

BRAZIL TELECOM HOLDING CO
Form 6-K
August 12, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

THROUGH AUGUST 13, 2003

(Commission File No. 1-14477)

BRASIL TELECOM PARTICIPAÇÕES S.A.

(Exact name of Registrant as specified in its Charter)

BRAZIL TELECOM HOLDING COMPANY
(Translation of Registrant's name into English)

**SIA Sul, Área de Serviços Públicos, Lote D, Bloco B
Brasília, D.F., 71.215-000
Federative Republic of Brazil**

(Address of Registrant's principal executive offices)

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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ___.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ___.

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

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

BRP: US\$29.85 / ADR
BRTP3: R\$14.04 / 1,000 shares
BRTP4: R\$18.40 / 1,000 shares
Market Capitalization: R\$5,979 million
Closing Price: August 04, 2003

Brasil Telecom Participações S.A.

Consolidated Earnings Release

Second Quarter of 2003
Non-audited

Brasília, August 05, 2003.

TABLE OF CONTENTS

Highlights of the Results	<u>4</u>
Consolidated Income Statement	<u>5</u>
<u>Table 1: Consolidated Income Statement</u>	<u>5</u>
Operating Performance	<u>6</u>
PLANT	<u>6</u>
<u>Table 2: Plant</u>	<u>6</u>
<u>Graph 1: Plant Evolution</u>	<u>6</u>
<u>Graph 2: ADSL Accesses</u>	<u>7</u>
GOALS	<u>7</u>
TRAFFIC	<u>8</u>
<u>Table 3: Traffic</u>	<u>8</u>
<u>Graph 3: DLD Market Share</u>	<u>8</u>
Financial Performance	<u>9</u>
REVENUE	<u>9</u>
<u>Table 4: Consolidated Gross Operating Revenue</u>	<u>9</u>
<u>Graph 4: Gross Revenue Breakdown</u>	<u>9</u>
<u>Graph 5: Data Communication Revenue</u>	<u>11</u>
COSTS AND EXPENSES	<u>12</u>
<u>Table 5: Consolidated Costs and Operating Expenses</u>	<u>12</u>
<u>Graph 6: Costs and Operating Expenses Breakdown (Excluding Depreciation)</u>	<u>13</u>
<u>Graph 7: LIS/Employee</u>	<u>14</u>
<u>Graph 8: Losses with Accounts Receivable</u>	<u>15</u>
<u>Table 6: Gross Accounts Receivable</u>	<u>15</u>
EBITDA	<u>16</u>
<u>Table 7: EBITDA Margin Gains and Losses</u>	<u>16</u>
FINANCIAL RESULT	<u>16</u>
<u>Table 8: Consolidated Financial Result</u>	<u>16</u>
<u>Table 9: Interest on Shareholders Equity Credited in 2003</u>	<u>17</u>
OTHER ITEMS	<u>17</u>
NET EARNINGS	<u>17</u>
Balance Sheet	<u>18</u>
<u>Table 10: Consolidated Balance Sheet</u>	<u>18</u>
<u>Table 11: Holding Balance Sheet</u>	<u>19</u>
Indebtedness	<u>20</u>
<u>Table 12: Indebtedness</u>	<u>20</u>
<u>Table 13: Amortization Schedule of Long Term Debt</u>	<u>21</u>
Investments in the Permanent Assets	<u>21</u>
<u>Table 14: Breakdown of Investments in the Permanent Assets</u>	<u>21</u>
Cash Flow	<u>22</u>
<u>Table 15: Consolidated Cash Flow</u>	<u>22</u>
Stock Market	<u>23</u>
<u>Table 17: Stock Performance</u>	<u>23</u>
<u>Graph 9: Stock Performance in 2Q03 Bovespa and NYSE</u>	<u>23</u>
<u>Table 18: Participation in Indexes</u>	<u>24</u>
Shareholders Structure	<u>24</u>
<u>Table 19: Shareholders Structure</u>	<u>24</u>
Recent Developments	<u>25</u>
Main Indicators	<u>27</u>

<i>Tabela 20: Indicators Evolution</i>	<u>27</u>
<u>Upcoming Events</u>	<u>28</u>
<u>IR Contacts</u>	<u>28</u>
<u>Media Contact</u>	<u>28</u>

[Back to Contents](#)

Brasil Telecom Participações S.A.

Brasil Telecom Participações S.A. announces 2Q03 consolidated results

Brasília, August 05, 2003 **Brasil Telecom Participações S.A. (NYSE: BRP; BOVESPA: BRTP3/BRTP4)** announces its consolidated results for the second quarter of 2003 (2Q03). The **Financial Statements** were elaborated in accordance with CVM Instruction 247/96 and consolidate Brasil Telecom S.A.'s performance.

HIGHLIGHTS OF THE RESULTS

At the end of 2Q03, Brasil Telecom achieved 194.8 thousand **ADSL accesses in service**, meaning a growth of 18.0% compared to the 1Q03.

Revenues from data communication in 2Q03 continued its growing path, reaching R\$181.2 million, 5.7% ahead the registered in the last quarter.

In continuation to the inspection process, **Anatel concluded the field works, in which various localities in all the Brasil Telecom branches were evaluated**. The Company waits for the official outcome from the regulatory body regarding the 2003 targets fulfillment.

