

TELE CENTRO OESTE CELULAR PARTICIPACOES

Form 6-K

November 18, 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 November, 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-Telebrásília 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 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

Tele Centro Oeste Celular Participações S.A.

*Interim Financial Statements for the
Nine-month Period Ended September 30, 2004 and
Independent Auditors' Review Report*

Deloitte Touche Tohmatsu Auditores Independentes

INDEPENDENT AUDITORS'S REVIEW REPORT

To the Shareholders and Management of
Tele Centro Oeste Celular Participações S.A.
Brasília - DF

1. We have conducted a special review of the interim financial statements of Tele Centro Oeste Celular Participações S.A. and subsidiaries for the nine-month period ended September 30, 2004, prepared under the responsibility of the Company's management, in conformity with accounting practices adopted in Brazil, which includes the balance sheets, individual and consolidated, the related statements of income and the performance reports.
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 significant effects on the financial position and 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 reviewed the Company's individual and consolidated balance sheets as of June 30, 2004 and the individual and consolidated statements of income for the nine-month period ended September 30, 2003, presented for comparative purposes, and our review reports thereon, dated July 21, 2004 and October 21, 2003, respectively, were unqualified.
5. The accompanying interim financial statements are an adaptation and a translation of the interim financial statements originally issued in Portuguese and have been prepared into English for the convenience of readers outside Brazil.

São Paulo, October 26, 2004

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

José Domingos do Prado
Engagement Partner

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

BALANCE SHEETS AS OF SEPTEMBER 30 AND JUNE 30, 2004

(In thousands of Brazilian reais - R\$)

| | Company | | Consolidated | |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 09/30/04 (Unaudited) | 06/30/04 (Unaudited) | 09/30/04 (Unaudited) | 06/30/04 (Unaudited) |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 124,694 | 96,651 | 1,041,955 | 1,005,629 |
| Trade accounts receivable, net | 100,826 | 101,293 | 429,986 | 441,553 |
| Related-party credits | 105,729 | 104,044 | - | - |
| Inventories | 26,832 | 39,864 | 113,776 | 131,670 |
| Deferred and recoverable taxes | 80,846 | 80,024 | 243,887 | 246,317 |
| Derivatives | - | 135 | - | 268 |
| Prepaid expenses | 6,977 | 4,326 | 24,677 | 20,019 |
| Other current assets | <u>8,911</u> | <u>7,613</u> | <u>25,076</u> | <u>44,860</u> |
| Total current assets | <u>454,815</u> | <u>433,950</u> | <u>1,879,357</u> | <u>1,890,316</u> |
| NONCURRENT ASSETS | | | | |
| Related-party credits | 24,061 | 36,737 | - | - |
| Deferred and recoverable taxes | 202,660 | 210,148 | 449,871 | 467,312 |
| Derivatives | - | 279 | - | 585 |
| Prepaid expenses | 1,177 | 1,191 | 9,597 | 7,727 |
| Other noncurrent assets | <u>27,539</u> | <u>27,023</u> | <u>30,057</u> | <u>28,751</u> |
| Total noncurrent assets | <u>255,437</u> | <u>275,378</u> | <u>489,525</u> | <u>504,375</u> |
| PERMANENT ASSETS | | | | |
| Investments | 1,894,508 | 1,776,751 | 3,416 | 3,807 |
| Property, plant and equipment, net | 255,606 | 236,884 | 1,029,263 | 942,724 |
| Deferred assets, net | - | - | <u>23,656</u> | <u>24,640</u> |
| Total permanent assets | <u>2,150,114</u> | <u>2,013,635</u> | <u>1,056,335</u> | <u>971,171</u> |
| TOTAL ASSETS | <u>2,860,366</u> | <u>2,722,963</u> | <u>3,425,217</u> | <u>3,365,862</u> |

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

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

BALANCE SHEETS AS OF SEPTEMBER 30 AND JUNE 30, 2004

(In thousands of Brazilian reais - R\$)

| | <u>Company</u> | | <u>Consolidated</u> | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| LIABILITIES, SHAREHOLDERS' EQUITY <u>AND FUNDS FOR CAPITALIZATION</u> | 09/30/04 <u>(Unaudited)</u> | 06/30/04 <u>(Unaudited)</u> | 09/30/04 <u>(Unaudited)</u> | 06/30/04 <u>(Unaudited)</u> |
| CURRENT LIABILITIES | | | | |
| Payroll and related accruals | 10,076 | 9,327 | 21,737 | 18,591 |
| Trade accounts payable | 66,775 | 77,255 | 294,977 | 368,704 |
| Taxes payable | 18,031 | 18,831 | 85,265 | 102,125 |
| Loans and financing | 27,803 | 28,875 | 106,969 | 109,597 |
| Dividends and interest on shareholders' equity | 126,094 | 125,959 | 132,529 | 132,403 |
| Reserve for contingencies | 800 | 345 | 4,684 | 2,434 |
| Derivatives | 4,095 | 1,744 | 9,726 | 3,428 |
| Other liabilities | <u>9,206</u> | <u>7,649</u> | <u>23,689</u> | <u>20,451</u> |
| Total current liabilities | <u>262,880</u> | <u>269,985</u> | <u>679,596</u> | <u>757,733</u> |
| LONG-TERM LIABILITIES | | | | |
| Loans and financing | 28,065 | 31,574 | 164,624 | 182,111 |
| Reserve for contingencies | 119,405 | 114,707 | 126,040 | 117,554 |
| Derivatives | 3,537 | 1,342 | 7,349 | 1,980 |
| Pension plan reserve | 1,681 | 1,681 | 2,810 | 2,810 |
| Other liabilities | <u>548</u> | <u>548</u> | <u>548</u> | <u>548</u> |
| Total long-term liabilities | <u>153,236</u> | <u>149,852</u> | <u>301,371</u> | <u>305,003</u> |
| SHAREHOLDERS' EQUITY | | | | |
| Capital stock | 792,966 | 792,966 | 792,966 | 792,966 |
| Treasury shares | (49,109) | (49,162) | (49,109) | (49,162) |
| Capital reserve | 574,923 | 574,813 | 574,923 | 574,813 |
| Income reserve | 480,234 | 480,234 | 480,234 | 480,234 |
| Retained earnings | <u>645,110</u> | <u>504,149</u> | <u>645,110</u> | <u>504,149</u> |
| Total shareholders' equity | <u>2,444,124</u> | <u>2,303,000</u> | <u>2,444,124</u> | <u>2,303,000</u> |
| FUNDS FOR CAPITALIZATION | <u>126</u> | <u>126</u> | <u>126</u> | <u>126</u> |
| SHAREHOLDERS' EQUITY AND FUNDS FOR CAPITALIZATION | <u>2,444,250</u> | <u>2,303,126</u> | <u>2,444,250</u> | <u>2,303,126</u> |
| TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND FUNDS FOR CAPITALIZATION | <u>2,860,366</u> | <u>2,722,963</u> | <u>3,425,217</u> | <u>3,365,862</u> |

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

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A.

