | 247.355 | 882.517 | 891.030 |
| Deferred charges, net | - | - | 25.775 | 26.910 |
| | 1.601.001 | 1.527.724 | 912.489 | 922.528 |
| TOTAL ASSETS | 2.034.126 | 1.981.603 | 2.633.219 | 2.646.250 |

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

| | Company | | Consolidated | |
|---|---|---|---|---|
| LIABILITIES AND SHAREHOLDERS' EQUITY | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | Unaudited | | Unaudited | |
| CURRENT LIABILITIES | | | | |
| Payroll and related accruals | 7.227 | 11.159 | 12.620 | 20.326 |
| Trade accounts payable | 55.126 | 63.229 | 240.497 | 270.221 |
| Taxes payable | 24.555 | 35.451 | 90.664 | 133.345 |
| Payable to subsidiaries and affiliates | 3.410 | 913 | 4.593 | 6.040 |

| | | | | |
|---|---|---|---|---|
| Loans and financing | 28.369 | 26.783 | 138.838 | 135.042 |
| Interest on capital and dividends payable | 127.916 | 127.916 | 135.119 | 135.119 |
| Pension plan | - | - | 35 | - |
| Derivatives | 3.224 | 2.943 | 10.980 | 9.426 |
| Other | 2.910 | 3.158 | 13.727 | 13.976 |
| | 252.737 | 271.552 | 647.073 | 723.495 |
| LONG-TERM LIABILITIES | | | | |
| Loans and financing | 41.898 | 43.435 | 212.673 | 223.098 |
| Reserve for contingencies | 109.281 | 105.166 | 112.134 | 109.373 |
| Payable to subsidiaries and affiliates | - | - | - | - |
| Pension plan | 1.681 | 1.681 | 2.810 | 2.810 |
| Derivatives | 3.378 | 3.011 | 6.667 | 5.667 |
| Other | 550 | 546 | 545 | 546 |
| | 156.788 | 153.839 | 334.829 | 341.494 |
| MINORITY INTEREST | - | - | 26.716 | 25.049 |
| SHAREHOLDERS' EQUITY | | | | |
| Capital | 764.511 | 570.095 | 764.511 | 570.095 |
| Treasury shares | (49.162) | (49.162) | (49.162) | (49.162) |
| Capital reserves | 64.134 | 114.380 | 64.134 | 114.380 |
| Income reserves | 480.234 | 655.574 | 480.234 | 655.574 |
| Retained earnings | 364.758 | 265.199 | 364.758 | 265.199 |
| | 1.624.475 | 1.556.086 | 1.624.475 | 1.556.086 |
| Capitalizable funds | 126 | 126 | 126 | 126 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 2.034.126 | 1.981.603 | 2.633.219 | 2.646.250 |

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

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

STATEMENTS OF INCOME

FOR THE QUARTERS ENDED MARCH 31, 2004 AND 2003

(In thousands of Brazilian reais - R$, except for per share data)

(Unaudited)

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| GROSS REVENUE | | | | |
| Telecommunication services | 125.458 | 124.994 | 535.265 | 476.529 |
| Sales of products | 23.122 | 10.208 | 84.280 | 48.355 |
| | 148.580 | 135.202 | 619.545 | 524.884 |
| Deductions | (33.001) | (27.039) | (156.938) | (111.804) |

| | | | | |
|---|---|---|---|---|
| NET OPERATING REVENUE | 115.579 | 108.163 | 462.607 | 413.080 |
| Cost of services provided and products sold | (49.709) | (51.449) | (181.658) | (191.086) |
| GROSS PROFIT | 65.870 | 56.714 | 280.949 | 221.994 |
| OPERATING INCOME (EXPENSES) | | | | |
| Selling expenses | (28.072) | (12.948) | (107.183) | (60.460) |
| General and administrative expenses | (14.848) | (26.313) | (36.283) | (45.125) |
| Other operating expenses | (3.381) | (3.148) | (11.024) | (8.297) |
| Other operating income | 12.817 | 12.597 | 15.874 | 7.141 |
| Equity pick-up | 80.577 | 77.126 | - | - |
| | 47.093 | 47.314 | (138.616) | (106.741) |
| INCOME BEFORE FINANCIAL INCOME (EXPENSES) | 112.963 | 104.028 | 142.333 | 115.253 |
| Financial expenses | (7.395) | (35.292) | (20.010) | (50.602) |
| Financial income | 3.902 | 31.258 | 34.347 | 77.899 |
| INCOME FROM OPERATIONS | 109.470 | 99.994 | 156.670 | 142.550 |
| Nonoperating income (expenses), net | 158 | 321 | (2.173) | 468 |
| INCOME BEFORE TAXES | 109.628 | 100.315 | 154.497 | 143.018 |
| Provision for income and social contribution taxes | (10.069) | (8.089) | (53.210) | (48.969) |
| Minority interest | - | - | (1.728) | (1.823) |
| NET INCOME | 99.559 | 92.226 | 99.559 | 92.226 |
| EARNINGS PER THOUSAND SHARES - R$ | 0,26 | 0,24 | | |

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

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

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2004

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

1. OPERATIONS

Tele Centro Oeste Celular Participações S.A. ( Company or TCO ) is a publicly-traded company which, as of March 31, 2004, is controlled by Telesp Celular Participações S.A. ( TCP ) (90.79% of voting capital and 29.70% of total capital).

The Company is the controlling company of Telegoiás Celular S.A. ( Telegoiás ), Telemat Celular S.A. ( Telemat ), Telems Celular S.A. ( Telems ), Teleron Celular S.A. ( Teleron ), Teleacre Celular S.A. ( Teleacre ) and Norte Brasil Telecom S.A. ( NBT ).

The Company provides mobile telephone services, including necessary or useful activities to provide its services, in conformity with the authorization received to operate in the Distrito Federal area until July 24, 2006. The subsidiaries also provide mobile telephone services as described below:

| Subsidiary | Interest - % | Operation area | Expiration date of authorization |
|---|---|---|---|
| | | | |
| Telegoiás | 97.21 | Goiás and Tocantins States | 10/29/2008 |
| Telemat | 97.90 | Mato Grosso State | 03/30/2009 |
| Telems | 98.61 | Mato Grosso do Sul State | 09/28/2009 |
| Teleron | 97.31 | Rondônia State | 07/21/2009 |
| Teleacre | 98.41 | Acre State | 07/15/2013 |
| NBT | 100.00 | Amazonas, Roraima, Amapá, Pará and Maranhão States | 11/29/2013 |

Authorizations may be renewed once for 15 years, on a chargeable basis.

On July 6, 2003, the wireless operators implemented the Carrier Selection Code (CSP) on national (VC2 and VC3) and international long distance calls, in accordance with the Personal Mobile Service (SMP) rules. The operators no longer receive VC2 and VC3 revenues; instead, they receive interconnection revenues for the use of their networks on these calls.

The Company also owns TCO IP S.A. ( TCO IP ), which provides telecommunications services, Internet access, solutions and other.