Operating costs and expenses (excluding depreciation and amortization) remained flat in 2Q03, totaling R\$1,013.3 million, basically due to the better operating efficiency of the Company.

At the end of 2Q03, the Brasil Telecom **installed plant** reached 10,656 thousand lines, 0.5% above the observed in 1Q03. The **plant in service** achieved 9,741 thousand lines at the end of 2Q03, 1.5% and 9.0% above the plant of 1Q03 and 2Q02, respectively. The growth of plant in service induced the increase of **utilization rate** for the quarter, which totaled 91.4% at the end of June, 0.9 p.p. and 6.3 p.p. above the registered in 1Q03 and 2Q02, respectively.

Net revenue in 2Q03 achieved R\$1,914.9 million, a 10.2% growth when compared to the net revenue of 2Q02. **Net revenue/Average LIS/month** in 2Q03 reached R\$66.0, against R\$65.5 in 1Q03.

Losses with Accounts Receivable totaled R\$61.9 million in 2Q03, representing 2.3% of gross revenue of 2Q03, against R\$67.9 million in the last quarter, or 2.6% of gross revenue in the same period.

In 2Q03, **EBITDA** totaled R\$901.6 million, a 3.8% growth compared to the 1Q03. **EBITDA margin** achieved 47.1% in 2Q03, against 46.3% in 1Q03. **EBITDA/Average LIS/month** increased by 2.4% compared to 1Q03, reaching R\$31.1.

The **consolidated net debt** totaled R\$2,631.3 million at the end of June. The **consolidated net debt/shareholders equity ratio** of the Company was equal to 42.0% at the end of 2Q03, against 40.4% at the end of March, 2003. The **dollar-denominated debt** accounted for 4.1% of total debt, totaling R\$161.4 million at the end of 2Q03. Brasil Telecom hedged 69.5% of that debt, being all debt maturing up to December 2004 hedged against exchange variations. At the end of June 2003 the **average debt cost** was 18.5% p.a., meaning 72.2% of CDI.

Productivity of 1,832 LIS/employee at the end of 2Q03, against 1,729 in the 1Q03. The higher productivity ratio was due to an increase of 1.5% in the plant in service combined with the net reduction of 232 employees in the last 3 months.

[Back to Contents](#)**CONSOLIDATED INCOME STATEMENT****Table 1: Consolidated Income Statement**

R\$ Million	2Q02	1Q03	2Q03	Quarter	12 Months
GROSS REVENUES	2,412.2	2,609.3	2,691.2	3.1%	11.6%
Local Service	976.8	1,063.5	1,032.5	-2.9%	5.7%
Public Telephony	88.8	83.8	103.1	23.1%	16.1%
Long Distance Service	354.7	325.6	356.8	9.6%	0.6%
Fixed-Mobile Calls	544.4	607.3	689.1	13.5%	26.6%
Interconnection	195.8	222.7	193.0	-13.3%	-1.4%
Lease of Means	57.1	53.2	49.6	-6.8%	-13.2%
Data Communication	117.2	171.4	181.2	5.7%	54.5%
Supplementary and Value Added Services	70.7	71.0	72.1	1.5%	1.9%
Other	6.6	10.9	13.8	26.9%	110.4%
Deductions	(674.3)	(735.6)	(776.3)	5.5%	15.1%
NET REVENUES	1,737.9	1,873.7	1,914.9	2.2%	10.2%
COSTS & OPERATING EXPENSES	(915.2)	(1,005.3)	(1,013.3)	0.8%	10.7%
Personnel	(109.9)	(93.8)	(97.3)	3.7%	-11.4%
Materials	(24.6)	(20.3)	(22.6)	11.0%	-8.1%
Subcontracted Services	(279.0)	(292.3)	(308.9)	5.7%	10.7%
Interconnection	(383.6)	(424.9)	(430.4)	1.3%	12.2%
Advertising and Marketing	(23.3)	(9.6)	(19.1)	98.5%	-18.0%
Provisions and Losses	(74.8)	(86.6)	(75.6)	-12.7%	1.1%
Other	(16.9)	(77.8)	(59.4)	-23.6%	251.1%
EBITDA	822.7	868.3	901.6	3.8%	9.6%
Depreciation and Amortization	(490.6)	(520.4)	(526.4)	1.1%	7.3%
OPERATING PROFIT BEFORE FINANCIAL RESULT	332.1	347.9	375.2	7.9%	13.0%
Financial Result	(200.1)	(356.3)	(192.4)	-46.0%	-3.8%
Financial Revenues	97.7	75.7	103.5	36.9%	6.0%
Financial Expenses	(167.7)	(226.1)	(296.0)	30.9%	76.4%
Interest on Shareholders' Equity	(130.1)	(205.8)	(0.0)	-100.0%	-100.0%
OPERATING PROFIT AFTER FINANCIAL RESULT	132.0	(8.3)	182.8	N.A.	38.5%
Non-Operating Revenues (Expenses)	(55.3)	(47.7)	(29.7)	-37.8%	-46.4%
Goodwill Amortization - CRT Acquisition	(31.0)	(31.0)	(31.0)	0.0%	0.0%
Other	(24.3)	(16.7)	1.3	N.A.	N.A.
EARNINGS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES	76.7	(56.1)	153.1	N.A.	99.8%
Income and Social Contribution Taxes	(43.3)	8.7	(56.3)	N.A.	30.0%