STATEMENTS OF INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2004 AND 2003

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

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

| | Company | | Consolidated | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | 09/30/04 <u>(Unaudited)</u> | 09/30/03 <u>(Unaudited)</u> | 09/30/04 <u>(Unaudited)</u> | 09/30/03 <u>(Unaudited)</u> |
| GROSS OPERATING REVENUE | | | | |
| Telecommunications services | 421,803 | 398,085 | 1,799,197 | 1,546,065 |
| Products sales | <u>70,366</u> | <u>49,618</u> | <u>330,508</u> | <u>240,678</u> |
| Deductions | <u>(111,577)</u> | <u>(89,150)</u> | <u>(528,162)</u> | <u>(380,356)</u> |
| NET OPERATING REVENUE | <u>380,592</u> | <u>358,553</u> | <u>1,601,543</u> | <u>1,406,387</u> |
| Cost of services provided | (64,134) | (103,428) | (265,837) | (392,310) |
| Cost of goods sold | (84,143) | (57,278) | (360,022) | (245,592) |
| GROSS PROFIT | <u>232,315</u> | <u>197,847</u> | <u>975,684</u> | <u>768,485</u> |
| OPERATING INCOME (EXPENSES) | | | | |
| Selling expenses | (94,518) | (43,371) | (331,265) | (206,233) |
| General and administrative expenses | (45,805) | (78,828) | (110,617) | (139,351) |
| Other net operating expenses | (12,329) | (11,349) | (38,168) | (28,776) |
| Other net operating income | 43,154 | 38,279 | 38,706 | 25,773 |
| Equity in earnings | 299,695 | 259,367 | - | - |
| INCOME FROM OPERATIONS BEFORE FINANCIAL EXPENSES, NET | | | | |
| | 422,512 | 361,945 | 534,340 | 419,898 |
| Financial expenses | (25,304) | (94,101) | (64,183) | (144,962) |
| Financial income | 15,613 | 95,797 | 115,027 | 239,501 |
| INCOME FROM OPERATIONS | 412,821 | 363,641 | 585,184 | 514,437 |
| Nonoperating income (expenses), net | <u>166</u> | <u>(543)</u> | <u>(2,074)</u> | <u>(2,810)</u> |
| INCOME BEFORE TAXES | 412,987 | 363,098 | 583,110 | 511,627 |
| Income and social contribution taxes | (35,527) | (36,798) | (202,439) | (179,331) |
| Minority | - | - | (3,211) | (5,996) |
| NET INCOME | <u>377,460</u> | <u>326,300</u> | <u>377,460</u> | <u>326,300</u> |
| Shares outstanding at September 30 (thousands) | <u>379,200.036</u> | <u>379,200.036</u> | - | - |
| Income per thousand shares outstanding at the balance sheet date (Brazilian reais) | <u>1.00</u> | <u>0.86</u> | - | - |

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

TELE CENTRO OESTE CELULAR PARTICIPAÇÕES S.A. NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2004

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

1. OPERATIONS

Tele Centro Oeste Celular Participações S.A. ("TCO" or "Company") is a publicly-traded company, which, as of September 30, 2004, is owned by Telesp Celular Participações S.A. - "TCP" (86.19% of voting capital and 28.86% of total capital).

The Company is the controlling shareholder 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, through authorizations, mobile telephone services, including necessary or useful activities to provide its services, operating in the Federal District area, with authorization until July 24, 2006. Company subsidiaries also provide mobile telephone services as follows:

| <u>Subsidiary</u> | <u>Interest - %</u> | <u>Operation area</u> | <u>Authorization period</u> |
|-------------------|---------------------|---|-----------------------------|
| Telegoiás | 100.00 | Góias and Tocantins | 10/29/2008 |
| Telemat | 100.00 | Mato Grosso | 03/30/2009 |
| Telems | 100.00 | Mato Grosso do Sul | 09/28/2009 |
| Teleron | 100.00 | Rondônia | 07/21/2009 |
| Teleacre | 100.00 | Acre | 07/15/2009 |
| NBT | 100.00 | Amazonas, Roraima, Amapá, Pará and Maranhão | 11/29/2013 |

These authorizations are renewable once for a period of 15 years, through payment of charges equivalent to 1% of the operator's annual income.

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 fees for the use of their networks on these calls.

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

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

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

The interim financial statements as of June 30, 2004 and September 30, 2003 have been reclassified for comparability purposes.

3. PRINCIPAL ACCOUNTING PRACTICES

The interim financial statements ("ITRs") have been prepared in accordance with 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 adequacy of criteria adopted by TCP regarding subvention of handsets, accounting appropriation of FISTEL charges (TFI e TFF) and useful lifetime of terminals, have been prepared in accordance with principles, practices applied consistently with those used to prepare the financial statements presented at the last year-end and should be analyzed together with those financial statements.

4. CASH AND CASH EQUIVALENTS

| | <u>Company</u> | | <u>Consolidated</u> | |
|----------------------------|-----------------|-----------------|---------------------|------------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Cash and banks | 12,469 | 15,472 | 25,544 | 29,871 |
| Temporary cash investments | <u>112,225</u> | <u>81,179</u> | <u>1,016,411</u> | <u>975,758</u> |
| Total | <u>124,694</u> | <u>96,651</u> | <u>1,041,955</u> | <u>1,005,629</u> |

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

5. TRADE ACCOUNTS RECEIVABLE, NET

| | <u>Company</u> | | <u>Consolidated</u> | |
|---|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Unbilled amounts from services rendered | 21,290 | 21,481 | 72,290 | 71,453 |
| Billed amounts | 44,716 | 49,914 | 175,307 | 190,798 |
| Interconnection | 29,268 | 21,991 | 132,856 | 126,064 |
| Goods sold | 13,862 | 15,856 | 83,631 | 87,140 |
| Allowance for doubtful accounts | <u>(8,310)</u> | <u>(7,949)</u> | <u>(34,098)</u> | <u>(33,902)</u> |
| Total | <u>100,826</u> | <u>101,293</u> | <u>429,986</u> | <u>441,553</u> |

Changes in allowance for doubtful accounts were as follows:

| | <u>Company</u> | | <u>Consolidated</u> | |
|--------------------------------|----------------|-------------|---------------------|-------------|
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| Beginning balance | 8,425 | 4,734 | 33,828 | 26,595 |
| Additions in the first quarter | 3,189 | 2,021 | 16,737 | 9,510 |

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

| | | | | |
|----------------------------------|----------------|----------------|-----------------|-----------------|
| Write-offs in the first quarter | <u>(3,339)</u> | <u>(1,583)</u> | <u>(13,726)</u> | <u>(7,763)</u> |
| Balance as of March 31 | 8,275 | 5,172 | 36,839 | 28,342 |
| Additions in the second quarter | 2,451 | 3,139 | 9,383 | 14,948 |
| Write-offs in the second quarter | <u>(2,777)</u> | <u>(1,880)</u> | <u>(12,320)</u> | <u>(10,642)</u> |
| Balance as of June 30 | 7,949 | 6,431 | 33,902 | 32,648 |
| Additions in the third quarter | 5,924 | 3,247 | 23,044 | 13,888 |
| Write-offs in the third quarter | <u>(5,563)</u> | <u>(2,410)</u> | <u>(22,848)</u> | <u>(12,113)</u> |
| Balance as of September 30 | <u>8,310</u> | <u>7,268</u> | <u>34,098</u> | <u>34,423</u> |

6. INVENTORIES

| | <u>Company</u> | | <u>Consolidated</u> | |
|--------------------------------|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Digital handsets | 28,181 | 39,841 | 104,178 | 123,574 |
| Other | 580 | 1,679 | 17,079 | 15,340 |
| (-) Allowance for obsolescence | <u>(1,929)</u> | <u>(1,656)</u> | <u>(7,481)</u> | <u>(7,244)</u> |
| Total | <u>26,832</u> | <u>39,864</u> | <u>113,776</u> | <u>131,670</u> |