Telecommunications services provided by the Company and its subsidiaries, including related services, are regulated by the Federal regulatory authority, the National Telecommunications Agency (ANATEL), as authorized by Law No. 9,472, of July 16, 1997, and the respective regulations, decrees, decisions, and plans.

## 2. PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial statements include the balances and transactions of the Company and its subsidiaries. In consolidation, all intercompany balances and transactions have been eliminated.

The financial statements as of December 31 and March 31, 2003 have been reclassified, where applicable, for comparability purposes.

## 3. SUMMARY OF PRINCIPAL ACCOUNTING PRACTICES

The interim financial statements are expressed in thousands of Brazilian reais (R$) and have been prepared in accordance with accounting practices adopted in Brazil and standards established by the Brazilian Securities Commission (CVM), which do not provide for the recognition of inflation effects beginning January 1, 1996.

The accompanying interim financial statements, except for the standardization of the criteria adopted by TCP for handset subsidy and accounting recognition of FISTEL (Telecommunication Inspection Fund) fees (TFI and TFF), have been prepared in accordance with principles, practices and criteria applied consistently with those used to prepare the financial statements at last yearend and should be analyzed together with those financial statements.

4. CASH AND CASH EQUIVALENTS

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Cash and cash equivalents | 2,188 | 8,494 | 8,328 | 24,690 |
| Temporary cash investments | 96,643 | 99,022 | 905,903 | 947,364 |
| Total | 98,831 | 107,516 | 914,231 | 972,054 |

Temporary cash investments refer to fixed-income investments which are indexed to interbank deposit (CDI) rates.

5. TRADE ACCOUNTS RECEIVABLE, NET

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Unbilled amounts | 14,908 | 17,877 | 54,259 | 61,300 |
| Billed amounts | 42,478 | 42,479 | 167,086 | 151,564 |
| Interconnection | 40,637 | 26,604 | 202,146 | 117,876 |
| Products sold | 13,840 | 17,612 | 68,246 | 93,345 |
| Allowance for doubtful accounts | (8,275) | (8,425) | (36,839) | (33,828) |
| Total | 103,588 | 96,147 | 454,898 | 390,257 |

Changes in the allowance for doubtful accounts were as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Beginning balance | 8,425 | 4,734 | 33,828 | 26,594 |
| Additions in the first quarter | 3,189 | 2,021 | 16,737 | 9,510 |
| Write-offs for the first quarter | (3,339) | (1,583) | (13,726) | (7,763) |
| Balance as of March 31 | 8,275 | 5,172 | 36,839 | 28,341 |
| Additions in the second, third and fourth quarters | | 9,511 | | 37,624 |
| Write-offs for second, third and fourth quarters | | (6,258) | | (32,137) |
| Balance as of December 31, 2003 | | 8,425 | | 33,828 |

6. INVENTORIES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Digital handsets | 15,578 | 18,388 | 70,604 | 65,490 |
| Other | 3,139 | 4,707 | 13,877 | 14,915 |
| Allowance for obsolescence | (834) | (377) | (5,145) | (1,329) |
| Total | 17,883 | 22,718 | 79,336 | 79,076 |

7. DEFERRED AND RECOVERABLE TAXES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Recoverable income and social contribution taxes | 6,517 | 6,555 | 43,825 | 42,309 |
| Withholding income tax | 6,353 | 6,234 | 35,533 | 28,689 |
| Recoverable ICMS (State VAT) | 16,161 | 12,730 | 52,683 | 54,866 |
| Recoverable PIS and COFINS (taxes on revenue) and other | 876 | 166 | 2,289 | 273 |
| Total recoverable taxes | 29,907 | 25,685 | 134,330 | 126,137 |
| ICMS on unbilled sales | 480 | 509 | 2,816 | 3,228 |
| Deferred income and social contribution taxes | 37,542 | 36,645 | 75,278 | 75,910 |
| Total | 67,929 | 62,839 | 212,424 | 205,275 |
| | | | | |
| Current | 35,335 | 31,817 | 155,819 | 150,011 |
| Noncurrent | 32,594 | 31,022 | 56,605 | 55,264 |

Deferred income and social contribution taxes are comprised of:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Merged tax credit (corporate restructuring) | 4,769 | 6,359 | 16,457 | 21,943 |
| Allowance/Reserve for: | | | | |
| Contingencies | 25,669 | 24,270 | 26,639 | 25,701 |
| Doubtful accounts | 2,814 | 2,864 | 12,525 | 11,501 |
| Network use | 582 | 331 | 4,048 | 2,153 |
| Commission | 1,097 | 968 | 4,923 | 5,316 |
| Advertising | 651 | 466 | 2,263 | 1,497 |
| Other | 1,960 | 1,387 | 8,423 | 7,799 |

| | | | | |
|---|---|---|---|---|
| Total | 37,542 | 36,645 | 75,278 | 75,910 |
| | | | | |
| Current | 14,205 | 14,668 | 50,847 | 52,883 |
| Noncurrent | 23,337 | 21,977 | 24,431 | 23,027 |

Deferred taxes have been recorded based on the assumption of their future realization, as follows:

a) The merged tax credit consists of the net balance of goodwill and the reserve for maintenance of integrity of shareholders equity (Note 29), is realized as goodwill and is being amortized by TCO and its subsidiaries until December 31, 2004.

b) Temporary differences will be realized upon payment of the accruals, effective losses on bad debts and realization of inventories.

Technical feasibility studies, approved by Company s Board of Directors and Fiscal Council, indicate the full recovery of the deferred taxes recognized as determined by CVM Resolution No. 371. Realization of the tax credits is estimated as follows:

| Year | Consolidated |
|---|---|
| | |
| 2004 | 50,847 |
| 2005 | 1,454 |
| 2006 | 22,977 |
| Total | 75,278 |

CVM Resolution No. 371 determines that periodic studies must be carried out to support the maintenance of the amounts recorded. The subsidiary TCO IP did not recognize deferred income and social contribution taxes on tax losses and temporary differences, due to the lack of projections of taxable income to be generated in the short term.

8. REPAID EXPENSES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Advertising | 2,117 | 2,091 | 8,851 | 9,587 |
| FISTEL fees | 1,487 | - | 8,394 | - |
| Financial charges | 471 | 471 | 1,036 | 1,036 |
| Insurance premiums | 47 | 70 | 148 | 224 |
| Other | 545 | 282 | 1,150 | 1,427 |
| Total | 4,667 | 2,914 | 19,579 | 12,274 |
| | | | | |
| Current | 3,991 | 2,914 | 15,730 | 12,274 |
| Noncurrent | 676 | - | 3,849 | - |

9. OTHER ASSETS

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31//03 |
| | | | | |
| Advances to employees | 1,853 | 2,258 | 4,237 | 4,126 |
| Advance for purchase of shares | 13,823 | 44,461 | 13,823 | 44,461 |
| Escrow deposits | 12,388 | 12,347 | 13,730 | 13,660 |
| Handset subsidy | 890 | - | 5,003 | - |
| Other | 472 | 698 | 3,033 | 2,452 |
| Total | 29,426 | 59,764 | 39,826 | 64,699 |
| | | | | |
| Current | 3,154 | 2,946 | 11,676 | 6,565 |
| Noncurrent | 26,272 | 56,818 | 28,150 | 58,134 |

