

9. CONSOLIDATED INCOME STATEMENT (TNL)

R\$ million	2Q03	1Q04	2Q04	1H03	1H04
Wireline Services Revenues	4,256.1	4,741.7	4,753.3	8,470.3	9,495.1
Revenue from Local Services	2,617.4	2,768.4	2,780.5	5,209.0	5,549.0
Subscription Charges	1,223.7	1,415.4	1,417.3	2,456.8	2,832.7
Pulses	595.6	634.8	627.5	1, 188. 1	1,262.3
Installation	21.3	15.7	17.5	46.0	33.3
Collect Calls	29.9	26.5	25.9	59.2	52.5
Other Local Revenues	1.4	1.0	0.2	3.0	1.2
Fixed-to-Mobile (VC1)	745.5	675.0	692.0	1,456.0	1,367.0
Long Distance Revenues	680.9	884.5	889.7	1,346.9	1,774.2
Intra-State	309.1	405.9	393.2	618.7	799.1
Inter-State	124.1	149.4	145.2	251.5	294.7
Inter-Regional	69.3	121.0	156.8	121.8	277.8
International	16.6	27.6	26.1	40.7	53.7
Fixed-to-Mobile (VC2 and VC3)	161.8	180.6	168.4	314.2	349.0
Advanced Voice Revenue	55.5	58.5	54.8	116.4	113.3
Public Telephone Revenue	194.5	239.3	234.7	390.2	474.1
Additional Services Revenue	96.7	117.0	120.6	190.8	237.7
Network Usage Remuneration	316.8	296.5	282.5	646.7	579.0
Data Transmission Services Revenue	288.8	364.2	373.2	559.8	737.4
Leased Lines (EILD)	74.4	91.3	68.9	160.3	160.2
Leased Lines (SLDD/SLDA)	78.7	79.4	87.1	165.0	166.5
IP Services	62.2	55.1	53.9	102.0	109.0
Packet switch and frame relay	31.9	40.5	52.1	59.8	92.6
ADSL (Velox)	23.7	69.1	85.7	40.2	154.9
Other Data Services	17.8	28.8	25.4	32.5	54.2
Other Wireline Services	5.6	13.2	17.3	10.5	30.4
Wireless Services Revenues	292.1	372.1	493.3	510.9	865.5
Subscription Charges	42.7	73.1	81.4	74.8	154.4
Outgoing Calls	58.4	112.9	129.0	110.0	241.9
Domestic/Internacional Roaming	12.7	28.1	22.7	24.9	50.8
Handsets Revenue	118.4	95.3	177.6	200.0	272.8
Network Usage Remuneration	52.1	45.6	55.6	87.5	101.2
Network Usage Remuneration Other SMP Services	52.1 7.9	45.6 17.2	55.6 27.1	87.5 13.7	101.2 44.3
Network Usage Remuneration Other SMP Services Contact Center	52.1 7.9 21.5	45.6 17.2 30.8	55.6 27.1 68.9	87.5 13.7 41.7	101.2 44.3 99.7
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue	52.1 7.9 21.5 4,569.7	45.6 17.2 30.8 5,144.7	55.6 27.1 68.9 5,315.6	87.5 13.7 41.7 9,022.8	101.2 44.3 99.7 10,460.2
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions	52.1 7.9 21.5 4,569.7 1,226.7	45.6 17.2 30.8 5,144.7 1,455.8	55.6 27.1 68.9 5,315.6 1,517.2	87.5 13.7 41.7 9,022.8 2,461.5	101.2 44.3 99.7 10,460.2 2,973.0
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5)	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1)	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Evenue Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5)	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1)	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Evenue Operating Evenues Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin %	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5%	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6%	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7%	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3%	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9 3,224.8 43.1%
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5)	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6)	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4)	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9 3,224.8 43.1% (8.2)
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Evenue Operating Evenues Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin %	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5%	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6 1.4
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev)	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2 75.9	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5 557.3 146.4 (8.6)	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2 10.1	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8 98.4	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2 75.9 (64.4)	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5 557.3 146.4 (8.6)	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2 10.1	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8 98.4 (3.6)	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6 1,4