7. DEFERRED AND RECOVERABLE TAXES

| | <u>Company</u> | | <u>Consolidated</u> | |
|---|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Prepaid income and social contribution taxes | 6,181 | 1,891 | 6,673 | 5,366 |
| Withholding income tax | 7,830 | 6,873 | 47,756 | 39,596 |
| Recoverable ICMS (state VAT) | 15,326 | 13,862 | 73,363 | 67,424 |
| Recoverable PIS, COFINS and other | <u>3,381</u> | <u>4,739</u> | <u>12,776</u> | <u>13,593</u> |
| Total recoverable taxes | 32,718 | 27,365 | 140,568 | 125,979 |
| ICMS (state VAT) on sales | 660 | 73 | 6,241 | 5,189 |
| Deferred income and social contribution taxes | <u>250,128</u> | <u>262,734</u> | <u>546,949</u> | <u>582,461</u> |
| Total | <u>283,506</u> | <u>290,172</u> | <u>693,758</u> | <u>713,629</u> |
| Current | 80,846 | 80,024 | 243,887 | 246,317 |
| Long term | <u>202,660</u> | <u>210,148</u> | <u>449,871</u> | <u>467,312</u> |

The main components of deferred income and social contribution taxes are as follows:

| | <u>Company</u> | | <u>Consolidated</u> | |
|---|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Merged tax credit (corporate restructuring) | 211,134 | 223,950 | 482,387 | 513,514 |
| Reserve: | | | | |
| Provision for obsolescence | 656 | 563 | 2,544 | 2,462 |
| Provision for contingencies | 29,384 | 27,631 | 32,960 | 29,309 |

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

| | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|
| Allowance for doubtful accounts | 2,826 | 2,703 | 11,593 | 11,527 |
| Suppliers | 4,888 | 4,806 | 16,790 | 20,390 |
| Other | <u>1,240</u> | <u>3,081</u> | <u>675</u> | <u>5,259</u> |
| Total deferred taxes | <u>250,128</u> | <u>262,734</u> | <u>546,949</u> | <u>582,461</u> |
| Current | 55,931 | 60,331 | 139,629 | 154,533 |
| Long term | <u>194,197</u> | <u>202,403</u> | <u>407,320</u> | <u>427,928</u> |

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

a) Merged tax credit: consists of the net balance of goodwill and the reserve for maintenance of integrity of shareholders' equity (Note 30) and is realized proportionally to the amortization of the goodwill at TCO and its subsidiaries, which will occur on June 30, 2009.

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 full recovery of the deferred taxes recognized as determined by CVM Resolution No. 371/02. Realization of the tax credits is estimated as follows:

| Year | 09/30/04 | |
|-----------------------|----------------|---------------------|
| | <u>Company</u> | <u>Consolidated</u> |
| 2004 (4 th quarter) | 12,815 | 31,039 |
| 2005 | 47,729 | 113,805 |
| 2006 | 44,903 | 102,212 |
| 2007 | 44,903 | 102,212 |
| 2008 (and thereafter) | <u>99,778</u> | <u>197,681</u> |
| Total | <u>250,128</u> | <u>546,949</u> |

The CVM Resolution No. 371/02 determines that periodic studies must be carried out to support the maintenance of the amounts recorded. The subsidiary TCO IP S.A. ("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. PREPAID EXPENSES

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Installation inspection tax (TFI) | 3,349 | 2,869 | 25,605 | 18,309 |
| Financial charges | 471 | 471 | 1,036 | 1,036 |
| Insurance premiums | 129 | 170 | 462 | 617 |
| Advertising material to be distributed | 3,424 | 1,418 | 4,671 | 6,223 |
| Other | <u>781</u> | <u>589</u> | <u>2,500</u> | <u>1,561</u> |
| Total | <u>8,154</u> | <u>5,517</u> | <u>34,274</u> | <u>27,746</u> |
| Current | 6,977 | 4,326 | 24,677 | 20,019 |

| | | | | |
|-----------|--------------|--------------|--------------|--------------|
| Long term | <u>1,177</u> | <u>1,191</u> | <u>9,597</u> | <u>7,727</u> |
|-----------|--------------|--------------|--------------|--------------|

9. OTHER ASSETS

| | <u>Company</u> | | <u>Consolidated</u> | |
|---------------------------------|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Escrow deposits | 12,395 | 12,397 | 14,117 | 14,101 |
| Advances for share acquisitions | 14,977 | 14,387 | 14,977 | 14,387 |
| Advances to employees | 1,076 | 1,689 | 2,310 | 3,147 |
| Advances to suppliers | 1,233 | 1,450 | 7,287 | 22,375 |
| Credits with related party | 216 | 512 | 351 | 685 |
| Sales subsidies | 2,851 | 2,802 | 10,195 | 9,858 |
| Other assets | <u>3,702</u> | <u>1,399</u> | <u>5,896</u> | <u>9,058</u> |
| Total | <u>36,450</u> | <u>34,636</u> | <u>55,133</u> | <u>73,611</u> |
| Current | 8,911 | 7,613 | 25,076 | 44,860 |
| Long term | <u>27,539</u> | <u>27,023</u> | <u>30,057</u> | <u>28,751</u> |

10. INVESTMENTS

a) Investments in subsidiaries

| <u>Subsidiary</u> | <u>Total interest - %</u> | <u>Total in shares (thousands)</u> | <u>Shareholders' equity at 09/30/04</u> | <u>Shareholders' equity at 06/30/04</u> | <u>Net income (loss) for the period ended 09/30/04</u> | <u>Net income (loss) for the period ended 09/30/03</u> |
|-------------------|---------------------------|------------------------------------|---|---|--|--|
| Telegoiás | 100.00 | 6,735 | 609,749 | 682,833 | 120,919 | 105,465 |
| Telemat | 100.00 | 711 | 358,451 | 418,517 | 77,163 | 61,821 |
| Telems | 100.00 | 1,266 | 274,669 | 309,644 | 56,451 | 44,443 |
| Teleron | 100.00 | 727 | 83,071 | 102,311 | 14,777 | 17,216 |
| Teleacre | 100.00 | 1,987 | 44,955 | 52,501 | 8,228 | 8,468 |
| NBT | 100.00 | 72,000 | 225,091 | 213,532 | 27,816 | 31,721 |
| TCO IP (*) | 99.99 | 999 | (7,368) | (6,735) | (2,449) | (3,771) |

(*) TCO IP provided telecommunication services, internet access, solutions development and other. On August 16, 2004, through ANATEL Act No. 45,941, extinguished its authorization for multimedia communication services. Such extinction does not discharge TCO IP from its liabilities with third parties.

b) Components and changes

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Investment in subsidiaries | 1,595,986 | 1,477,206 | - | - |
| Goodwill paid on investment acquisition, net | 21,092 | 21,482 | 5,507 | 5,898 |
| Goodwill transfer to subsidiaries in the corporate restructuring | 286,548 | 286,548 | - | - |

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

| | | | | |
|---|------------------|------------------|--------------|--------------|
| Negative goodwill on acquisition of interest in NBT | (2,282) | (2,282) | (2,282) | (2,282) |
| Advances for future capital increase - TCO IP | 510 | 510 | - | - |
| Reserve for investment losses - TCO IP | (7,368) | (6,735) | - | - |
| Other investments | <u>22</u> | <u>22</u> | <u>191</u> | <u>191</u> |
| Investment balance | <u>1,894.508</u> | <u>1,776.751</u> | <u>3,416</u> | <u>3,807</u> |

Changes in Company investments, for the three-month periods ended at September 30 and June 30, 2004, are as follows:

| | <u>09/30/04</u> | <u>06/30/04</u> |
|--|------------------|------------------|
| Beginning balance of investments, net of reserve for losses | 1,776,751 | 1,360,616 |
| Equity in earnings | 118,781 | 101,883 |
| TCO interest share increase of 100% on subsidiaries | - | 28,554 |
| Goodwill paid on investment acquisitions | - | (431) |
| Goodwill transfer to subsidiaries in the corporate restructuring | - | 286,548 |
| Reserve for investment losses | (634) | (913) |
| Investments in subsidiaries | - | 180 |
| Expired dividends and interest on capital (subsidiary) | - | 705 |
| Amortization of goodwill on investment acquisition | <u>(390)</u> | <u>(391)</u> |
| Ending balance of investment, net of reserve for loss | <u>1,894,508</u> | <u>1,776,751</u> |

Goodwill and negative goodwill in the amount of R\$3,225 refer to the following:

NBT

- Acquisition of 45% equity interest in NBT from Inepar S.A. ("Inepar") in May 1999, and capital increase in June 2000 by the Company, in the amount of R\$6,054.
- Accumulated amortization amounted to R\$2,506.
- Negative goodwill on purchase of 1.67% of NBT equity holding at Inepar, in June 2003, in the amount of R\$2,282.