Edgar Filing: BRAZIL TELECOM HOLDING CO - Form 6-K

EARNINGS BEFORE PROFIT SHARING	33.4	(47.4)	96.9	N.A.	190.2%
Profit Sharing	(9.4)	(9.9)	(11.5)	15.7%	22.0%
Minority Interest	(31.4)	(47.1)	(16.7)	-64.6%	-46.8%
EARNINGS BEFORE REVERSION OF INTEREST ON SHAREHOLDERS' EQUITY	(7.4)	(104.4)	68.7	N.A.	N.A.
Reversion of Interest on Shareholders' Equity	130.1	205.8	0.0	-100.0%	-100.0%
NET EARNINGS	122.7	101.4	68.7	-32.2%	-44.0%
Goodwill Amortization - CRT Acquisition	31.0	31.0	31.0	0.0%	0.0%
NET EARNINGS ADJUSTED BY GOODWILL AMORTIZATION	153.7	132.4	99.7	-24.7%	-35.1%
Net Earnings (Losses)/1,000 shares - R\$	0.3483	0.2842	0.1926	-32.2%	-44.7%
Net Earnings (Losses)/ADR - US\$	0.6182	0.4239	0.2873	-32.2%	-53.5%

[Back to Contents](#)**OPERATING PERFORMANCE****PLANT****Table 2: Plant**

	2Q02	1Q03	2Q03	Quarter	12 Months
Lines Installed (Thousand)	10,505	10,608	10,656	0.5%	1.4%
Additional Lines Installed (Thousand)	63	60	48	-20.5%	-23.9%
Lines in Service - LIS (Thousand)	8,940	9,595	9,741	1.5%	9.0%
Residential	6,529	6,979	7,107	1.8%	8.9%
Non-Residential	1,530	1,548	1,565	1.1%	2.3%
Public Telephones	291	296	297	0.2%	2.1%
Pre-paid	59	215	218	1.4%	270.3%
Other (including PBX)	531	557	554	-0.5%	4.2%
Additional LIS (Thousand)	85	130	146	12.3%	71.4%
Average LIS (Thousand)	8,897	9,530	9,668	1.4%	8.7%
LIS/100 Inhabitants	22.0	23.2	23.5	1.1%	6.4%
Public Telephones/1,000 Inhabitants	7.2	7.2	7.2	-0.2%	-0.3%
Public Telephones/100 Lines Installed	2.77	2.79	2.79	-0.3%	0.7%
Utilization Rate	85.1%	90.5%	91.4%	0.9p.p.	6.3p.p.
Digitization Rate	98.7%	99.0%	99.0%	0.0p.p.	0.2p.p.
ADSL Lines in Service (Thousand)	89.8	165.1	194.8	18.0%	117.0%

Lines Installed

A total of 48 thousand lines were installed in the 2Q03, totaling 10.7 million of lines installed by Brasil Telecom. Through this addition in the quarter, Brasil Telecom is prepared to respond to telephone line activation requests in less than two weeks, as established by the General Plan for Universalization Targets.

Lines in Service

The plant in service reached the figure of 9.7 million lines, as a result of the net addition of 146 thousand lines. Of this total, 87.7% represented lines activated by residential clients.

Utilization Rate

The utilization rate reached 91.4% in the 2Q03, against 90.5% in the 1Q03, as a result of the growth of 0.5% in the installed plant combined with the 1.5% in the in service plant.

[Back to Contents](#)

ADSL

The plant of ADSL accesses in service achieved 194.8 thousand in 2Q03, meaning a growth of 18.0% compared to the 1Q03.

At the end of 2Q03, Turbo Lite, service launched by Brasil Telecom in the last week of march, represented 1.5% of the total ADSL accesses in service, as Turbo 300, 78%. With Turbo Lite, for only R\$49.90 per month, the client can access the internet at a high speed during 50 hours a month, not to mention the fact that fixed line remains released during the internet access.

GOALS

Quality Goals

Brasil Telecom fulfilled all 35 quality indicators established by Anatel in the 2Q03, for the switched-fixed telephone service in the local and long-distance modes.

Universalization Goals

In continuation to the inspection process, **Anatel concluded the field works**, in which various localities at all the Brasil Telecom branches were evaluated. The Company waits for the official outcome from the regulatory body regarding the 2003 targets fulfillment.

[Back to Contents](#)**TRAFFIC****Table 3: Traffic**

TRAFFIC	2Q02	1Q03	2Q03	Quarter	12 Months
Exceeding Local Pulses (Million)	3,312	2,973	2,959	-0.5%	-10.7 %
Domestic Long Distance Minutes (Million)	1,924	1,611	1,744	8.2%	-9.3%
Fixed-Mobile Minutes (Million)	1,086	1,058	1,058	0.0%	-2.6%
Exceeding Pulses/Average LIS/Month	124.1	104.0	102.0	-1.9%	-17.8%
DLD Minutes/Average LIS/Month	72.1	56.3	60.1	6.7%	-16.6%
Fixed-Mobile Minutes/Average LIS/Month	40.7	37.0	36.5	-1.4%	-10.4%

Exceeding Local Pulses

Brasil Telecom sold 3.0 billion pulses in 2Q03, remaining almost flat in relation to 1Q03.