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Income Tax and Social Contribution	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2 75.9 (64.4) 66.9	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5 557.3 146.4 (8.6) 379.2 66.8	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2 10.1 196.2	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8 98.4 (3.6) 180.4	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6 1.4 575.4
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Income Tax and Social Contribution Employee Profit Sharing	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2 75.9 (64.4) 66.9 41.7	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5 557.3 146.4 (8.6) 379.2 66.8 47.7	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2 10.1 196.2 39.2 51.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8 98.4 (3.6) 180.4 52.9	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6 1.4 575.4 106.0 99.0
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Employee Profit Sharing Minority Interest	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2 75.9 (64.4) 66.9 41.7 (7.5)	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5 557.3 146.4 (8.6) 379.2 66.8 47.7 44.3	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2 10.1 196.2 39.2 51.3 27.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8 98.4 (3.6) 180.4 52.9 40.9	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6 1.4 575.4 106.0 99.0 71.6
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Employee Profit Sharing Minority Interest Net Income	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2 75.9 (64.4) 66.9 41.7 (7.5) (165.5)	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5 557.3 146.4 (8.6) 379.2 66.8 47.7 44.3 220.4	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2 10.1 196.2 39.2 51.3 27.3 78.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8 98.4 (3.6) 180.4 52.9 40.9 (277.7)	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6 1.4 575.4 106.0 99.0 71.6 298.7
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Income Tax and Social Contribution Employee Profit Sharing Minority Interest Net Income Margin % Outstanding Shares (excluding Treasury)	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2 75.9 (64.4) 66.9 41.7 (7.5) (165.5)	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5 557.3 146.4 (8.6) 379.2 66.8 47.7 44.3 220.4	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2 10.1 196.2 39.2 51.3 27.3 78.3	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8 98.4 (3.6) 180.4 52.9 40.9 (277.7)	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6 1.4 575.4 106.0 99.0 71.6 298.7
Network Usage Remuneration Other SMP Services Contact Center Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation and Amortization EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Income Tax and Social Contribution Employee Profit Sharing Minority Interest Net Income Margin %	52.1 7.9 21.5 4,569.7 1,226.7 3,343.0 1,854.3 495.8 151.3 621.3 442.5 159.0 (15.5) 1,488.7 44.5% 5.5 944.9 538.3 680.0 153.2 75.9 (64.4) 66.9 41.7 (7.5) (165.5) -5.0%	45.6 17.2 30.8 5,144.7 1,455.8 3,688.9 2,008.6 600.9 120.3 597.7 468.6 172.2 48.8 1,680.3 45.6% (1.6) 900.4 781.5 557.3 146.4 (8.6) 379.2 66.8 47.7 44.3 220.4 6.0%	55.6 27.1 68.9 5,315.6 1,517.2 3,798.3 2,253.8 675.1 222.3 623.3 460.0 183.2 90.1 1,544.5 40.7% (6.6) 887.3 663.8 618.8 161.2 10.1 196.2 39.2 51.3 27.3 78.3 2.1%	87.5 13.7 41.7 9,022.8 2,461.5 6,561.3 3,587.0 1,029.3 238.3 1,274.9 755.5 339.1 (50.1) 2,974.3 45.3% (39.4) 1,930.1 1,083.7 1,279.6 290.8 98.4 (3.6) 180.4 52.9 40.9 (277.7) -4.2%	101.2 44.3 99.7 10,460.2 2,973.0 7,487.2 4,262.3 1,276.0 342.6 1,221.0 928.5 355.4 138.9 3,224.8 43.1% (8.2) 1,787.8 1,445.3 1,176.1 307.6 1.4 575.4 106.0 99.0 71.6 298.7 4.0%