Telegoiás

- Acquisition of Telegoiás in the market in November 2001, in the amount of R\$4,774.
- Accumulated amortization amounted to R\$2,815.

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

11. PROPERTY, PLANT AND EQUIPMENT

| Annual depreciation rate - % | <u>Company</u> | | | |
|------------------------------|----------------|--|------------|-------------------------------|
| | <u>Cost</u> | <u>09/30/04</u> <u>Accumulated depreciation</u> | <u>Net</u> | <u>06/30/04</u> <u>Net</u> |

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

| | | | | | |
|-------------------------------|---------|----------------|------------------|----------------|----------------|
| Transmission equipment | 14.29 | 321,980 | (230,389) | 91,591 | 93,032 |
| Switching equipment | 10 | 92,585 | (41,143) | 51,442 | 47,792 |
| Infrastructure | 5 to 10 | 70,954 | (45,553) | 25,401 | 26,008 |
| Land | - | 2,185 | - | 2,185 | 2,185 |
| Software use rights | 20 | 56,378 | (30,239) | 26,139 | 24,022 |
| Buildings | 4 | 12,390 | (6,113) | 6,277 | 6,233 |
| Terminal equipment | (*) | 21,549 | (17,272) | 4,277 | 3,450 |
| Other assets | 5 to 20 | 30,416 | (17,255) | 13,161 | 13,501 |
| Construction work in progress | - | <u>35,133</u> | <u>-</u> | <u>35,133</u> | <u>20,661</u> |
| Total | | <u>643,570</u> | <u>(387,964)</u> | <u>255,606</u> | <u>236,884</u> |

| | Annual depreciation rate - % | Consolidated | | | |
|-------------------------------|------------------------------|------------------|-----------------------------------|------------------|----------------|
| | | Cost | 09/30/04 Accumulated depreciation | 06/30/04 Net | 06/30/04 Net |
| Transmission equipment | 14.29 | 922,657 | (567,184) | 355,473 | 340,833 |
| Switching equipment | 10 | 314,110 | (122,154) | 191,956 | 162,273 |
| Infrastructure | 5 to 10 | 183,574 | (81,564) | 102,010 | 101,365 |
| Land | - | 7,848 | - | 7,848 | 7,898 |
| Software use rights | 20 | 158,029 | (74,866) | 83,163 | 73,212 |
| Buildings | 4 | 30,484 | (8,950) | 21,534 | 20,526 |
| Terminal equipment | (*) | 49,333 | (32,573) | 16,760 | 12,349 |
| Concession license | 7.23 | 60,550 | (20,791) | 39,759 | 40,853 |
| Other assets | 5 to 20 | 73,803 | (35,475) | 38,328 | 36,764 |
| Construction work in progress | - | <u>172,432</u> | <u>-</u> | <u>172,432</u> | <u>146,651</u> |
| Total | | <u>1,972,820</u> | <u>(943,557)</u> | <u>1,029,263</u> | <u>942,724</u> |

(*) As of March 2004, useful lifetime of terminals was reduced from 24 to 18 months, aiming at better adequacy of operations with reality. Such change resulted in an increase of the depreciation expense recorded up to the third quarter of 2004, in the amount of R\$2,117.

12. DEFERRED CHARGES

| | Annual amortization rate - % | Consolidated | |
|-------------------------------------|------------------------------|-----------------|-----------------|
| | | 09/30/04 | 06/30/04 |
| Pre-operating expenses: | | | |
| Financial expenses | 10 | 16,701 | 16,701 |
| General and administrative expenses | 10 | 27,991 | 27,991 |
| Other | 20 | <u>154</u> | <u>-</u> |
| | | 44,846 | 44,692 |
| Accumulated amortization: | | | |
| Pre-operating | | <u>(21,190)</u> | <u>(20,052)</u> |
| Total | | <u>23,656</u> | <u>24,640</u> |

13. TRADE ACCOUNTS PAYABLE

| | <u>Company</u> | | <u>Consolidated</u> | |
|-------------------------------------|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Suppliers | 49,312 | 58,820 | 214,525 | 282,196 |
| Interconnection | 5,407 | 3,737 | 24,458 | 21,453 |
| Amounts to be transferred - SMP (*) | 9,333 | 12,394 | 49,562 | 57,744 |
| Other | <u>2,723</u> | <u>2,304</u> | <u>6,432</u> | <u>7,311</u> |
| Total | <u>66,775</u> | <u>77,255</u> | <u>294,977</u> | <u>368,704</u> |

(*) Refers to long-distance services to be passed on to the operators due to the migration to the SMP (Note 1).

14. TAXES PAYABLE

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Value-added on sales and services (ICMS) | 14,049 | 13,967 | 59,217 | 68,242 |
| Income and social contribution taxes | - | 188 | 7,170 | 12,669 |
| Taxes on revenue (PIS and COFINS) | 2,709 | 3,262 | 11,485 | 14,163 |
| FISTEL | 235 | 581 | 3,212 | 3,538 |
| FUST and FUNTTEL | 269 | 196 | 1,263 | 1,146 |
| Other taxes and contributions | <u>769</u> | <u>637</u> | <u>2,918</u> | <u>2,367</u> |
| Total | <u>18,031</u> | <u>18,831</u> | <u>85,265</u> | <u>102,125</u> |

15. LOANS AND FINANCING

a) Composition of debt

| <u>Description</u> | <u>Currency</u> | <u>Rates</u> | <u>Maturity date</u> | <u>Company</u> | | <u>Consolidated</u> | |
|---------------------------------|-----------------|--|----------------------|-----------------|-----------------|---------------------|-----------------|
| | | | | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| BNDES | R\$ | TJLP + interest of 3.5% to 4% p.a. | 01/15/06 to 01/15/08 | 7,999 | 9,250 | 137,669 | 149,141 |
| Export Development Canada - EDC | US\$ | LIBOR 6m + interest of 3.9% to 5% p.a. | 11/22/05 to 12/14/06 | 46,657 | 50,719 | 100,511 | 109,263 |
| Teleprodurizir (*) | R\$ | Interest of 0.2% p.m. | 09/30/12 | - | - | 15,159 | 14,092 |
| Resolution No. 2,770 | US\$ | US\$ + average interest of 7.41% p.a. | 11/29/04 | 103 | 112 | 881 | 959 |
| BNDES | UMBNDDES | Variation UMBNDES + 3.5% p.a. | 01/15/08 | - | - | 12,895 | 15,129 |
| Other | R\$ | Column 27 FGV | 10/31/08 | - | - | 1,623 | 1,793 |
| Interest | | | | <u>1,109</u> | <u>368</u> | <u>2,875</u> | <u>1,331</u> |
| Total | | | | <u>55,868</u> | <u>60,449</u> | <u>271,613</u> | <u>291,708</u> |