10. INVESTMENTS

a) Investments in subsidiaries

| Investee | Common stock interest (%) | Preferred stock interest (%) | Total interest (%) |
|---|---|---|---|
| | | | |
| Telegoiás | 98.69 | 96.37 | 97.21 |
| Telemat | 99.54 | 96.28 | 97.90 |
| Telems | 99.67 | 97.65 | 98.61 |
| Teleron | 98.39 | 96.66 | 97.31 |
| Teleacre | 99.96 | 96.62 | 98.41 |
| NBT | 100.00 | 100.00 | 100.00 |
| TCO IP | 99.99 | 100.00 | 99.99 |

b) Number of shares held

| Investee | Common | Preferred | Total |
|---|---|---|---|
| | | | |
| Telegoiás | 2,400 | 4,147 | 6,547 |
| Telemat | 351 | 345 | 696 |
| Telems | 598 | 650 | 1,248 |

| | | | |
|---|---|---|---|
| Teleron | 268 | 439 | 707 |
| Teleacre | 1,064 | 892 | 1,956 |
| NBT | 24,001 | 47,999 | 72,000 |
| TCO IP | 499 | 500 | 999 |

c) Information on subsidiaries

| Investee | Shareholders equity as of March 31, 2004 | Shareholders equity as of December 31, 2003 |
|---|---|---|
| | | |
| Telegoiás | 524,317 | 493,207 |
| Telemat | 306,418 | 285,334 |
| Telems | 238,844 | 223,012 |
| Teleron | 73,740 | 69,269 |
| Teleacre | 39,954 | 37,314 |
| NBT | 205,343 | 197,276 |
| TCO IP | (5,822) | (4,920) |

| Investee | Net income (loss) for the quarter ended March 31, 2004 | Net income (loss) for the quarter ended March 31, 2003 |
|---|---|---|
| | | |
| Telegoiás | 31,110 | 30,260 |
| Telemat | 21,085 | 16,572 |
| Telems | 15,833 | 13,890 |
| Teleron | 4,471 | 4,667 |
| Teleacre | 2,640 | 2,449 |
| NBT | 8,068 | 12,084 |
| TCO IP | (902) | (972) |

d) Components and changes

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Investment in subsidiaries | 1,346,316 | 1,233,609 | - | - |
| Goodwill paid on investment acquisition | 21,872 | 53,430 | 6,288 | 6,678 |
| Negative goodwill on acquisition of interest in NBT | (2,282) | (2,282) | (2,282) | (2,282) |

| | | | | |
|---|---|---|---|---|
| Advance for future capital increase - TCO IP | 510 | 510 | - | - |
| Reserve for losses on investment - TCO IP | (5,822) | (4,920) | - | - |
| Other investments | 22 | 22 | 191 | 192 |
| Investment balance | 1,360,616 | 1,280,369 | 4,197 | 4,588 |

Changes in investment balances as of March 31, 2004 and December 31, 2003 are as follows:

| | 03/31/04 | 12/31/03 |
|---|---|---|
| | | |
| Beginning balance of investments, net of reserve for losses | 1,280,369 | 1,061,288 |
| Equity pick-up | 81,479 | 374,095 |
| Interest on capital and dividends received | - | (149,419) |
| Goodwill paid on investment acquisitions | 1 | 253 |
| Reserve for investment losses | (902) | (4,730) |
| Investments in subsidiaries | 59 | 1,843 |
| Expired dividends and interest on capital (subsidiary) | - | (1,400) |
| Amortization of goodwill on investment acquisitions | (390) | (1,561) |
| Ending balance of investments, net of reserve for loss | 1,360,616 | 1,280,369 |

Goodwill and negative goodwill in the amount of R$4,006 (R$4,396 as of December 31, 2003) refer to:

NBT

a) Acquisition of the 45% equity interest in NBT from Inepar S.A. ( Inepar ) in May 1999, and capital increase in June 2000 by the Company.

b) Negative goodwill on purchase of the 1.67% equity interest in NBT from Inepar in June 2003 in the amount of R$2,282.

c) Amortization in the first quarter of 2004 in the amount of R$390.

Telegoiás

a) Acquisition of Telegoiás shares in the market in November 2001.

The goodwill related to NBT and Telegoiás is being amortized over ten and five years, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

| | | Company | | | |
|---|---|---|---|---|---|
| | | 03/31/04 | | | 12/31/03 |
| | Annual | Cost | Accumulated | Net book | Net book |

| | depreciation rate - % | | depreciation | value | value |
|---|---|---|---|---|---|
| | | | | | |
| Transmission equipment | 14.29 | 313,168 | (215,840) | 97,328 | 91,632 |
| Switching equipment | 10 | 86,650 | (37,385) | 49,265 | 51,095 |
| Infrastructure | 5 - 10 | 70,686 | (42,445) | 28,241 | 29,020 |
| Land | - | 2,185 | - | 2,185 | 2,185 |
| Software use rights | 20 | 51,638 | (25,455) | 26,183 | 25,921 |
| Buildings | 4 | 12,234 | (7,164) | 5,070 | 6,262 |
| Terminals | (a) | 18,311 | (15,362) | 2,949 | 2,176 |
| Other assets | 5 - 20 | 29,743 | (15,244) | 14,499 | 14,785 |
| Assets and construction in progress | - | 14,665 | - | 14,665 | 24,279 |
| Total | | 599,280 | (358,895) | 240,385 | 247,355 |

| | | Consolidated | | | |
|---|---|---|---|---|---|
| | | 03/31/04 | | | 12/31/03 |
| | Annual depreciation rate - % | Cost | Accumulated depreciation | Net book value | Net book value |
| | | | | | |
| Transmission equipment | 14.29 | 867,613 | (519,088) | 348,525 | 346,389 |
| Switching equipment | 10 | 271,211 | (108,162) | 163,049 | 169,606 |
| Infrastructure | 5 - 10 | 179,387 | (74,495) | 104,892 | 106,664 |
| Land | - | 7,898 | - | 7,898 | 7,898 |
| Software use rights | 20 | 139,487 | (61,563) | 77,924 | 76,594 |
| Buildings | 4 | 28,990 | (9,614) | 19,376 | 20,550 |
| Terminals | (a) | 35,160 | (25,702) | 9,458 | 7,675 |
| Concession license | 5 - 20 | 60,550 | (18,602) | 41,948 | 43,042 |
| Other assets | 5 - 20 | 69,585 | (30,924) | 38,661 | 34,919 |
| Assets and construction in progress | - | 70,786 | - | 70,786 | 77,693 |
| Total | | 1,730,667 | (848,150) | 882,517 | 891,030 |

(a) As from January 1, 2004, the useful life of terminals was reduced from 24 months to 18 months, in order to better reflect the state of operations. This change resulted in an increase in depreciation expense of R$1,767 for the quarter.