DLD Traffic

In 2Q03, the **Domestic Long Distance traffic registered an increase of 8.2% in comparison to 1Q03**, reaching 1.7 billion minutes, in the period.

DLD Market Share

The share of the LDN market of Brasil Telecom, in the intra-sectorial segment, reached 90.3% in 2Q03. This figure represents an increase of 0.8 p.p. in relation to the 1Q03.

In the intra-regional sector, the market share of Brasil Telecom reached 74.2% in the 2Q03.

The figures of the DLD market for 2Q03 show the ongoing effort of Brasil Telecom to broaden its share.

**Fixed-Mobile
Traffic**

The fixed-mobile traffic totaled 1.1 billion minutes in the 2Q03. Of the total fixed-mobile traffic, 89.5% is referent to VC-1 calls, 9.3% is referent to VC-2 and 1.2% is referent to VC-3 calls.

[Back to Contents](#)**FINANCIAL PERFORMANCE****REVENUE****Table 4: Consolidated Gross Operating Revenue**

R\$ Million	2Q02	1Q03	2Q03	Quarter	12 Months
GROSS REVENUES	2,412.2	2,609.3	2,691.2	3.1%	11.6%
Local Service	976.8	1,063.5	1,032.5	-2.9%	5.7%
Installation	8.6	5.9	7.9	33.3%	-9.0%
Basic Subscription	616.6	702.7	666.5	-5.2%	8.1%
Measured Service	321.1	328.8	331.2	0.7%	3.1%
Lease of Lines	1.5	0.5	0.5	-5.2%	-66.8%
Other	28.9	25.6	26.4	3.4%	-8.7%
Public Telephony	88.8	83.8	103.1	23.1%	16.1%
Long Distance Service	354.7	325.6	356.8	9.6%	0.6%
Intra-Sector	270.2	245.0	266.3	8.7%	-1.4%
Intra-Region	84.3	80.5	90.4	12.3%	7.2%
Borderline	0.2	0.1	0.1	4.5%	-10.9%
Fixed-Mobile Calls	544.4	607.3	689.1	13.5%	26.6%
VC-1	450.0	477.7	548.4	14.8%	21.9%
VC-2	82.9	110.8	120.0	8.3%	44.8%
VC-3	11.5	18.7	20.7	10.4%	79.3%
Interconnection	195.8	222.7	193.0	-13.3%	-1.4%
Fixed-Fixed	152.5	166.9	141.5	-15.2%	-7.2%
Mobile-Fixed	43.3	55.8	51.5	-7.7%	19.0%
Lease of Means	57.1	53.2	49.6	-6.8%	-13.2%
Data Communication	117.2	171.4	181.2	5.7%	54.5%
Supplementary and Value Added Services	70.7	71.0	72.1	1.5%	1.9%
Other	6.6	10.9	13.8	26.9%	110.4%
Deductions	(674.3)	(735.6)	(776.3)	5.5%	15.1%
NET REVENUES	1,737.9	1,873.7	1,914.9	2.2%	10.2%

[Back to Contents](#)

Local Service

The revenue from local service reached R\$1,032.5 million in the 2Q03.

The activation revenue totaled R\$7.9 million in the 2Q03, 33.3% higher than the amount registered in the 1Q03. In the quarter, a total of 265 thousand lines were activated, compared to 195 thousand in the previous quarter.

The revenue from basic subscription in 2Q03 reached R\$666.5 million. The number of subscribers that have lines with only incoming traffic, without the basic subscription charge, increased in 2Q03, since Brasil Telecom maintained its strategy of not disconnecting delinquent clients at switching centers with idle capacity. Furthermore, the company offered alternative plans with discounts in the basic subscription for those who request the cancellation of the line during the period.

The revenue from measured service totaled R\$331.2 million in the 2Q03, flat in relation to the previous quarter. The number of lines in service added during the period was offset by the increase of 164 thousand lines with blocked outgoing traffic.

Public Telephony

Brasil Telecom sold 1.7 billion credits throughout the 2Q03, against 1.6 billion in the 1Q03. **The public telephony revenue reached R\$103.1 million in the 2Q03, 23.1% above that registered in the 1Q03.**

In 2Q03, besides intensifying the promotional campaigns to expand the sale of inductive cards, the expectation for rate readjustment generated a higher demand for credits from retailers.

Domestic Long Distance

Revenue from domestic long distance calls in the 2Q03 increased by 9.6% in relation to the 1Q03, reaching R\$356.8 million, which reflects a growth of 8.2% in traffic.

Fixed-Mobile

Revenue with fixed-mobile calls grew 13.5% in the 2Q03 in comparison with the previous quarter, reaching R\$689.1 million. The larger revenue is a result of the fixed-mobile rate readjustment adopted in February of 2003.

Interconnection

The interconnection revenue in 2Q03 registered a drop of 13.3% in comparison with 1Q03, despite the inter-network traffic stability. The drop can be explained by the intra-sectorial market share increase, reaching 90.3%.

Data Communication

In the 2Q03, the data communication revenue continued its growth spurt, reaching R\$181.2 million, 5.7% above the amount registered in the previous quarter.

The growth can be broken down as follows:

- Growth of 18% in the number of ADSL accesses in service;
- Growth of 14% in the number of billed dedicated IP accesses; and
- Growth of 4% in the number of billed Frame-Relay accesses.