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

| | | | | |
|-----------|---------------|---------------|----------------|----------------|
| Current | 27,803 | 28,875 | 106,989 | 109,597 |
| Long term | <u>28,065</u> | <u>31,574</u> | <u>164,624</u> | <u>182,111</u> |

(*) Long-term portion related to the benefit under the "Programa Teleproduzir" refers to an agreement made with the Goiás State Government regarding payment of ICMS (state VAT). Such agreement establishes that the benefit on accrued ICMS 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) Payment schedule

The long-term portions mature as follows:

| <u>Year</u> | <u>Company</u> | <u>Consolidated</u> |
|---------------------|----------------|---------------------|
| 2005 (4 th quarter) | 14,699 | 38,289 |
| 2006 | 13,366 | 72,634 |
| 2007 | - | 39,966 |
| 2008 | - | 5,614 |
| 2009 | - | 2,166 |
| 2010 | - | 2,166 |
| 2011 | - | 2,166 |
| 2012 | - | <u>1,623</u> |
| Total | <u>28,065</u> | <u>164,624</u> |

c) Restrictive covenants

The Company and its subsidiaries have loans and financing from National Bank for Economic and Social Development ("BNDES") and Export Development Canada - EDC, whose consolidated principal balances, at September 30, 2004, are of R\$150,564 and R\$100,511 (R\$164,270 and R\$109,263 at June 30, 2004), respectively. As of that date, the Company and its subsidiaries were in compliance with the various financial ratios reflected in the contracts.

d) Guarantees

| <u>Banks</u> | <u>Guarantees</u> |
|---------------------------|---|
| BNDES TCO operators | In the event of default, 15% of receivables and CDBs equivalents to the amount of the next installment payable are pledged. |
| BNDES NBT | In the event of default, 100% of receivables and CDBs equivalents 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. |

e) Hedges - Consolidated

As of September 30, 2004, the Company and its subsidiaries had outstanding current swaps contracts in the total notional amount of US\$40,895 thousand (US\$40,861 thousand on June 30, 2004), which covers its total liabilities in foreign currency. Until that date, the Company and its subsidiaries had recorded a temporary net loss of R\$17,075 (net loss of R\$4,555 on June 30, 2004) represented by R\$17,075 in liabilities (R\$853 in assets and R\$5,408 in liabilities on

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

June 30, 2004), of which R\$9,726 (R\$3,428 on June 30, 2004) is recorded as current and R\$7,349 (R\$1,980 at June 30, 2004) is recorded as long term.

16. DIVIDENDS AND INTEREST ON SHAREHOLDERS' EQUITY

| | <u>Company</u> | | <u>Consolidated</u> | |
|-------------------------------|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Interest on Company's capital | 120,626 | 120,491 | 125,208 | 125,082 |
| Dividends | <u>5,468</u> | <u>5,468</u> | <u>7,321</u> | <u>7,321</u> |
| Total | <u>126,094</u> | <u>125,959</u> | <u>132,529</u> | <u>132,403</u> |

17. OTHER LIABILITIES

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Services to be provided - pre-charge | 2,031 | 2,096 | 15,638 | 13,919 |
| Reserve for customer loyalty program | 765 | 585 | 1,621 | 1,499 |
| Liabilities with clients | 1 | 1 | 155 | 66 |
| Other liabilities with related parties | 6,409 | 4,967 | 6,275 | 4,967 |
| Other | <u>548</u> | <u>548</u> | <u>548</u> | <u>548</u> |
| Total | <u>9,754</u> | <u>8,197</u> | <u>24,237</u> | <u>20,999</u> |
| Current | 9,206 | 7,649 | 23,689 | 20,451 |
| Long term | <u>548</u> | <u>548</u> | <u>548</u> | <u>548</u> |

The Company and its subsidiaries have a customer loyalty program whereby the customer makes calls and earns points redeemable for prizes (handsets, for instance). Accumulated points are accrued when granted, considering redemption prospects based on the consumption profile of participant customers. The accrual is reduced when customers redeem points.

18. 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:

| | <u>Company</u> | | <u>Consolidated</u> | |
|----------|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Telebrás | 109,293 | 104,334 | 109,293 | 104,334 |
| Labor | 45 | 264 | 1,491 | 1,242 |

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

| | | | | |
|-------|----------------|----------------|----------------|----------------|
| Civil | 1,278 | 929 | 6,869 | 4,628 |
| Tax | <u>9,589</u> | <u>9,525</u> | <u>13,071</u> | <u>9,784</u> |
| Total | <u>120,205</u> | <u>115,052</u> | <u>130,724</u> | <u>119,988</u> |

| | | | | |
|-----------|----------------|----------------|----------------|----------------|
| Current | 800 | 345 | 4,684 | 2,434 |
| Long term | <u>119,405</u> | <u>114,707</u> | <u>126,040</u> | <u>117,554</u> |

| | <u>Company</u> | | <u>Consolidated</u> | |
|------------------------------------|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Beginning balance at January 1 | 105,166 | 94,639 | 109,373 | 99,104 |
| Reserve set-up, net of reversals | 1,315 | 628 | 11,009 | 962 |
| Monetary restatement | 14,361 | 9,765 | 14,361 | 9,765 |
| Payments, net of reclassifications | <u>(637)</u> | <u>(2,438)</u> | <u>(4,019)</u> | <u>(5,463)</u> |
| Balance at September 30 | <u>120,205</u> | <u>102,594</u> | <u>130,724</u> | <u>104,368</u> |

18.1. Telebrás

Correspond to the original loans with Telecomunicações Brasileiras S.A. - TELEBRÁS, which, according to Attachment II of the Spin-off Report of February 28, 1998, approved in the General Meeting of May 1998 and according to Company's management, should be attributed to the respective holding company of Telegoiás and Telebrasília Celular S.A.

Company's management understood there have been errors in allocation of such loans upon spin-off, suspended payment flow upon control change, which uses the IGP-M plus 6% interest per annum.

In June 1999, the Company filed into court challenging statement that it holds the assets corresponding to these liabilities - loans and financing, as well as related items of these assets, and furthermore compensation of installments collected.

In November 1999, Company's management decided upon transfer to the holding, of the liability deriving from the loan originally due to TELEBRÁS, absorbed in the spin-off process.

On August 1, 2001, court decided the claims filed by the Company as unfounded, nonetheless, on October 8, 2001, Company filed an appeal, which is still pending decision.

According to Company legal counsel, such contingencies are evaluated regarding loss chances, as probable. The unreserved difference between original rates of the contracts and those currently used, at September 30, 2004, is estimated at R\$18,557 (R\$33,447 at June 30, 2004).

18.2. Tax

18.2.1. Probable loss

Variations in the third quarter are basically due to debt collection tax assessments (NSLD), issued by INSS. Evolutions in tax contingency reserves correspond to monthly changes of demands since the end of the last fiscal year.

18.2.2. Possible loss

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

During the third quarter no new material tax lawsuit has occurred, for which the likelihood of an adverse outcome would be considered "possible". There have been no material changes in these cases since the end of the last fiscal year.

18.3. Civil and labor

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.

Lawsuits classified as possible loss involve the amounts of R\$10,432 (R\$7,751 at June 30, 2004) for civil and R\$2,281 (R\$1,381 at June 30, 2004) for labor.