12. DEFERRED CHARGES

| | Consolidated |
|---|---|

| | Annual amortization rate - % | 03/31/04 | 12/31/03 |
|---|---|---|---|
| | | | |
| Preoperating expenses: | | | |
| Financial expenses | 10 | 16,701 | 16,701 |
| General and administrative expenses | 10 | 27,991 | 27,991 |
| | | 44,692 | 44,692 |
| Accumulated amortization- | | | |
| Preoperating | | (18,917) | (17,782) |
| Total | | 25,775 | 26,910 |

13. TRADE ACCOUNTS PAYABLE

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Suppliers | 39,385 | 46,058 | 158,229 | 196,282 |
| Interconnection | 8,118 | 5,411 | 32,915 | 16,728 |
| Amounts to be transferred - SMP (a) | 5,288 | 8,761 | 40,125 | 36,035 |
| Other | 2,335 | 2,999 | 9,228 | 21,176 |
| Total | 55,126 | 63,229 | 240,497 | 270,221 |

(a) Refers to long-distance services to be passed on to operators due to the migration to the Personal Mobile Service (SMP) system.

14. TAXES PAYABLE

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| State VAT (ICMS) | 16,611 | 13,261 | 58,653 | 57,242 |
| Income and social contribution taxes | - | - | 11,930 | 23 |
| Taxes on revenue (PIS and COFINS) | 6,326 | 8,472 | 12,843 | 16,718 |
| FISTEL fees | 611 | 12,594 | 3,831 | 55,832 |
| FUST and FUNTTEL | 259 | 313 | 938 | 1,219 |
| Other taxes | 748 | 811 | 2,469 | 2,311 |
| Total | 24,555 | 35,451 | 90,664 | 133,345 |

15. OANS AND FINANCING

a) Composition of debt

| | | | Company | | Consolidated | |
|---|---|---|---|---|---|---|
| Description | Currency | Charges | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | | | |
| BNDES | R$ | TJLP + interest of 3.5% to 4% per year | 10,604 | 11,821 | 160,106 | 171,067 |
| Other | R$ | Column 27 FGV | - | - | 1,750 | 1,845 |
| Teleproduzir (a) | R$ | Interest of 0.2% per month | - | - | 11,933 | 9,972 |
| Finimp | US$ | Libor + interest of 2% to 7% per year | - | - | 30,280 | 29,705 |
| Resolution No. 2,770 | US$ | US$ + average interest of 7.41% per year | 210 | 205 | 1,794 | 1,755 |
| Export Development Corporation - EDC | US$ | Six-month Libor + interest of 3.9% to 5% per year | 59,065 | 57,784 | 128,261 | 125,509 |
| BNDES - basket of currencies | UMBNDES | Basket of currencies variation UMBNDES + 3.5% per year | - | - | 15,199 | 15,987 |
| Interest | | | 388 | 408 | 2,188 | 2,300 |
| Total | | | 70,267 | 70,218 | 351,511 | 358,140 |
| | | | | | | |
| Current | | | 28,369 | 26,783 | 138,838 | 135,042 |
| Long term | | | 41,898 | 43,435 | 212,673 | 223,098 |

(a) The long-term portion related to the benefit under the Programa Teleproduzir refers to an agreement made with the Goiás State Government for deferral of ICMS payments. This amount was reclassified from taxes payable to loans and financing. Pursuant to this agreement, the ICMS due will be paid in 84 monthly installments, with a grace period of 12 months from the end date of utilization of the benefit, expected to occur in October 2004.

b) Repayment schedule

The long-term portion of loans and financing matures as follows:

| | 03/31/04 | |
|---|---|---|
| Year | Company | Consolidated |
| | | |
| 2005 | 22,259 | 90,025 |
| 2006 | 19,639 | 72,119 |
| 2007 | - | 39,014 |
| 2008 | - | 5,121 |
| 2009 | - | 1,705 |
| 2010 | - | 1,705 |

| | | |
|---|---|---|
| 2011 | - | 1,705 |
| 2012 | - | 1,279 |
| Total | 41,898 | 212,673 |

c) Restrictive covenants

The Company and its subsidiaries have loans and financing from the National Bank for Economic and Social Development (BNDES) and Export Development Corporation (EDC), whose consolidated balances at March 31, 2004 are R$175,305 and R$128,261, respectively. As of that date, various loan covenants were complied with by the Company and its subsidiaries.

d) Derivatives

Consolidated

As of March 31, 2004, the Company and its subsidiaries have exchange rate swap contracts in the notional amount of US$61,582,000 to hedge against exchange rate fluctuations on foreign currency obligations. As of March 31, 2004, the Company and its subsidiaries recognized an accumulated net unrealized loss of R$17,631 (net gain of R$15,006 as of December 31, 2003) on these derivatives, represented by a balance of R$16 (R$87 as of December 31, 2003) in noncurrent assets, and a balance of R$17,647 (R$15,093 as of December 31, 2003) in liabilities, of which R$10,980 (R$9,426 as of December 31, 2003) in current and R$6,667 (R$5,667 as of December 31, 2003) in long term.

e) Guarantees

| Banks | Guarantees |
|---|---|
| | |
| BNDES - TCO operators | In the event of default, 15% of receivables and CDBs equivalent to the amount of the next installment payable are pledged. |
| | |
| BNDES NBT | In the event of default, 100% of receivables and CDBs equivalent to the amount of next installment payable during the first year and two installments payable in the remaining period are pledged. |
| | |
| EDC | TCO s and other subsidiaries guarantees. |
| | |
| Other loans and financing | TCO s guarantee. |

16. OTHER LIABILITIES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Services to be provided - prepaid | 2,259 | 2,037 | 11,159 | 11,826 |

| | | | | |
|---|---|---|---|---|
| Accrual for customer loyalty program (a) | 529 | 340 | 1,354 | 870 |
| Customers | 122 | 781 | 1,214 | 1,280 |
| Total | 2,910 | 3,158 | 13,727 | 13,976 |

(a) On November 1, 2002, the Company launched a customer loyalty program whereby the customer makes calls and earns points redeemable for prizes (call minutes, points in TAM airline loyalty program, and other). The points expire in 24 months. Accumulated points are accrued when granted, considering redemption prospects based on the consumption profile of participant customers. The accrual is reduced when points are redeemed by customers.

17. RESERVE FOR CONTINGENCIES

The Company and its subsidiaries are parties to certain lawsuits involving labor, tax and civil matters. Management has recognized reserves for cases in which the likelihood of an unfavorable outcome is considered probable by its legal counsel.

Components of the reserves are as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |
| Telebrás | 98,936 | 94,931 | 98,936 | 94,931 |
| Tax | 9,525 | 9,525 | 9,557 | 11,191 |
| Civil | 660 | 534 | 3,141 | 2,653 |
| Labor | 160 | 176 | 500 | 598 |
| Total | 109,281 | 105,166 | 112,134 | 109,373 |
| | | | | |

Telebrás

Corresponds to original loans from Telecomunicações Brasileiras S.A. - Telebrás that, according to Attachment II to the Spin-off Report dated February 28, 1998, approved by the Shareholders Meeting held in May 1998, and in the opinion of the Company s management, should be allocated to the respective holding companies of Telegoiás and Telebrasília Celular S.A.