CONSOLIDATED INCOME STATEMENT (TMAR)*

De collina	2000	1001	0004	41102	41104
R\$ million	2Q03	1Q04	2Q04	1H03	1H04
Wireline Services Revenues	4,253.8	4,742.4	4,754.7	8,461.2	9,497.0
Revenue from Local Services Subscription Charges	2,617.4 1,223.7	2,768.4 1,415.4	2,780.5 1,417.3	5,209.0 <i>2,456.8</i>	5,549.0 2,832.7
Pulses	595.6	634.8	627.5	1,188.1	1,262.3
Installation	21.3	15.7	17.5	46.0	33.3
Collect Calls	29.9	26.5	25.9	59.2	52.5
Other Local Revenues Fixed-to-Mobile (VC1)	1.4 745.5	1.0 675.0	0.2 692.0	3.0 1,456.0	1.2 1,367.0
Long Distance Revenues	675.5	884.5	889.7	1,317.4	1,774.2
Intra-State	309.1	405.9	393.2	618.7	799.1
Inter-State	309.1 124.1	149.4	145.2	251.5	294.7
Inter-Regional	69.3	121.0	156.8	121.8	277.8
International	11.2	27.6	26.1	11.2	53.7
Fixed-to-Mobile (VC2 and VC3)	161.8	180.6	168.4	314.3	349.0
Advanced Voice revenue	53.6	58.9	55.8	114.1	114.6
Public Telephone Revenue	194.5	239.3	234.7	390.2	474.1
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Additional Services Revenue	96.7	117.0	120.6	190.8	237.7
Network Usage Remuneration Data Transmission Services Revenue	317.4	296.5 364.5	282.5	653.8	579.0
Other	295.2 3.4	13.2	373.5 17.3	582.4	738.0 30.4
Wireless Services Revenues	3.4 201.9	372.1	493.3	3.4 201.9	865.5
		-			
Subscription	29.7	73.1	81.4	29.7	154.4
Outgoing Calls	39.9	112.9	129.0	39.9	241.9
Domestic/Internacional Roaming	8.0	28.1	22.7	8.0	50.8
Handsets Sales	84.5	95.3	177.6	84.5	272.8
Network Usage Remuneration	34.8	45.6	55.6	34.8	101.2
· ·			07.4		44.0
Additional Services	5.0	17.2	27.1	5.0	44.3
Additional Services Gross Operating Revenue	5.0 4,455.7	17.2 5,114.5	5,248.0	8,663.0	10,362.5
Additional Services Gross Operating Revenue Taxes and Deductions	5.0 4,455.7 1,203.4	17.2 5,114.5 1,452.7	5,248.0 1,510.3	8,663.0 2,369.6	10,362.5 2,963.0
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue	5.0 4,455.7 1,203.4 3,252.3	17.2 5,114.5 1,452.7 3,661.8	5,248.0 1,510.3 3,737.7	8,663.0 2,369.6 6,293.4	10,362.5 2,963.0 7,399.4
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses	5.0 4,455.7 1,203.4	17.2 5,114.5 1,452.7	5,248.0 1,510.3	8,663.0 2,369.6	10,362.5 2,963.0 7,399.4 4,281.6
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue	5.0 4,455.7 1,203.4 3,252.3 1,827.8	17.2 5,114.5 1,452.7 3,661.8 2,035.3	5,248.0 1,510.3 3,737.7 2,246.3	8,663.0 2,369.6 6,293.4 3,407.8	10,362.5 2,963.0 7,399.4
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1	5,248.0 1,510.3 3,737.7 2,246.3 541.0	8,663.0 2,369.6 6,293.4 3,407.8 804.8	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5	2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8	7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9	2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin %	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8%	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9%	2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5)	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4%	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9%	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1%
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4%	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9%	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1%
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9%	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev)	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6 (6.6)	17.2 5,114.5 1,452.7 3,661.8 2,035.3 592.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5 2.4	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9 16.9	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7 (11.5)	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8 136.4 19.3
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6 (6.6) 69.7	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5 2.4 347.8	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9 16.9 214.1	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7 (11.5) 476.3	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8 136.4 19.3 561.9
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Income Tax and Social Contribution	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6 (6.6) 69.7 70.0	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5 2.4 347.8 69.8	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9 16.9 214.1 24.8	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7 (11.5) 476.3	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8 136.4 19.3 561.9
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Employee Profit Sharing	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6 (6.6) 69.7 70.0 38.8	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5 2.4 347.8 69.8 45.6	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9 16.9 214.1 24.8 45.6	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7 (11.5) 476.3 214.4 48.6	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8 136.4 19.3 561.9 94.6 91.1
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Employee Profit Sharing Net Income	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6 (6.6) 69.7 70.0 38.8 (39.0)	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5 2.4 347.8 69.8 45.6 232.4	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9 16.9 214.1 24.8 45.6	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7 (11.5) 476.3 214.4 48.6 213.3	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8 136.4 19.3 561.9 94.6 91.1 376.2
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Employee Profit Sharing	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6 (6.6) 69.7 70.0 38.8	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5 2.4 347.8 69.8 45.6	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9 16.9 214.1 24.8 45.6	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7 (11.5) 476.3 214.4 48.6	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8 136.4 19.3 561.9 94.6 91.1
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Income Tax and Social Contribution Employee Profit Sharing Net Income Margin %	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6 (6.6) 69.7 70.0 38.8 (39.0) -1.2%	17.2 5,114.5 1,452.7 3,661.8 2,035.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5 2.4 347.8 69.8 45.6 232.4 6.3%	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9 16.9 214.1 24.8 45.6 143.7 3.8%	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7 (11.5) 476.3 214.4 48.6 213.3 3.4%	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8 136.4 19.3 561.9 94.6 91.1 376.2 5.1%
Additional Services Gross Operating Revenue Taxes and Deductions Net Operating Revenue Operating Expenses Cost of Services Provided Cost of Goods Sold Interconnection Costs Selling Expenses General and Administrative Expenses Other Op. Expenses (Rev), net EBITDA Margin % Equity Accounting Depreciation EBIT Financial Expenses Financial Revenues Non Operating Expenses (Rev) Income Before Tax and Social Contribution Employee Profit Sharing Net Income	5.0 4,455.7 1,203.4 3,252.3 1,827.8 348.8 109.8 630.5 583.5 136.0 19.2 1,424.4 43.8% (0.5) 867.3 557.6 577.1 82.6 (6.6) 69.7 70.0 38.8 (39.0)	17.2 5,114.5 1,452.7 3,661.8 2,035.3 502.1 120.3 597.7 617.1 165.6 32.4 1,626.5 44.4% - 861.2 765.2 476.5 61.5 2.4 347.8 69.8 45.6 232.4	5,248.0 1,510.3 3,737.7 2,246.3 541.0 222.3 623.3 603.8 176.5 79.5 1,491.4 39.9% - 847.0 644.3 488.2 74.9 16.9 214.1 24.8 45.6	8,663.0 2,369.6 6,293.4 3,407.8 804.8 109.8 1,315.0 860.5 294.8 22.9 2,885.7 45.9% 2.3 1,709.2 1,174.1 867.0 157.7 (11.5) 476.3 214.4 48.6 213.3	10,362.5 2,963.0 7,399.4 4,281.6 1,043.2 342.6 1,221.0 1,220.9 342.1 111.8 3,117.9 42.1% - 1,708.3 1,409.6 964.8 136.4 19.3 561.9 94.6 91.1 376.2