19. LEASES (CONSOLIDATED)

The Company and its subsidiaries have commercial lease agreements. Expenses recorded up to September 2004 were R\$2,967 (R\$3,114 for the same period in 2003). The outstanding obligation under such agreements, adjusted at the exchange rate prevailing at September 30, 2004, is R\$1,200 (R\$2,201 as of June 30, 2004). This balance will be paid in monthly, bimonthly and quarterly installments, according to the contracts, until June 2005.

20. SHAREHOLDER'S 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 March 31, 2004 and by R\$19,078, with issuance of 2,247,062 thousand common shares, through capitalization of the tax benefit realized in 2001, 2002 and 2003.

On June 30, 2004, the Company increased its capital in R\$28,554 and reduced it by R\$100 due to corporate restructuring, therefore, its capital increased from R\$764,511 to R\$792,966, represented by shares without par value, as follows:

| | <u>Thousands of shares</u> | |
|----------------------------------|----------------------------|--------------------|
| | <u>09/30/04</u> | <u>06/30/04</u> |
| Common shares | 129,458,667 | 129,458,667 |
| (-) Common shares in treasury | (5,784,963) | (5,791,394) |
| (-) Preferred shares in treasury | (2,087) | - |
| Preferred shares | <u>257,206,308</u> | <u>257,206,308</u> |
| Total | <u>380,877,925</u> | <u>380,873,581</u> |

b) Treasury shares

At September 30, treasury shares amounted to 5,787,050 thousand shares, of which 5,784,963 thousand are common shares and 2,087 thousand are preferred shares (5,791,394 thousand common shares at June 30, 2004).

c) Special goodwill reserve

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

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 reserve

i) Legal reserve

Legal reserve is calculated at 5% of annual net income up to a limit of 20% of capital or 30% of capital plus capital reserves; thereafter, 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 to increase capital. This reserve is recognized at yearend.

ii) Special reserve for expansion

The capital budget elaborated by management is used as a base for the special expansion and modernization reserve, evidencing the need of resources for investment projects in future periods, and it is set-up with the remaining net profit balance, adjusted, after distributions required by law and the value of prescribed dividends.

e) Dividends and interest on capital

Preferred shares do not have voting rights; except in the circumstances foreseen in article 12 of the bylaws, they have priority in the redemption of capital, without premium, and participation rights of dividends to distribute, corresponding to at least 25% of net profit for the period, calculated in accordance with article 202 of the joint stock company law, with priority on minimum noncumulative dividends, equivalent to the greater of the following:

- a) 6% per year, on the amount resulting from division of subscribed capital by the total number of Company shares, or
- b) 3% per year, on the amount resulting from division of the shareholders' equity by the total number of Company shares, as well as participation rights in profits distributed in the same conditions as common shares, after the latter are ensured dividends equal or above the minimum established by preferred shares.

21. NET OPERATING REVENUE

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Monthly subscription charges | 37,361 | 36,709 | 117,505 | 108,527 |
| Usage charges | 217,766 | 199,712 | 978,569 | 803,773 |
| Roaming charges | - | 4,542 | - | 12,109 |
| Additional call charges | 6,612 | 6,303 | 25,051 | 18,585 |
| Interconnection | 151,527 | 143,718 | 643,016 | 578,962 |
| Data revenue | 6,155 | 6,515 | 24,583 | 20,428 |
| Internet | - | - | 186 | 619 |
| Other services | <u>2,382</u> | <u>586</u> | <u>10,287</u> | <u>3,062</u> |
| Gross revenue from services | 421,803 | 398,085 | 1,799,197 | 1,546,065 |
| Value-added tax on sales and services (ICMS) | (62,152) | (56,927) | (286,968) | (240,494) |

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

| | | | | |
|--|-----------------|----------------|------------------|------------------|
| PIS and COFINS | (14,758) | (13,674) | (62,226) | (52,567) |
| ISS (service tax) | (100) | - | (529) | - |
| Discounts granted | <u>(12,956)</u> | <u>(5,412)</u> | <u>(74,969)</u> | <u>(30,523)</u> |
| Operating revenue net of services | 331,837 | 322,072 | 1,374,505 | 1,222,481 |
| Gross service revenue | 70,366 | 49,618 | 330,508 | 240,678 |
| Value-added tax on sales and services (ICMS) | (11,615) | (8,511) | (56,560) | (37,901) |
| PIS and COFINS | (6,423) | (2,194) | (32,479) | (11,133) |
| Discounts granted | (1) | (375) | (89) | (666) |
| Sales returns | <u>(3,572)</u> | <u>(2,057)</u> | <u>(14,342)</u> | <u>(7,072)</u> |
| Net operating revenues from handsets and accessories | <u>48,755</u> | <u>36,481</u> | <u>227,038</u> | <u>183,906</u> |
| Total net operating revenues | <u>380,592</u> | <u>358,553</u> | <u>1,601,543</u> | <u>1,406,387</u> |

22. COST OF SERVICES PROVIDED AND GOODS SOLD

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|------------------|------------------|---------------------|------------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Personnel | (4,853) | (5,889) | (15,937) | (13,752) |
| Material | (696) | (2,057) | (3,110) | (8,473) |
| Outside services | (6,977) | (7,165) | (27,350) | (32,825) |
| Connections | (2,554) | (5,433) | (18,882) | (27,967) |
| Rental, insurance and condominium fees | (4,465) | (1,984) | (12,742) | (9,658) |
| Interconnection | (7,452) | (32,027) | (59,119) | (125,214) |
| FISTEL and other taxes | (1,161) | (10,964) | (7,190) | (51,570) |
| Depreciation and amortization | (35,213) | (37,760) | (114,888) | (122,697) |
| Cost of goods sold | (84,143) | (57,278) | (360,022) | (245,592) |
| Other | <u>(763)</u> | <u>(149)</u> | <u>(6,619)</u> | <u>(154)</u> |
| Total | <u>(148,277)</u> | <u>(160,706)</u> | <u>(625,859)</u> | <u>(637,902)</u> |

23. SELLING EXPENSES

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|------------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Personnel | (15,339) | (4,987) | (49,534) | (22,548) |
| Material | (1,451) | (350) | (5,962) | (2,802) |
| Outside services | (60,424) | (25,559) | (205,536) | (128,656) |
| Rental, insurance and condominium fees | (2,135) | (1,742) | (6,238) | (5,114) |
| Taxes and contributions | (135) | (53) | (462) | (159) |
| Depreciation and amortization | (3,416) | (1,483) | (14,302) | (5,813) |
| Allowance for doubtful accounts | (11,564) | (8,407) | (49,164) | (38,346) |
| Other | <u>(54)</u> | <u>(790)</u> | <u>(67)</u> | <u>(2,795)</u> |
| Total | <u>(94,518)</u> | <u>(43,371)</u> | <u>(331,265)</u> | <u>(206,233)</u> |

24. GENERAL AND ADMINISTRATIVE EXPENSES

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|------------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Personnel | (19,042) | (30,951) | (38,554) | (42,383) |
| Material | (1,108) | (1,172) | (2,390) | (2,671) |
| Outside services | (15,711) | (29,324) | (40,290) | (59,592) |
| Consulting - technology and management (management fee) | - | (1,551) | - | (4,819) |
| Rental, insurance and condominium fees | (1,756) | (3,899) | (6,234) | (5,799) |
| Taxes and contributions | (277) | (1,627) | (1,679) | (2,135) |
| Depreciation and amortization | (7,910) | (10,183) | (21,468) | (21,617) |
| Other | <u>(1)</u> | <u>(121)</u> | <u>(2)</u> | <u>(335)</u> |
| Total | <u>(45,805)</u> | <u>(78,828)</u> | <u>(110,617)</u> | <u>(139,351)</u> |