Management believes that there was an error in the allocation of the loans upon the spin-off and suspended the payments after the change in the Company s control. The loans are restated based on the general market price index (IGP-M) plus interest of 6% per year.

In June 1999, the Company filed a lawsuit claiming that all assets related to these loans, as well as the accessory items of these assets, are owned by it and also claiming for refund for the installments paid.

In November 1999, the Company s management decided to transfer to the holding company the liability arising from the loan originally payable to Telebrás, since the liability was absorbed in the spin-off process.

On August 1, 2001, a court decision dismissed the Company s claims in the declaratory action; however, on October 8, 2001, the Company filed an appeal, which has not yet been judged to date.

The Company s legal counsel believes that the chances of an unfavorable outcome on these contingencies are probable as to the merit of the claim and possible as to the restatement index. The unaccrued difference as of March 31, 2004 between the original contractual rates and the restatement index used as described above is estimated at R$29,286 (R$31,669 as of December 31, 2003).

Tax

Probable loss

a) PIS and COFINS (taxes on revenue)

On November 27, 1998, the calculation of PIS and COFINS was changed by Law No. 9,718, which: (i) increased the COFINS rate from 2% to 3%; (ii) authorized a deduction of up to 1/3 of the COFINS amount from social contribution tax (CSLL); and also (iii) indirectly increased COFINS and PIS due by the subsidiaries, requiring the inclusion of other revenue in their tax bases.

According to our legal counsel, this increase is unconstitutional, since: (i) article 195 of the Constitution of the Federative Republic of Brazil, which took effect upon publication of Law No. 9,718, determined that PIS and COFINS should be levied only on payroll, revenues and profits; (ii) the federal government used an inadequate means to increase COFINS and PIS, i.e., ordinary law instead of complementary law; and (iii) to come into force, the 90-day period from the date of publication of the Law was not met.

The Company filed a lawsuit challenging the constitutionality of the tax collection set forth in Law No. 9,718/98. To suspend the tax credit requirement, accruals were recorded and escrow deposits were made for the amounts determined by the subsidiaries, totaling approximately R$9,525 (R$9,709 as of December 31, 2003). Therefore, there will be no need for new disbursements.

b) ICMS (State VAT)

The subsidiaries received tax assessment notices totaling R$10,176 (R$3,252 as of December 31, 2003) related to: (i) levy of ICMS on bonus services provided for sales of prepaid cellular cards and handsets (deemed as communication services), for the period from June 1999 to December 2001 in the total amount of R$3,493; (ii) ICMS levied on chargeable communication/telecommunication services, such as access, connection and activation, Detraf (traffic and service document), and other supplementary services and additional resources that optimize or expedite the communication process, covering the period from January 1998 to December 2000, in the total amount of R$450; (iii) ICMS on supply of cellular phone cards and automatic inclusion of bonus cellular minutes, so as to provide to third parties material conditions for communication to occur on business terms, for the period from May to December 2001, in the total amount of R$280; (iv) several ICMS assessments related to the sale of goods in the amount of R$282; (v) R$1,119 related to ICMS on supplementary services; (vi) R$477 related to several ICMS tax assessments; (vii) R$3,187 related to supposed tax credit arising from the nonpayment of ICMS on sales of phone cards; and (viii) R$888 due to omission or undue utilization of the credit recorded in the ICMS calculation statement (DAICMS).

Based on the opinion of its legal counsel and tax consultants, management believes that the resolution of these matters will not have a material adverse effect on the Companies financial position and thus no reserve has been recorded in the financial statements as of March 31, 2004.

c) ISS (municipal service tax)

Alleged tax debt relating to the period from October 2000 to May 2002, for the nonpayment of ISS on revenue from several services provided by NBT (Roraima). The debt claimed is R$452 (R$452 as of December 31, 2003).

Remote loss

a) ICMS

In June 1998, CONFAZ (National Council of Fiscal Policy) approved ICMS Agreement No. 69/98, which, among other things, determined that, beginning July 1, 1998, the amounts charged for cellular activation and other supplementary services must be included in the ICMS tax base. Supposedly due to its interpretative nature, said Agreement also determined that the ICMS could be applied retroactively on services provided within five years before June 30, 1998.

Management believes that the predecessors of its subsidiaries are liable for any tax liabilities arising from the retroactive levy of ICMS on revenues from activation fees accounted for in periods prior to 1998. No accrual has been made in the consolidated financial statements for periods prior to 1998.

Disagreeing with this requirement, the subsidiaries filed lawsuits challenging the constitutionality of the tax collection. To suspend the tax credit requirement, escrow deposits were made for the amounts determined by the subsidiaries, totaling approximately R$2,335 (R$2,200 as of December 31, 2003).

Based on the opinion of its legal counsel and tax consultants, management believes that the resolution of these matters will not have a material adverse effect on the Companies financial position and thus no reserve has been recorded in the financial statements as of March 31, 2004.

b) PIS and COFINS

b.1) Taxes passed on to telecommunication service prices

Refer to public civil actions filed by the Public Prosecutor s Office and various consumer protection associations against the subsidiaries in the States of Maranhão, Distrito Federal, Rondônia, Goiás and Amapá, challenging the passing on of the cost of PIS and COFINS to telecommunication service prices. Said actions are seeking: (i) the immediate suspension of the passing on of PIS and COFINS to consumers; and (ii) refund of double the PIS and COFINS amounts charged to consumers residing in the above-mentioned States, plus monetary restatement and interest.

Based on the opinion of the outside legal counsel that the chances of loss in these cases are remote, management believes that the resolution of the matters will not have a material adverse effect on the Company s financial position. Accordingly, no reserve has been recorded in the financial statements as of March 31, 2004.

b.2) Other tax assessments

There are tax assessments in the total amount of R$10,165 (R$9,200 as of December 31, 2003) requiring: (i) R$6,000 - COFINS levied on revenues from domestic and international roaming services and international calls originating in Brazil; and (ii) R$4,165 - COFINS included in DCTF (Declaration of Federal Tax Debts and Credits), for which payments were not identified.

c) IRPJ (corporate income tax) and CSLL (social contribution tax)

There are tax assessments in the total amount of R$18,422 (R$14,900 as of December 31, 2003) requiring: (i) R$14,157 - IRPJ included in the DCTF, for which payments were not identified; (ii) R$1,872 - CSLL included in the DCTF, for which payments were not identified; and (iii) R$2,393 - assessed by the Federal Revenue Service due to the amount paid for FINOR (Northeast Investment Fund) in 1998.

Labor and civil

Include several labor and civil claims, for which a reserve has been recognized as shown above, in an amount considered to be sufficient to cover probable losses.

In the cases in which the chance of loss is classified as possible, the amount involved is R$7,751 (R$5,505 as of December 31, 2003) for civil claims and R$1,381 (R$1,149 as of December 31, 2003) for labor claims.