[Back to Contents](#)

Other Revenues

In 2Q03, Other Revenues reached R\$13.8 million, a 26.9% growth in relation to the 1Q03. The main amounts that comprise this item are:

- R\$1.1 million in revenue from data center services;
- R\$5.1 million in revenue from the directory help service.

Supplementary and Value-added Services

Revenue from supplementary and value-added services increased by 1.5% in the 2Q03, totaling R\$72.1 million.

The total of intelligent services activated at the end of June 2003 reached 5.0 million, against 4.6 million in March 2003, which represents an increase of 8.7% in the period. In relation to the plant in service in the 2Q03, 30.9% of the lines were equipped with at least one activated intelligent service, against 29.7% in the previous quarter.

Gross Revenue Deductions

Gross revenue deductions reached R\$776.3 million in the 2Q03, representing 28.8% of gross revenue in the quarter, against 28.2% in the 1Q03.

Net Operating Revenue/Average LIS/month

Net operating revenue/Avg LIS/month registered in the 2Q03 was R\$66.0, against R\$65.5 in the 2Q03.

[Back to Contents](#)**COSTS AND EXPENSES****Table 5: Consolidated Costs and Operating Expenses**

R\$ Million	2Q02	1Q03	1Q03	Quarter	12 Months
NET REVENUES	1,737.9	1,873.7	1,914.9	2.2%	10.2%
Costs	(1,108.8)	(1,183.8)	(1,199.3)	1.3%	8.2%
Personnel	(45.5)	(28.4)	(29.2)	2.8%	-35.8%
Materials	(23.3)	(19.4)	(21.3)	10.0%	-8.8%
Subcontracted Services	(512.2)	(565.2)	(575.9)	1.9%	12.4%
Interconnection	(383.6)	(424.9)	(430.4)	1.3%	12.2%
Other	(128.6)	(140.4)	(145.5)	3.6%	13.1%
Depreciation and Amortization	(470.7)	(486.6)	(484.9)	-0.3%	3.0%
Other	(57.1)	(84.2)	(88.0)	4.5%	54.1%
GROSS PROFIT	629.1	689.8	715.6	3.7%	13.7%
Sales Expenses	(118.7)	(107.3)	(121.8)	13.6%	2.6%
Personnel	(27.5)	(31.1)	(32.4)	4.2%	18.0%
Materials	(0.3)	(0.3)	(0.3)	-4.0%	-4.2%
Subcontracted Services	(85.7)	(73.7)	(86.2)	17.0%	0.6%
Advertising and Marketing	(23.3)	(9.6)	(19.1)	98.5%	-18.0%
Other	(62.4)	(64.1)	(67.1)	4.7%	7.6%
Depreciation and Amortization	(0.9)	(1.3)	(1.4)	12.7%	54.8%
Other	(4.3)	(0.9)	(1.5)	62.9%	-66.1%
General and Administrative Expenses	(114.3)	(108.6)	(113.0)	4.0%	-1.1%
Personnel	(31.2)	(29.7)	(29.9)	0.8%	-4.2%
Materials	(0.6)	(0.4)	(0.6)	39.2%	-3.2%
Subcontracted Services	(77.0)	(70.9)	(74.2)	4.6%	-3.6%
Depreciation and Amortization	(4.3)	(4.2)	(4.5)	8.1%	5.6%
Other	(1.2)	(3.5)	(3.9)	11.7%	214.5%
Information Technology	(48.5)	(64.9)	(77.3)	19.0%	59.3%
Personnel	(5.7)	(4.7)	(5.8)	24.2%	1.3%
Materials	(0.3)	(0.2)	(0.4)	62.5%	31.6%
Subcontracted Services	(11.0)	(16.9)	(22.1)	31.0%	100.6%
Depreciation and Amortization	(14.8)	(28.4)	(35.5)	25.1%	140.3%
Other	(16.7)	(14.7)	(13.5)	-8.6%	-19.3%
Provisions and Losses	(74.8)	(86.6)	(75.6)	-12.7%	1.1%
Doubtful Accounts	(65.8)	(67.9)	(61.9)	-8.8%	-6.0%
Contingencies	(8.9)	(18.7)	(13.7)	-26.7%	53.2%
Other Operating Revenues (Expenses)	62.4	25.5	47.4	85.7%	-24.1%
OPERATING PROFIT BEFORE FINANCIAL RESULTS	332.1	347.9	375.2	7.9%	13.0%
	2T02	1T03	2T03	Trimestre	12 Meses
COSTS AND OPERATING EXPENSES	(1,405.8)	(1,525.7)	(1,539.6)	0.9%	9.5%
Depreciation and Amortization	(490.6)	(520.4)	(526.4)	1.1%	7.3%
Interconnection	(383.6)	(424.9)	(430.4)	1.3%	12.2%

Edgar Filing: BRAZIL TELECOM HOLDING CO - Form 6-K

Subcontracted Services	(279.0)	(292.3)	(308.9)	5.7%	10.7%
Personnel	(109.9)	(93.8)	(97.3)	3.7%	-11.4%
Provisions and Losses	(74.8)	(86.6)	(75.6)	-12.7%	1.1%
Materials	(24.6)	(20.3)	(22.6)	11.0%	-8.1%
Advertising and Marketing	(23.3)	(9.6)	(19.1)	98.5%	-18.0%
Other	(16.9)	(77.8)	(59.4)	-23.6%	251.1%

R\$ Million	2Q02	1Q03	1Q03	Quarter	12 Months
COSTS AND OPERATING EXPENSES	(1,405.8)	(1,525.7)	(1,539.6)	0.9%	9.5%
(+) Depreciation and Amortization	490.6	520.4	526.4	1.1%	7.3%
(=) CASH COST	(915.2)	(1,005.3)	(1,013.3)	0.8%	10.7%

[Back to Contents](#)

Operating Costs and Expenses

Operating costs and expenses totaled R\$1,539.6 million in the 2Q03, against R\$1,525.7 million in the third quarter. The 2.2% increment of the company's net revenue and the increase of only 0.9% in operating costs and expenses indicate the operating efficiency gain of Brasil Telecom in the period.