25. OTHER OPERATING INCOME (EXPENSES), NET

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Revenues: | | | | |
| Fines | 5,720 | 3,756 | 21,778 | 16,421 |
| Recovered expenses | 525 | 178 | 1,100 | 493 |
| Reversal of reserves | 7 | 2,675 | 2,659 | 5,573 |
| Corporate services | 30,084 | 31,084 | - | - |
| Other | <u>6,818</u> | <u>586</u> | <u>13,169</u> | <u>3,286</u> |
| Total | <u>43,154</u> | <u>38,279</u> | <u>38,706</u> | <u>25,773</u> |
| Expenses: | | | | |
| Reserve for contingencies | (1,315) | (628) | (11,009) | (962) |
| Telegoiás and NBT goodwill amortization | (1,171) | (1,171) | (1,171) | (1,171) |
| FUST | (1,737) | (1,758) | (7,060) | (6,455) |
| FUNTTTEL | (846) | (879) | (3,508) | (3,227) |
| ICMS on other expenses | (589) | (3,312) | (686) | (7,290) |
| PIS and COFINS on other income | (2,823) | (1,804) | (5,051) | (2,770) |
| Other federal, state and municipal taxes | (1,615) | (222) | (1,938) | (1,094) |
| Donations and sponsors | (1,191) | (1,314) | (5,929) | (5,434) |
| Other | <u>(1,042)</u> | <u>(261)</u> | <u>(1,816)</u> | <u>(373)</u> |
| Total | <u>(12,329)</u> | <u>(11,349)</u> | <u>(38,168)</u> | <u>(28,776)</u> |
| Net total | <u>30,825</u> | <u>26,930</u> | <u>538</u> | <u>(3,003)</u> |

26 FINANCIAL INCOME (EXPENSES), NET

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |

| | | | | |
|--|-----------------|-----------------|-----------------|------------------|
| Income: | | | | |
| Income from financial transactions | 18,136 | 44,264 | 126,872 | 179,613 |
| Monetary/Exchange variations in assets | 31 | 56,098 | 127 | 71,794 |
| PIS and COFINS on income from financial transactions | <u>(2,554)</u> | <u>(4,565)</u> | <u>(11,972)</u> | <u>(11,906)</u> |
| Total | <u>15,613</u> | <u>95,797</u> | <u>115,027</u> | <u>239,501</u> |
| Expenses: | | | | |
| Expenses from financial transactions | (7,134) | (29,390) | (34,916) | (62,799) |
| Monetary/Exchange variations in liabilities | (15,217) | 920 | (22,473) | 2,541 |
| Derivative operations, net | (2,953) | (65,631) | (6,794) | (84,704) |
| Total | <u>(25,304)</u> | <u>(94,101)</u> | <u>(64,183)</u> | <u>(144,962)</u> |
| Financial (expenses) income, net | <u>(9,691)</u> | <u>1,696</u> | <u>50,844</u> | <u>94,539</u> |

27. INCOME AND SOCIAL CONTRIBUTION TAXES

The Company and its subsidiaries estimate monthly the amounts for income and social contribution taxes, on the accrual basis. Subsidiary TCO IP presented tax losses; nonetheless, tax credits were not recognized due to no taxable income is expected. The deferred taxes are provided on temporary differences, as shown in Note 7. Income and social contribution taxes charged to income consist of the following:

| | <u>Company</u> | | <u>Consolidated</u> | |
|------------------------------|-----------------|-----------------|---------------------|------------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Income tax | (14,732) | (30,756) | (116,050) | (142,227) |
| Social contribution | (5,326) | (11,191) | (41,928) | (51,550) |
| Deferred income tax | (10,852) | 3,785 | (32,170) | 10,622 |
| Deferred social contribution | <u>(4,617)</u> | <u>1,364</u> | <u>(12,291)</u> | <u>3,824</u> |
| Total | <u>(35,527)</u> | <u>(36,798)</u> | <u>(202,439)</u> | <u>(179,331)</u> |

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

| | <u>Company</u> | | <u>Consolidated</u> | |
|--|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Income before taxes | 412,987 | 363,098 | 583,110 | 511,627 |
| Tax contribution at the combined statutory rate | (140,415) | (123,453) | (198,257) | (173,953) |
| Permanent additions: | | | | |
| Nondeductible expenses | (1,221) | (1,334) | (3,053) | (4,060) |
| Other additions | (803) | (624) | (1,013) | (793) |
| Permanent exclusions: | | | | |
| Reserve for maintenance of integrity of shareholders' equity | 4,776 | - | - | - |

| | | | | |
|---|-----------------|-----------------|------------------|------------------|
| Equity in earnings | 101,896 | 88,183 | - | - |
| Other exclusions | <u>240</u> | <u>430</u> | <u>(116)</u> | <u>(525)</u> |
| Tax expense as reported in the financial statements | <u>(35,527)</u> | <u>(36,798)</u> | <u>(202,439)</u> | <u>(179,331)</u> |

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONSOLIDATED)

a) Risk considerations

The Company and its subsidiaries provide mobile telephone 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 its own sales networks, thus fostering its essential activities.

The major risk credit to which the Company and its subsidiaries are exposed include the following:

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).

Currency risk: related to debt and premiums on derivative instruments contracted in foreign currency and associated with potential losses resulting from adverse exchange rate movements.

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 customer portfolio and actively addressing delinquent receivables by means of clear policies relating to the concession of postpaid services. The Company and its subsidiaries hold 82% (75% at September 30, 2003) of customer bases in the prepaid mode services that require preloading thus not representing a credit risk.

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 ERP system for consistent transactions.

The Company is also subject to credit risk from financial transactions and amount receivable from swap operations. The Company diversifies such exposure at among prime financial institutions.

Interest rate risk

The Company and its subsidiaries are exposed to TJLP variation risk, due to loans obtained at BNDES. At September 30, 2004, the balance of these operations amounted to R\$137,669 (R\$149,141 at June 30, 2004).

The Company is exposed to local interest rate risk, especially associated with the cost of CDI rates, due to its exchange rate derivative transactions. Nonetheless, the balance of financial transactions, also associated with the cost of CDI rates, neutralizes such effect.

The Company and its subsidiaries do not have derivative operations for coverage of these risks.

Foreign currency-denominated loans are also exposed to interest rate risk associated with foreign loans. As of September 30, 2004, these operations amounted to US\$35,161 thousand (US\$35,161 thousand at June 30, 2004).

Currency risk

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

The Company's net exposure to currency risk as of September 30, 2004 is shown in the table below:

| | <u>US\$ thousand</u> |
|-----------------------------------|----------------------|
| Loans and financing - US\$ | (35,469) |
| Loans and financing - UMBNDES (*) | (4,511) |
| Hedge instruments | <u>40,895</u> |
| Net exposure | <u>915</u> |

(*) UMBNDES is a currency established by BNDES, comprised of a foreign currency pool, the principal currency being the US dollar, reason for which the Company and its subsidiaries consider the US dollar for analysis of the risk coverage related to currency variations.

b) Derivative instruments

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

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

| | <u>Book value</u> | <u>Market value</u> | <u>Unrealized gains (losses)</u> |
|----------------------|-------------------|---------------------|----------------------------------|
| Loans and financing | (271,613) | (267,785) | 3,828 |
| Derivate instruments | <u>(17,075)</u> | <u>(12,159)</u> | <u>4,916</u> |
| Total | <u>(288,688)</u> | <u>(279,944)</u> | <u>8,744</u> |

c) Market value of financial instruments

The market value of loans and financing, swaps and forward contracts were determined based on the discounted cash flows, utilizing projected available interest rate information.