18. LEASES (CONSOLIDATED)

The Company and its subsidiaries have lease agreements. Expenses recorded in the first quarter of 2004 were R$1,000 (R$997 as of March 31, 2003). The outstanding obligation under such agreements, adjusted at the exchange rate prevailing at March 31, 2004, is R$2,934 (R$3,704 as of December 31, 2003). This balance will be paid in monthly, bimonthly and quarterly installments through June 2005, as established in the related agreements.

SHAREHOLDERS EQUITY

a) Capital

On March 30, 2004, the Company increased its capital by R$175,338, without issuance of new shares, through capitalization of part of the income reserve exceeding capital as of December 31, 2003 and by R$19,078, with issuance of 2,247,062 common shares, through capitalization of the tax benefit realized in 2001, 2002 and 2003.

As a result, the Company s capital was increased from R$570,095 to R$764,511, composed of shares without par value, as shown below:

| Thousands of shares | 03/31/04 | 12/31/03 |
|---|---|---|
| | | |
| Common shares | 128,680,400 | 126,433,338 |
| (-) Common shares in treasury | (5,791,394) | (5,791,394) |
| Preferred shares | 252,766,698 | 252,766,698 |
| Total | 375,655,704 | 373,408,642 |

b) Treasury shares

Shares held in treasury as of March 31, 2004 and December 31, 2003 totaled 5,791,394,000 common shares. In the quarter, no common or preferred shares for treasury have been purchased.

c) Capital reserves

i) Special premium reserve

This reserve resulted from the corporate restructuring implemented by the Company and will be capitalized in favor of the controlling shareholder when the tax benefit is effectively realized.

d) Income reserves

i) Legal reserve

The legal reserve is calculated based on 5% of annual net income until it equals 20% of paid-up capital or 30% of capital plus capital reserves; from then on allocations to this reserve are no longer mandatory. This reserve is intended to ensure the integrity of capital and can only be used to offset losses or increase capital. This reserve is recognized at yearend.

ii) Retained earnings reserve for expansion

According to article 196 of Law No. 6,404/76, the Annual Shareholders Meeting approved the recognition of a retained earnings reserve in the amount of R$310,238 with the remaining balance of the net income for 2003, after deductions for legal reserve and dividends, for use in future investments based on the capital budget also approved by the Annual Shareholders Meeting.

e) Dividends

Preferred shares do not have voting rights, except in the circumstances set forth in article 12 of the bylaws; they have priority in the redemption of capital, without premium, are entitled to receive dividends of at least 25% of net income for the year, calculated as defined by article 202 of corporate law, have priority in the payment of minimum, noncumulative dividends based on the greater of the following: (a) 6% per year of the amount resulting from the division of the subscribed capital by the total

number of shares outstanding, or (b) 3% per year of the amount resulting from the division of the shareholders equity by the total number of shares outstanding, and are entitled to receive dividends equivalent to those paid to holders of common shares, after dividends in the same amount as mandatory minimum dividends on preferred shares have been paid to such holders.

20. NET OPERATING REVENUE

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| | | | | |
| Monthly subscription charges | 12,702 | 11,607 | 40,124 | 33,673 |
| Use of network | 63,461 | 62,604 | 275,801 | 250,533 |
| Roaming charges | - | 2,838 | - | 7,303 |
| Additional call charges | 2,480 | 1,920 | 7,243 | 5,662 |
| Interconnection | 43,635 | 44,255 | 201,543 | 174,061 |
| Additional services | 2,162 | 1,770 | 7,271 | 5,049 |
| Sales of products | 23,122 | 10,208 | 84,280 | 48,355 |
| Revenue from Internet | - | - | 26 | 248 |
| Other services | 1,018 | - | 3,257 | - |
| Gross operating revenue | 148,580 | 135,202 | 619,545 | 524,884 |
| Deductions | (33,001) | (27,039) | (156,938) | (111,804) |
| Net operating revenue | 115,579 | 108,163 | 462,607 | 413,080 |

21. COST OF SERVICES PROVIDED AND PRODUCTS SOLD

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| | | | | |
| Personnel | (1,996) | (1,863) | (5,637) | (4,130) |
| Outside services | (1,969) | (2,198) | (8,154) | (12,502) |
| Connections | (1,489) | (1,324) | (8,354) | (8,562) |
| Rent, insurance and condominium fees | (1,620) | (688) | (4,290) | (2,617) |
| Interconnection | (2,536) | (12,973) | (20,424) | (48,088) |
| Taxes and contributions | (269) | (3,181) | (1,038) | (13,934) |
| Depreciation and amortization | (11,987) | (12,676) | (38,721) | (37,922) |
| Cost of products sold | (27,425) | (15,604) | (91,833) | (60,674) |
| Other | (418) | (942) | (3,207) | (2,657) |
| Total | (49,709) | (51,449) | (181,658) | (191,086) |
| | | | | |

22. SELLING EXPENSES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| | | | | |
| Personnel | (4,830) | (1,347) | (15,357) | (6,333) |
| Supplies | (648) | (84) | (1,837) | (1,008) |
| Outside services | (17,494) | (8,234) | (66,459) | (39,503) |
| Rent, insurance and condominium fees | (768) | (461) | (2,058) | (1,530) |
| Taxes and contributions | (47) | (21) | (243) | (88) |
| Depreciation and amortization | (1,093) | (607) | (4,486) | (2,023) |
| Allowance for doubtful accounts | (3,189) | (2,021) | (16,737) | (9,510) |
| Other | (3) | (173) | (6) | (465) |
| Total | (28,072) | (12,948) | (107,183) | (60,460) |

23. GENERAL AND ADMINISTRATIVE EXPENSES

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| | | | | |
| Personnel | (6,216) | (9,759) | (12,629) | (12,248) |

| | | | | |
|---|---|---|---|---|
| Supplies | (285) | (395) | (704) | (1,002) |
| Outside services | (4,337) | (11,247) | (12,843) | (22,919) |
| Rent, insurance and condominium fees | (466) | (1,067) | (1,650) | (1,371) |
| Taxes and contributions | (69) | (581) | (252) | (741) |
| Depreciation and amortization | (3,475) | (3,176) | (8,205) | (6,648) |
| Other | - | (88) | - | (196) |
| Total | (14,848) | (26,313) | (36,283) | (45,125) |

24. OTHER OPERATING INCOME (EXPENSES)

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| | | | | |
| Income | | | | |
| Fines | 2,539 | 960 | 8,728 | 5,650 |
| Recovered expenses | 1,161 | 152 | 2,645 | 209 |
| Reversal of reserves | 7 | 336 | 1,902 | 533 |
| Corporate services | 8,263 | 11,046 | - | - |
| Other | 847 | 103 | 2,599 | 749 |
| Total | 12,817 | 12,597 | 15,874 | 7,141 |
| | | | | |
| Expenses | | | | |
| Reserve for contingencies | (197) | - | (930) | (98) |
| Telegoiás and NBT goodwill amortization | (390) | (390) | (390) | (390) |
| Taxes other than on income | (2,521) | (2,466) | (8,325) | (6,566) |
| Donations and sponsorship | (124) | (275) | (841) | (1,175) |
| Other | (149) | (17) | (538) | (68) |
| Total | (3,381) | (3,148) | (11,024) | (8,297) |