The cash cost (operating costs and expenses, excluding depreciation and amortization) was R\$1,013.3 million the 2Q03, stable in relation to 1Q03.

Net reduction of 232 in employees in the quarter

In the Brasil Telecom's payroll there were 5,316 employees at the end of 2Q03, against 5,548 at the end of March of 2003, representing a net reduction of 232 employees.

Personnel

Personnel costs and expenses reached R\$97.3 million. The cost of dismissals registered R\$7.4 million. With the exclusion of this amount, personnel costs and expenses would have been 4.7% less than in 1Q03. The dismissals represent savings of R\$1.5 million each month with personnel costs.

Productivity

Brasil Telecom reached a productivity index of 1,832 LIS/employee in the 2Q03, representing an increase of 6.0% in relation to the presented in 1Q03.

[Back to Contents](#)

Subcontracted services

Costs and expenses for subcontracted services, excluding interconnection and publicity & marketing, totaled **R\$308.9 million in the 2Q03**, stable when compared to the previous quarter.

Interconnection

Interconnection costs totaled R\$430.4 million in the 2Q03, 1.3% above the amount registered in the previous quarter.

Expenses for Advertisement and Marketing

The expenses with publicity and marketing reached R\$19.1 million in the 2Q03. **In 2Q03 we strengthened the advertisement campaigns in order to highlight the 14** , preparing our entrance in the DLD market for the whole country.

Losses with Accounts Receivable/Gross Revenue drop to 2.3%

As a percentage of the gross revenue, the Losses with Accounts Receivable dropped to 2.3%, a reduction of 0.3 p.p. in relation to the previous quarter. Net losses with accounts receivable stood at R\$61.9 million in the 2Q03. The company managed to recover R\$12.7 million from losses of accounts receivable in the period.

[Back to Contents](#)**Accounts Receivable**

After deducting allowance for doubtful debts worth R\$150.7 million, Brasil Telecom's net accounts receivable totaled R\$1,882.3 million at the end of June of 2003. The increase can be explained by the acknowledgment, in the accounts receivable, of the judicial deposit of R\$48.1 million referred to the lawsuit proceeding with Embratel about differences in the acknowledgment of remuneration amounts in our network in August of 2002, by the payment of R\$30.0 million of client bills with due date of June, 27 and not recognized by our system given the banking float time (D+2) and by the fixed-mobile tariffs readjustment.

Table 6: Gross Accounts Receivable

	Jun/02	Sep/02	Dec/02	Mar/03	Jun/03
Total (R\$ Million)	1,538.3	1,676.5	1,696.6	1,890.1	2,033.0
Due	57.7%	58.8%	56.4%	58.5%	61.6%
Overdue (up to 30 days)	18.1%	17.7%	19.3%	16.1%	14.4%
Overdue (between 31-60 days)	7.3%	5.6%	7.1%	7.1%	6.1%
Overdue (between 61-90 days)	4.4%	4.3%	4.0%	5.0%	3.3%
Overdue (over 90 days)	12.5%	13.5%	13.3%	13.3%	14.6%

Provision for Contingencies

The provision for contingencies in the 2Q03 increased by R\$13.7 million, against R\$18.7 million in the 1Q03, mainly in light of the monetary correction.

Other Operating Costs & Expenses/Revenues

Other operating costs and expenses/revenues totaled R\$59.4 million in expenses in 2Q03, indicating a decrease of 23.6% in relation to the 1Q03.