Estimated market value 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 and/or estimation methodologies may have a material effect on the estimated market value.

29. POST-RETIREMENT BENEFIT PLANS

Subsidiaries, together with other companies from the former Telebrás System, and their successors sponsor private pension plans and health care plan for retired employees, managed by Fundação Sistel de Seguridade Social - SISTEL, as follows:

- a) PBS-A - is a multiemployer defined benefit plan provided to retired participants, which were in such position on January 31, 2000.
- b) PBS-TCO - defined benefits plan individually sponsored by the Company.
- c) PAMA - multiemployer health care plan provided to 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 the 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 the nine-month period ended September 30, 2004 contributions amounted to R\$3 (R\$3 in 2003).

- d) TCOPREV - defined contribution individual plan - TCOPREV benefits plan, instituted by SISTEL in August 2000.

Company contributions to the TCOPREV plan are equivalent to those of participants, varying to 8% of the contribution salary, according to the percentage selected by the participant. On the nine-month period ended September 30, 2004, subsidiaries recorded contributions to the plans in the amount of R\$5,453 (R\$3,008 in 2003).

Until the third quarter of 2004, the Company and its subsidiaries proportionally recognized the estimated actuarial cost for 2004, charging R\$2,810 at September 30, 2004.

30. CORPORATE RESTRUCTURING

On May 13, 2004 Company's management approved corporate restructuring to transfer to the Company and its subsidiaries the goodwill paid by TCP upon shareholding acquisition at TCO, in the amount of R\$1,503,121 at May 31, 2004.

A reserve was established for maintenance of shareholders' equity of the incorporating company prior to the goodwill being merged by the Company, in the amount of R\$992,060. Thus, net assets merged by the Company amount to R\$511,061, of which, in essence, represents tax benefits from deductibility of such goodwill upon being merged by the Company and its subsidiaries.

The merged net assets have an amortization period of five years and set off a special goodwill reserve to be transferred to capital in favor of the Company upon the effective realization of the tax benefit, with remaining shareholders being ensured participation in these capital increases, event in which accrued amounts will be paid to TCP.

On June 30, 2004 transfer of part of the net assets to the subsidiaries was approved, based on reports from independent specialists, as follows:

| <u>Company</u> | <u>Goodwill</u> | <u>Merged reserve</u> | <u>Net value</u> |
|-------------------|------------------|---------------------------|------------------|
| Telemat | 248,558 | (164,048) | 84,510 |
| Telegoiás | 352,025 | (232,336) | 119,689 |
| Telems | 144,078 | (95,092) | 48,986 |
| Teleron | 68,775 | (45,392) | 23,383 |
| Teleacre | <u>29,353</u> | <u>(19,373)</u> | <u>9,980</u> |
| Addition spin-off | 842,789 | (556,241) | 286,548 |
| Balance TCO | <u>660,332</u> | <u>(435,819)</u> | <u>224,513</u> |
| Total | <u>1,503,121</u> | <u>(992,060)</u> | <u>511,061</u> |

The subsidiary minority shareholders' merger proposal was approved, which received Company shares in the proportion established by market study performed by independents specialists. The share transfer in subsidiaries resulted in a capital increase in the amount of R\$28,554.

The accounting records maintained for corporate and tax purposes include the Companies' specific accounts related to merged goodwill and the related reserve, and the respective amortization, reversal and tax credit, balances, as of September 30, 2004 are as follows:

| | <u>Company</u> | | <u>Consolidated</u> | |
|--------------------------------------|------------------|------------------|---------------------|------------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06/30/04</u> |
| Balance sheet: | | | | |
| Merged goodwill | 620,985 | 658,677 | 1,419,047 | 1,510,337 |
| Merged reserve | <u>(409,851)</u> | <u>(434,727)</u> | <u>(936,660)</u> | <u>(996,823)</u> |
| Net balance of merged tax credit (*) | <u>211,134</u> | <u>223,950</u> | <u>482,387</u> | <u>513,514</u> |

| | <u>Company</u> | | <u>Consolidated</u> | |
|-----------------------|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Statement of income: | | | | |
| Goodwill amortization | (58,050) | (14,027) | (148,877) | (48,404) |
| Reversal of reserve | 38,313 | 9,258 | 98,259 | 31,947 |
| Tax credit | <u>19,737</u> | <u>4,769</u> | <u>50,618</u> | <u>16,457</u> |
| Effect | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(*) Includes R\$5,486 (R\$10,972 at June 30, 2004) regarding goodwill previously transferred to the Company.

As shown above, the amortization of goodwill, net of the reversal of the reserve and of the corresponding tax credit, results in a zero effect on income and, consequently, on the basis for calculating the minimum mandatory dividend. For a better presentation of the financial position of the Companies in the financial statements, the net amount R\$482,387, at September 30, 2004 (R\$513,514 at June 30, 2004), which, in essence, represents the tax credit from the partial spin-off, was classified in the balance sheet as deferred taxes (see Note 7).

The merged tax credit is capitalized as of its effective payment.

31. TRANSACTIONS WITH RELATED PARTIES

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

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. - Telesp, 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. As of July 2003, customers selected long-distance operators.
- b) Corporate services - passed on to subsidiaries at the cost effectively incurred for these services.
- c) Amounts due to related parties refer to loan operations between the Company and its subsidiaries.

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

| | <u>Company</u> | | <u>Consolidated</u> | |
|---|-----------------|-----------------|---------------------|-----------------|
| | <u>09/30/04</u> | <u>06/30/04</u> | <u>09/30/04</u> | <u>06.30.04</u> |
| Assets: | | | | |
| Trade accounts receivable | 8,738 | 7,874 | 6,586 | 11,821 |
| Related-party credits | 216 | 512 | 351 | 685 |
| Loans and financing | 24,061 | 36,737 | - | - |
| Liabilities: | | | | |
| Suppliers | 176 | 1,401 | 21,870 | 36,358 |
| Related-party liabilities | 6,409 | 4,967 | 6,275 | 4,967 |
| | <u>Company</u> | | <u>Consolidated</u> | |
| | <u>09/30/04</u> | <u>09/30/03</u> | <u>09/30/04</u> | <u>09/30/03</u> |
| Statement of income: | | | | |
| Revenue from telecommunication services | - | 11,658 | - | 25,961 |
| Cost of services provided | (15,819) | (4,075) | (5,165) | (3,289) |
| Selling expenses | (1,862) | (559) | (8,591) | (2,434) |
| General and administrative expenses | (6,903) | (4,879) | (17,135) | (7,564) |
| Financial income, net | (2,047) | (1,441) | - | - |
| Other operating income, net | (32,155) | 31,084 | - | - |

32. INSURANCE (CONSOLIDATED)

The Company and its subsidiaries monitor the risks inherent in their activities. Accordingly, as of September 30, 2004 the Company had insurance to cover operating risks, civil liability, health, etc. Company's management considers that the amounts are sufficient to cover possible losses. The principal assets, liabilities or interests covered by insurance are as follows:

| <u>Type</u> | <u>Insured amounts</u> |
|------------------------------|---------------------------------|
| Operating risks | R\$857,580 |
| General civil liability | R\$5,822 |
| Automobile (corporate fleet) | Fipe chart and R\$200 for DC/DM |

Edgar Filing: TELE CENTRO OESTE CELULAR PARTICIPACOES - Form 6-K

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.