 $^{^{\}star}$ Includes the efects of Pegasus's acquisition (Dec/02), Oi (Apr/03) and Aix (Dec/03)





INCOME STATEMENT TNL-PCS (Oi)

R\$ MM	2Q03	1Q04	2Q04	1H03	1H04
Wireless Services Revenues	366.3	497.6	629.9	650.1	1,127.5
Subscription	42.7	73.1	81.4	74.	3 154.4
Outgoing Calls	58.4	112.9	129.0	110.0	241.9
Domestic/Internacional Roaming	12.7	28.1	22.7	25.0	50.8
Handsets Sales	118.4	95.2	177.6	199.	9 272.7
Network Usage Remuneration	122.4	161.9	178.9	220.	340.9
Additional Services	7.9	17.2	27.1	13.	8 44.3
Other SMP Services	3.8	9.3	13.2	6.0	22.5
LD/Advanced Voice Service Revenues	24.5	66.5	69.1	54.1	135.6
Advanced Voice Service Revenue	4.1	-	-	9.6	i -
Gross Operating Revenue	390.8	564.1	699.0	704.3	1,263.1
Taxes and Deductions	68.2	127.2	153.5	137.3	280.7
Net Operating Revenue	322.7	436.9	545.5	566.9	982.4
Operating Expenses	303.3	394.5	527.5	538.4	922.0
Cost of Services Provided	74.2	92.1	106.3	151.	7 198.4
Cost of Goods Sold	151.3	120.3	222.3	238.	342.6
Interconnection Costs	44.2	67.4	83.4	82.	3 150.8
Selling Expenses	88.3	117.4	122.6	159.0	240.0
General and Administrative Expenses	26.0	30.3	31.1	46.	61.4
Other Op. Expenses (Rev), net	(80.7)	(33.0)	(38.2)	(139.	3) (71.3)
EBITDA	19.4	42.4	18.0	28.6	60.4
Margin %	6.0%	9.7%	3.3%	5.0%	6.2%
Depreciation and Amortization	91.2	103.0	107.9	176.6	210.9
EBIT	(71.9)	(60.6)	(89.9)	(148.0	(150.5)
Financial Expenses	279.6	41.4	35.4	556.4	76.8
Financial Revenues	1.0	13.4	29.9	1.9	43.3
Non Operating Expenses	-	(0.1)	(0.0)	0.0	(0.2)
Income Before Tax and Social Contribution	(350.5)	(88.5)	(95.4)	(702.6	(183.9)
Income Tax and Social Contribution	-	-	-	-	-
Employee Profit Sharing	(2.1)	7.3	7.4	(0.7	14.7
Net Income	(348.4)	(95.8)	(102.8)	(701.9	(198.6)
Margem %	-108.0%	-21.9%	-18.8%	-123.8%	-20.2%