[Back to Contents](#)**EBITDA****Table 7: EBITDA Margin Gains and Losses**

R\$ Million	2Q02	Vertical	1Q03	Vertical	2Q03	Vertical	Var. Quarter	Var. 12 Months
GROSS REVENUES	2,412.2	138.8%	2,609.3	139.3%	2,691.2	140.5%	1.3 p.p.	1.7 p.p.
Local Service	976.8	56.2%	1,063.5	56.8%	1,032.5	53.9%	-2.8 p.p.	-2.3 p.p.
Public Telephony	88.8	5.1%	83.8	4.5%	103.1	5.4%	0.9 p.p.	0.3 p.p.
Long Distance Service	354.7	20.4%	325.6	17.4%	356.8	18.6%	1.3 p.p.	-1.8 p.p.
Fixed-Mobile Calls	544.4	31.3%	607.3	32.4%	689.1	36.0%	3.6 p.p.	4.7 p.p.
Interconnection	195.8	11.3%	222.7	11.9%	193.0	10.1%	-1.8 p.p.	-1.2 p.p.
Lease of Means	57.1	3.3%	53.2	2.8%	49.6	2.6%	-0.2 p.p.	-0.7 p.p.
Data Communication	117.2	6.7%	171.4	9.1%	181.2	9.5%	0.3 p.p.	2.7 p.p.
Supplementary and Value Added Services	70.7	4.1%	71.0	3.8%	72.1	3.8%	0.0 p.p.	-0.3 p.p.
Other	6.6	0.4%	10.9	0.6%	13.8	0.7%	0.1 p.p.	0.3 p.p.
Deductions	(674.3)	-38.8%	(735.6)	-39.3%	(776.3)	-40.5%	-1.3 p.p.	-1.7 p.p.
NET REVENUES	1,737.9	100.0%	1,873.7	100.0%	1,914.9	100.0%	-	-
COSTS & OPERATING EXPENSES	(915.2)	-52.7%	(1,005.3)	-53.7%	(1,013.3)	-52.9%	0.7 p.p.	-0.3 p.p.
Personnel	(109.9)	-6.3%	(93.8)	-5.0%	(97.3)	-5.1%	-0.1 p.p.	1.2 p.p.
Materials	(24.6)	-1.4%	(20.3)	-1.1%	(22.6)	-1.2%	-0.1 p.p.	0.2 p.p.
Subcontracted Services	(279.0)	-16.1%	(292.3)	-15.6%	(308.9)	-16.1%	-0.5 p.p.	-0.1 p.p.
Interconnection	(383.6)	-22.1%	(424.9)	-22.7%	(430.4)	-22.5%	0.2 p.p.	-0.4 p.p.
Advertising and Marketing	(23.3)	-1.3%	(9.6)	-0.5%	(19.1)	-1.0%	-0.5 p.p.	0.3 p.p.
Provisions and Losses	(74.8)	-4.3%	(86.6)	-4.6%	(75.6)	-3.9%	0.7 p.p.	0.4 p.p.
Other	(16.9)	-1.0%	(77.8)	-4.2%	(59.4)	-3.1%	1.0 p.p.	-2.1 p.p.
EBITDA	822.7	47.3%	868.3	46.3%	901.6	47.1%	0.7 p.p.	-0.3 p.p.

EBITDA of R\$900 million

The Brasil Telecom EBITDA was R\$901.6 million in the 2Q03, **representing a growth of 3.8% in relation to the 1Q03.**

EBITDA Margin

EBITDA margin of Brasil Telecom in 2Q03 reached 47.1%, result of a growth of 2.2% in net revenue, in conjunction with the increase of 0.8% in cash cost in relation to the amount registered in the 1Q03.

EBITDA/Avg LIS/month

EBITDA/Avg LIS/month reached R\$31.1, 2.4% higher than the amount registered in the 1Q03.

FINANCIAL RESULT**Table 8: Consolidated Financial Result**

R\$ million	1Q03	2Q03	
Financial Revenue	102.9	102.6	-0.3%
Local Currency	95.4	65.4	-31.4%
Foreign Currency	7.5	37.2	396.3%
Financial Expense	(253.4)	(295.0)	16.4%
Local Currency	(197.5)	(241.8)	22.4%
Foreign Currency	(55.9)	(53.2)	-4.8%
Interest on Shareholders' Equity	(205.8)	-	N.A

Financial Result

(356.3)

(192.4)

-46.0%

Financial Result

In 2Q03, Brasil Telecom registered a net financial income of negative 192.4 million, against a negative 150.5 million in the previous quarter, free of interest on shareholders' equity. The financial result of the quarter was mainly due to interest expenses with debt, exchange variation expenses, hedge expenses, expenses with CPMF and interest expenses with insurance, rentals and leasing.

16

[Back to Contents](#)**Interest on Shareholders' Equity**

The Interest on Shareholders' Equity of R\$205.8 million accounted for as financial expense in the first half of 2003 refers to the credit of R\$122.0 million relative to the period of 2003, as approved in the Brasil Telecom Participações S.A.'s Board of Directors Meeting held on January 28, 2003 and refer to the Minority Interest of R\$83.8 million relative to the Interest on Shareholders' Equity, credited by Brasil Telecom S.A. in the 1Q03.

Table 9: Interest on Shareholders' Equity Credited in 2003

Date of Deliberation	Date of Credit	Brazilian "Ex-Date"	Payment Date	Total Amount Credited (R\$)	Gross Amount per 1,000 Shares (R\$)	Net Amount per 1,000 Shares (R\$)
01/28/2003	03/31/2003	04/10/2003	to be determined	52,000,000	0.145780000100	0.123913001000
01/28/2003	01/31/2003	02/10/2003	to be determined	70,000,000	0.199289432000	0.169396017000

OTHER ITEMS**Amortization of Reconstituted Premium**

In 2Q03, Brasil Telecom amortized R\$31.0 million of reconstituted premium referent to the acquisition of CRT (without affecting the cash flow and the distribution of dividends), accounted for as a non-operating expense.

NET EARNINGS

Net income totaled R\$68.7 million (R\$0.1926/1,000 shares). Net income/ADR was US\$0.2873 in the 1Q03.