25. FINANCIAL INCOME (EXPENSES)

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| | | | | |
| Income | | | | |
| Interest | 5,510 | 16,607 | 40,173 | 59,693 |
| Exchange variations | 5 | 16,124 | 5 | 22,176 |
| Hedge operations, net | (233) | - | (984) | - |

| | | | | |
|---|---|---|---|---|
| (-) PIS/COFINS on financial income | (1,380) | (1,473) | (4,847) | (3,970) |
| Total | 3,902 | 31,258 | 34,347 | 77,899 |
| | | | | |
| Expenses | | | | |
| Interest | (2,260) | (15,357) | (10,919) | (25,554) |
| Monetary/exchange variations | (4,527) | - | (7,137) | - |
| Hedge operations, net | (608) | (19,935) | (1,954) | (25,048) |
| Total | (7,395) | (35,292) | (20,010) | (50,602) |
| Financial income (expense), net | (3,493) | (4,034) | 14,337 | 27,297 |

26. TAXES ON INCOME

The Company and its subsidiaries estimate monthly the amounts for income and social contribution taxes, on the accrual basis. The subsidiary TCO IP has tax losses without deferral of income and social contribution taxes since no taxable income is expected. The income and social contribution taxes effect on these losses is recorded under Unrecognized income and social contribution taxes in the reconciliation of taxes on income below, in the amount of R$307. Deferred taxes are provided on temporary differences as shown in Note 7. Income and social contribution taxes charged to income consist of the following:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| | | | | |
| Income tax | (7,402) | (5,947) | (39,135) | (36,004) |
| Social contribution tax | (2,667) | (2,142) | (14,075) | (12,965) |
| Total | (10,069) | (8,089) | (53,210) | (48,969) |

A reconciliation of the taxes on income reported and the amounts calculated at the combined statutory rate of 34% is as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 03/31/03 | 03/31/04 | 03/31/03 |
| | | | | |
| Income before taxes | 109,628 | 100,316 | 154,497 | 143,018 |
| Income and social contribution taxes at combined statutory rate | (37,274) | (34,108) | (52,529) | (48,627) |
| Permanent additions: | | | | |
| Donations and sponsorship | - | (31) | (54) | (286) |
| Other | (196) | (179) | (362) | (328) |
| Permanent exclusions- | | | | |
| Equity pick-up | 27,396 | 26,223 | - | - |
| Other- | | | | |

| | | | | |
|---|---|---|---|---|
| Unrecognized income and social contribution taxes on temporary differences - TCO IP | - | - | (307) | 330 |
| Surtax difference | 5 | 6 | 42 | 42 |
| Other | - | - | - | (100) |
| Income and social contribution taxes charges | (10,069) | (8,089) | (53,210) | (48,969) |

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONSOLIDATED)

a) Risk considerations

The Company and its subsidiaries provide cellular mobile services in the States of Goiás, Tocantins, Mato Grosso, Mato Grosso do Sul, Rondônia, Acre, Amazonas, Roraima, Amapá, Pará, Maranhão and Distrito Federal, in accordance with the terms of concessions granted by the Federal Government. The operators are also engaged in the purchase and sale of handsets through their own sales network as well as distribution channels, thus fostering their essential activities. The major market risks to which the Company and its subsidiaries are exposed include:

• Credit risk - arising from any difficulty in collecting telecommunication services provided to customers and revenues from the sale of handsets by the distribution network.

• Interest rate risk - resulting from debt and premiums on derivative instruments contracted at floating rates and involving the risk of interest expenses increasing as a result of an unfavorable upward trend in interest rates (LIBOR, CDI and TJLP).

• Currency risk - related to debt contracted in foreign currency and associated with potential losses resulting from adverse exchange rate movements.

Since they were formed, the Company and its subsidiaries have been actively managing and mitigating risks inherent in their operations by means of comprehensive operating procedures, policies and initiatives.

Credit risk

Credit risk from providing telecommunication services is minimized by strictly monitoring the Company s customer portfolio and actively addressing delinquent receivables by means of clear policies relating to the concession of postpaid services. Of the Company s and its subsidiaries customers, 79% (73% as of March 31, 2003) use prepaid services that require pre-loading, thus not representing a credit risk to the Company and its subsidiaries. Delinquent receivables in the first quarter of 2004 represented 3.03% of gross revenue (1.94% as of March 31, 2003). (*)

Credit risk from the sale of handsets is managed by following a conservative credit granting policy which encompasses the use of advanced risk management methods that include applying credit scoring techniques, analyzing the potential customer s balance sheet, and making inquiries of credit protection agencies databases. In addition, an automatic control has been implemented in the sales module for releasing products which is integrated with the distribution module of the Company s ERP system for consistent transactions. Delinquent receivables in the distribution network represented 0.64% of handset sales in the first quarter of 2004 (0.52% as of March 31, 2003) for the Company. (*)

(*) Calculation of delinquent receivables:

(Loss and allowance for delinquent receivables/gross revenues from services) * 100

(Loss and allowance for delinquent receivables/gross revenues from sales of products) * 100

Interest rate risk

The Company and its subsidiaries are exposed to fluctuations in TJLP (local index) on financing from BNDES. As of March 31, 2004, these operations amounted to R$160,106 (R$171,067 as of December 31, 2003).

The Company is also exposed to interest rate risk, especially associated with the cost of CDI rates, due to its exchange rate derivative transactions. However, the balance of temporary cash investments also indexed to CDI neutralizes this effect.

The Company and its subsidiaries have not entered into derivative operations to hedge against these risks.

Foreign currency-denominated loans are also exposed to Libor interest rate risk associated with foreign loans. As of March 31, 2004, these operations amounted to US$54,508 (US$53,722 as of December 31, 2003).

Currency risk

The Company and its subsidiaries utilize derivative instruments to protect against currency risk on foreign currency-denominated loans. Such instruments usually include swap contracts.

The Company s and its subsidiaries net exposure to currency risk as of March 31, 2004 is shown in the table below:

| | US$ |
|---|---|
| | |
| Loans and financing - US$ | (55,124) |
| Loans and financing - UMBNDES (*) | (5,226) |
| Hedge instruments | 61,582 |
| Net exposure | 1,232 |

(*) UMBNDES is a monetary unit prepared by BNDES, consisting of a basket of foreign currencies, the principal of which is the U.S. dollar; for this reason, the Company and its subsidiaries consider it as U.S. dollar in the risk coverage analysis related to fluctuations in exchange rates.

b) Derivative instruments

The Company and its subsidiaries record derivative gains and losses as a component of net financial expenses.

Book and market values of loans and financing and derivative instruments are estimated as follows:

| | Book value | Market value | Unrealized gain |
|---|---|---|---|
| | | | |
| Loans and financing | (351,511) | (350,143) | 1,368 |
| Derivative instruments | (17,631) | (10,289) | 7,342 |
| Total | (369,142) | (360,432) | 8,710 |

c) Market value of financial instruments

The market values of loans and financing and swap contracts were determined based on the discounted cash flows, using projected available interest rate information.