10. CONSOLIDATED BALANCE SHEET (TNL)

R\$ million	06/30/2003	03/31/2004	06/30/2004
TOTAL ASSETS	26,437	27,854	28,365
Current	6,810	9,015	10,042
Cash and ST Investments	1,789	3,617	4,845
Accounts Receivable	3,328	3,589	3,585
Recoverable Taxes	1,228	919	833
Inventories	123	207	184
Other Current Assets	342	682	595
Long Term	2,171	2,574	2,565
Recoverable and Deferred Taxes	1,284	1,628	1,583
Other	887	946	982
Permanent			
Investments	17,456	16,265	15,758
Property Plant and Equipment	369	341	321
Deferred Assets	16,513	15,383	14,914
	574	541	524

	06/30/2003	31/3/2004	06/30/2004
TOTAL LIABILITIES	26,437	27,854	28,365
Current	4,452	5,722	6,044
Suppliers	1,094	1,427	1,527
Loans and Financing	2,264	2,820	2,762
Payroll and Related Accruals	196	263	279
Payable Taxes	463	737	979
Dividends Payable	149	299	335
Other Accounts Payable	286	175	162
Long Term	11,050	11,400	11,549
Loans and Financing	9,130	9,185	9,438
Payable and Deferred Taxes	754	903	862
Contingency Provisions	1,131	1,265	1,203
Other Accounts Payable	35	47	46
Unrealized Earnings	-	57	54
Minority Interest	2,093	2,010	1,990
Shareholders' Equity	8,842	8,665	8,728



CONSOLIDATED BALANCE SHEET (TMAR)*

R\$ million	06/30/2003	03/31/2004	06/30/2004		06/30/2003	03/31/2004	06/30/2004
TOTAL ASSETS	24,435	24,290	23,802	TOTAL LIABILITIES	24,435	24,290	23,802
Current	4,947	5,607	5,700	Current	4,856	4,539	5,033
Cash and ST Investments	354	505	747	Suppliers	1,154	1,389	1,494
Accounts Receivable	3,369	3,565	3,547	Loans and Financing	2,735	1,777	1,767
Recoverable and Deferred Taxes	803	674	638	Payroll and Related Accruals	162	210	211
Inventories	123	207	184	Payable Taxes	432	690	902
Other Current Assets	298	656	583	Dividends Payable	85	293	494
				Other Accounts Payable	288	178	165
Long Term	1,716	2,137	2,080	Long Term	8,673	9,157	8,239
Recoverable and Deferred Taxes	984	1,333	1,255	Loans and Financing	6,932	7,101	6,288
Other	732	804	825	Payable Taxes	634	753	712
				Contingency Provisions	1,077	1,261	1,199
Permanent	17,772	16,547	16,023	Other Accounts Payable	30	42	41
Investments	830	774	739	·			
Property Plant and Equipment	16,375	15,237	14,764	Unrealized Earnings	-	57	54
Deferred	567	536	519	_			
				Shareholders' Equity	10,905	10,538	10,476

 $^{^{\}star}$ Includes the efects of Pegasus's acquisition (Dec/02), Oi (Apr/03) and Aix (Dec/03)



BALANCE SHEET TNL-PCS (Oi)