[Back to Contents](#)**BALANCE SHEET****Table 10: Consolidated Balance Sheet**

R\$ Million	Dec/02	Mar/03	Jun/03
CURRENT ASSETS	3,749.3	4,101.8	3,973.2
Cash and Equivalents	1,596.2	1,642.7	1,337.5
Accounts Receivables (Net)	1,542.9	1,737.6	1,882.3
Deferred and Recoverable Taxes	416.0	533.4	545.5
Other Recoverable Amounts	113.6	109.6	125.6
Inventory	23.3	0.4	9.9
Other	57.4	78.1	72.3
LONG TERM ASSETS	1,497.3	1,465.3	1,470.6
Loans and Financing	155.4	149.0	129.5
Deferred and Recoverable Taxes	893.5	861.6	781.1
Other	448.5	454.8	560.0
PERMANENT ASSETS	10,855.8	10,724.8	10,707.4
Investment (Net)	165.2	226.3	341.7
Property, Plant and Equipment (Net)	10,023.6	9,847.5	9,714.0
Property, Plant and Equipment (Gross)	24,112.1	24,283.8	24,596.8
Accumulated Depreciation	(14,088.5)	(14,436.2)	(14,882.8)
Deferred Assets (Net)	667.0	651.0	651.7
TOTAL ASSETS	16,102.4	16,292.0	16,151.2
CURRENT LIABILITIES	2,478.7	2,764.5	3,007.4
Loans and Financing	591.9	659.7	1,125.3
Suppliers	919.5	894.8	817.1
Taxes and Contributions	375.8	401.4	422.6
Dividends Payable	249.8	424.5	238.3
Provisions	95.4	105.8	85.0
Salaries and Benefits	84.7	85.6	84.9
Consignment for Third Parties	78.8	111.4	39.2
Other	82.9	81.4	195.0
LONG TERM LIABILITIES	5,032.1	5,009.1	4,487.5
Loans and Financing	3,584.3	3,488.2	2,843.5
Provisions	795.7	807.2	832.7
Taxes and Contributions	425.7	468.4	527.2
Authorization for Services Exploration	175.0	191.1	197.2
Other	51.5	54.3	86.8
DEFERRED INCOME	11.0	10.5	62.4
MINORITY INTEREST	2,355.0	2,307.8	2,324.9
SHAREHOLDERS' EQUITY	6,225.5	6,200.2	6,269.0
Capital Stock	2,257.6	2,544.4	2,544.4

Edgar Filing: BRAZIL TELECOM HOLDING CO - Form 6-K

Capital Reserves	389.8	361.0	361.0
Profit Reserves	978.1	978.1	978.1
Retained Earnings	2,609.3	2,330.6	2,399.3
Treasury Shares	(9.2)	(13.9)	(13.9)
TOTAL LIABILITIES	16,102.4	16,292.0	16,151.2

18

[Back to Contents](#)

Table 11: Holding Balance Sheet

R\$ Million	Dec/02	Mar/03	Jun/03
CURRENT ASSETS	Description		
31.2	<u>Chief Financial Officer Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002* Chief Executive Officer Certification pursuant to section 906 of the Sarbanes-Oxley Act of 2002*</u>		
32.1	<u>Chief Executive Officer Certification pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (incorporated by reference to Exhibit 32.1 to our Annual Report on Form 10-K filed March 29, 2018)</u>		
32.2	<u>Chief Financial Officer Certification pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (incorporated by reference to Exhibit 32.2 to our Annual Report on Form 10-K filed March 29, 2018)</u>		
101.INS	XBRL Instance Document (incorporated by reference to Exhibit 101.INS		

101.SCH to our Annual Report on Form 10-K filed March 29, 2018) XBRL Taxonomy Extension Schema Document (incorporated by reference to Exhibit 101.SCH to our Annual Report on Form 10-K filed March 29, 2018) XBRL Taxonomy Extension Calculation Linkbase Document (incorporated by reference to Exhibit 101.CAL to our Annual Report on Form 10-K filed March 29, 2018) XBRL Taxonomy Extension Definition Linkbase Document (incorporated by reference to Exhibit 101.DEF to our Annual Report on Form 10-K filed March 29, 2018) XBRL Taxonomy Extension Label Linkbase Document (incorporated by

reference to
Exhibit
101.LAB to our
Annual Report
on Form 10-K
filed March 29,
2018)
XBRL
Taxonomy
Extension
Presentation
Linkbase
Document
101.PRE (incorporated by
reference to
Exhibit
101.PRE to our
Annual Report
on Form 10-K
filed March 29,
2018)

*
CTR
†
Filed herewith
Portions of this
exhibit have
been omitted
pursuant to a
request for
confidential
treatment.

Denotes
management
contract or
compensatory
plan or
arrangement.

Table of Contents

ASCENT SOLAR TECHNOLOGIES, INC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized on the 27th day of April, 2018.

ASCENT SOLAR TECHNOLOGIES,
INC.

By: /S/ VICTOR LEE

Lee Kong Hian (aka Victor Lee)

President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Capacities	Date
/S/ VICTOR LEE Lee Kong Hian (aka Victor Lee)	President & Chief Executive Officer and a Director (principal executive officer, and principal financial officer and accounting officer)	April 27, 2018
/S/ AMIT KUMAR Amit Kumar, Ph.D.	Chairman of the Board of Directors	April 27, 2018
/S/ TOMAS MARSH G. Thomas Marsh	Director	April 27, 2018
/S/ KIM J. HUNTLEY Kim J. Huntley	Director	April 27, 2018