Estimated market values of the Company s financial assets and liabilities have been determined using available market information and appropriate valuation methodologies. Accordingly, the estimates presented above are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions may have a material effect on the estimated market values.

## 28. POST-RETIREMENT BENEFIT PLANS

The Company, together with other companies of the former Telebrás System, sponsors private pension and health care plans for retired employees, managed by Fundação Sistel de Seguridade Social ( Sistel ). Until December 1999, all sponsors of the plans managed by Sistel were unified as to all plans then existing. On December 28, 1999, these sponsors negotiated conditions to create pension plans individualized by sponsor (PBS-TCO) and continuation of solidarity only for the participants already covered and who were in such position on January 31, 2000 (PBS-A), thus resulting in a proposal for the restructuring of Sistel s bylaws and regulations which was approved by the Secretariat for Social Security and Supplementary Benefits on January 13, 2000.

Due to the end of solidarity in December 1999, the Company individually sponsors a defined benefit plan - PBS-TCO. In addition to the supplementary pension benefit, a multiemployer health care plan (PAMA) is provided for retired employees and their dependents, at shared costs.

Contributions to the PBS-TCO Plan are determined based on actuarial valuations prepared by independent actuaries, in accordance with rules in force in Brazil. Costing is determined using the capitalization method and the contribution due by the sponsor is equivalent to 13.5% of the payroll for employees covered by the plan, of which 12% is allocated to fund the PBS-TCO Plan and 1.5% for the PAMA Plan.

For 99% of the Company s employees, there is an individual defined contribution plan - the TCO PREV Plan, established by Sistel in August 2000. This plan is maintained by contributions made by both participants (employees) and the sponsors, which are credited to participants individual accounts. The Company is also responsible for the administrative and plan maintenance expenses, including risks of death and disability of participants. The employees participating in the defined benefit plan (PBS-TCO) were granted the option of migrating to the TCO PREV Plan. This option was extended to employees who did not participate in the PBS-TCO Plan, as well as to all new hires. The Company s contributions to the TCO PREV Plan are equal to those of the participants, up to 8% of the contribution salary, according to the percentage chosen by the participant.

In the first quarter of 2004, the Company contributed the amount of R$1 (R$2 in 2003) to the PBS-TCO Plan and R$964 (R$1,039 in 2003) to the TCO PREV Plan.

The actuarial valuation of the plans was made using the projected unit credit method. For multiemployer plans (PAMA and PBS-A), apportionment of assets was made based on the Company s actuarial liabilities in relation to the plan s total actuarial liabilities. As of December 31, 2003, the total liabilities recognized amounted to R$2,810.

## 29. CORPORATE RESTRUCTURING

In September 2000, the corporate restructuring plan was concluded, in which the goodwill paid on the privatization process of the Company was transferred to its subsidiaries.

The accounting records maintained for corporate and tax purposes include the Companies specific accounts related to merged goodwill, the related reserve, and the respective amortization, reversal and tax credit. As of December 31, 2003, balances are as follows:

| | Balances on date of merger | Company | | Consolidated | |
|---|---|---|---|---|---|
| | | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | | |
| Balance sheet: | | | | | |
| Merged goodwill | 322,693 | 14,027 | 18,703 | 48,403 | 64,538 |
| Merged reserve | (212,977) | (9,258) | (12,344) | (31,946) | (42,595) |
| Net effect equivalent to merged tax credit | 109,716 | 4,769 | 6,359 | 16,457 | 21,943 |
| | | | | | |
| Statement of income: | | | | | |
| Goodwill amortization | | (4,676) | (4,676) | (16,135) | (16,135) |
| Reversal of reserve | | 3,086 | 3,086 | 10,649 | 10,649 |
| Tax credit | | 1,590 | 1,590 | 5,486 | 5,486 |
| Effect on net income | | - | - | - | - |

As shown above, the amortization of goodwill, net of the reversal of the reserve and the corresponding tax credit, results in a zero effect on income and, consequently, on the basis for calculating the mandatory minimum dividend. For a better presentation of the financial position of the Companies in the financial statements, the net amount which, in essence, represents the merged tax credit balance was classified in the balance sheet as current and noncurrent assets under deferred taxes (Note 7).

## 30. RELATED-PARTY TRANSACTIONS

The principal transactions with unconsolidated related parties are as follows:

a) Use of network and long-distance (roaming) cellular communication - these transactions involve companies owned by the same Group: Telecomunicações de São Paulo S.A., Telerj Celular S.A., Telest Celular S.A., Telebahia Celular S.A., Telergipe Celular S.A., Telesp Celular S.A., Global Telecom S.A. and Celular CRT S.A. Part of these transactions was established based on contracts between Telebrás and the operating concessionaires before privatization under the terms established by ANATEL.

b) Corporate services are transferred to subsidiaries at the cost effectively incurred.

c) Payables to affiliates refer to loans between the Company and its subsidiaries.

A summary of balances and transactions with unconsolidated related parties is as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/04 | 12/31/03 | 03/31/04 | 12/31/03 |
| | | | | |

| | | | | |
|---|---|---|---|---|
| Assets: | | | | |
| Trade accounts receivable | 7,766 | 4,057 | 999 | 415 |
| Receivables from subsidiaries and affiliates | 105,517 | 97,636 | 420 | - |
| Loans and financing | 5,276 | 4,301 | - | - |
| | | | | |
| Liabilities: | | | | |
| Trade accounts payable | 1,440 | 1 | 1,248 | 272 |
| Payables to subsidiaries and affiliates | 3,410 | 913 | 4,593 | 6,040 |
| Statement of income: | | | | |
| Revenue from telecommunication services | - | 48 | - | - |
| Cost of services provided | (87) | (55) | (1,353) | - |
| Selling expenses | (3,576) | (932) | (5,030) | - |
| General and administrative expenses | (671) | (1,176) | (6,023) | - |
| Financial income (expenses), net | 247 | (283) | - | - |
| Other operating income, net | 5,401 | 11,386 | - | - |

31. INSURANCE (CONSOLIDATED)

The Company and its subsidiaries monitor risks inherent in their activities. Accordingly, as of March 31, 2004, the Companies had insurance to cover operating risks, civil liability, health, etc. Companies management considers that the amounts are sufficient to cover possible losses. The principal assets, liabilities or interests covered by insurance are as follows:

| Type | Insured Amount |
|---|---|
| | |
| Operating risks | 872,580 |
| General civil liability | 5,822 |
| Vehicle fleet | 200 |

32. AMERICAN DEPOSITARY RECEIPTS (ADRs) PROGRAM

On November 16, 1998, the Company started trading ADRs on the New York Stock Exchange (NYSE), with the following characteristics:

• Type of shares: preferred.

• Each ADR represents 3,000 preferred shares.

• Shares are traded as ADRs, under the code TRO , on the New York Stock Exchange.

• Foreign depositary bank: The Bank of New York.

• Custodian bank in Brazil: Banco Itaú S.A.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 23, 2004

TELE CENTRO OESTE CELLULAR HOLDING COMPANY

By: /s/ Luis André Carpintero Blanco

**Luis André Carpintero Blanco**
**Investor Relations Officer**

## FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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