R\$ million	06/30/2003	03/31/2004	06/30/2004
TOTAL ASSETS	4,756	5,589	5,569
Current	740	1,350	1,348
Cash and ST Investments	1	299	432
Accounts Receivable	415	424	408
Recoverable and Deferred Taxes	88	104	88
Inventories	83	176	158
Other Current Assets	153	346	242
Long Term	360	398	394
Recoverable and Deferred Taxes	203	395	390
Other	157	3	4
Permanent	3,656	3,841	3,828
Property Plant and Equipment	3,090	3,323	3,325
Deferred Assets	566	519	503

	06/30/2003	03/31/2004	06/30/2004
TOTAL LIABILITIES	4,756	5,589	5,569
Current Liabilities	832	525	533
Suppliers	288	425	429
Loans and Financing	422	10	5
Payroll and Related Accruals	17	33	30
Payable Taxes	49	49	62
Other Accounts Payable	56	7	8
Long Term	2,700	410	484
Loans and Financing	2,699	10	0
Contingency Provisions	1	1	1
Payable Taxes	-	1	1
AFCI*	-	398	482
Shareholders' Equity	1,224	4,655	4,552

^{*}Advancement for Future Capital Increase



11. Main Loans

R\$ '000 - 06/30/04

	<u>Date</u>	<u>Currency</u>	<u>Costs</u>	<u>Maturity</u>	Amortization	Outstanding Balance
Sindicated Loan*	Aug/01	US\$	LIBOR+5.5%a.a.	Aug/09	Quarterly	2,322,588
BNDES	Dec/00	R\$	TJLP +4.40% a.a.	Jan/08	Monthly	1,448,790
	Dec/03	R\$	TJLP +4.50% a.a.	Jan/11	Monthly	347,292
	Dec/00	Currency Basket	Floating Interest Rate + 4.40%a.a.	Jan/08	Monthly	589,23
	Dec/03	Currency Basket	Floating Interest Rate + 4.50%a.a.	Jan/11	Monthly	89,69
					BNDES	2,475,01
JBIC	Aug/01	Yen	1,65%a.a.	Jan/10	Semi-annually	807,812
	Jan/03	Yen	Japonese LIBOR + 1.25%a.a.	Jan/11	Semi-annually	750,43°
					JBIC	1,558,24
<u>Debentures</u>	Jul/01	R\$	CDI+0.7%	Jun/06	"Bullet"	1,221,19
Senior Notes	Dec/03	US\$	8 % a.a.	Aug/13	"Bullet"	935,09
KFW	Fev/03	US\$	LIBOR+0.75%a.a	Aug/12	Semi-annually	196,19
	Jun/00	US\$	8.75% to 11.87% a.a.	Oct/09	Semi-annually	323,228
	Jul/02	US\$	LIBOR+0.8% to 4.5%a.a.	Jan/11	Semi-annually	245,73
					KFW	765,150
ABN AMRO	Dec/00	US\$	LIBOR+5%a.a	Mai/06	Semi-annually	130,400
	Jan/04	US\$	LIBOR+3% to 4.83%a.a.	Apr/09	Semi-annually	189,88
				,	ABN AMRO	320,28
Other						2,602,609
Total						12,200,170

^{*} Leadership by ABN AMRO



11. Scheduled Events:

Conference Call

Date: Friday, July 30, 2004

Time: 1:00 PM (Rio de Janeiro)

Access: 888-425-9978 (USA)

1-210-839-8553 (Other countries)

Passcode: Telemar

Replay: 866-441-8817 (USA)

1-203-369-1060 (Other countries)

Apimec – Rio de Janeiro

Date: Monday, August 9, 2004

Time: 5:00 PM (Rio de Janeiro)

Local: JW Marriott Hotel

Atlântica Avenue, 2.600

Copacabana

For additional information please access:

http://www.telemar.com.br/docs/apimec2004.pdf

A slide presentation will be available on our website one hour before the call, at the following link: http://www.telemar.com.br/docs/confcall2Q04.ppt

TNL – Investor Relations (IR Team) (invest@telemar.com.br) 55(21) 3131-1314/1313/1315/1316/1317

Global Consulting Group Kevin Kirkeby (kkirkeby@hfgcg.com) 1(646) 284-9416

VISIT OUR WEBSITE (www.telemar.com.br/ir)

Disclaimer

This report contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and involve inherent risks and uncertainties. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. This report contains non-audited results which may differ from the final audited ones.