

TELESP PARTICIPACOES SA
Form 6-K
April 29, 2004

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**

For the month of April, 2004

Commission File Number: 001-14475

TELESP HOLDING COMPANY

(Translation of registrant's name into English)

Rua Martiniano de Carvalho, 851 - 21andar

São Paulo, S.P.

Federative Republic of Brazil

(Address of principal executive office)

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Indicate by check mark whether the registrant files or will file annual reports under cover of 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):

Yes No

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):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant 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): N/A

TELESP HOLDING COMPANY

TABLE OF CONTENTS

Item	
1.	Press Release entitled <i>Telecomunicações de São Paulo S.A. Telesp: Financial Statements for the Years Ended December 31, 2003 and 2002 and Independent Auditors' Report (Convenience Translation into English from the Original Previously Issued in Portuguese)</i> dated on April 28, 2004.

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

Telecomunicações de São Paulo S.A. - Telesp

Financial Statements for the Years Ended December 31, 2003 and 2002 and Independent Auditors Report

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT AUDITORS REPORT

To the Shareholders and Management of

Telecomunicações de São Paulo S.A. - Telesp

São Paulo - SP

1. We have audited the individual (Company) and consolidated balance sheets of Telecomunicações de São Paulo S.A. - Telesp and subsidiaries as of December 31, 2003 and 2002, and the related statements of income, changes in shareholders' equity (Company), and changes in financial position for the years then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.
2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Company and its subsidiaries, (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed, and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the individual and consolidated financial positions of Telecomunicações de São Paulo S.A. - Telesp and subsidiaries as of December 31, 2003 and 2002, and the results of their operations, the changes in shareholders' equity (Company), and the changes in their financial positions for the years then ended in conformity with Brazilian accounting practices.
4. These financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, January 30, 2004

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

José Domingos do Prado
Engagement Partner

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

TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

BALANCE SHEETS AS OF DECEMBER 31, 2003 AND 2002

(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	2003	2002	2003	2002
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	179,960	464,980	214,932	490,640
Trade accounts receivable, net	2,423,472	1,950,004	2,430,974	1,982,051
Deferred and recoverable taxes	1,103,085	991,348	1,130,367	1,003,093
Inventories	123,846	179,977	125,434	193,499
Other recoverable amounts	70,494	86,366	71,516	86,860
Temporary gains on derivatives		890,520		890,520
Other	152,765	59,746	147,942	57,157
	<u>4,053,622</u>	<u>4,622,941</u>	<u>4,121,165</u>	<u>4,703,820</u>
NONCURRENT ASSETS				
Deferred and recoverable taxes	429,333	690,420	441,099	698,206
Amounts for capitalization		47,713		47,713
Escrow deposits	280,226	197,374	280,853	197,422
Other	112,688	82,413	197,528	80,187
	<u>822,247</u>	<u>1,017,920</u>	<u>919,480</u>	<u>1,023,528</u>
PERMANENT ASSETS				
Investments	356,056	246,856	165,363	172,993
Property, plant and equipment, net	14,642,029	16,219,848	14,735,494	16,222,866
Deferred charges	163,838	237,725	181,317	237,725
	<u>15,161,923</u>	<u>16,704,429</u>	<u>15,082,174</u>	<u>16,633,584</u>
TOTAL ASSETS	<u>20,037,792</u>	<u>22,345,290</u>	<u>20,122,819</u>	<u>22,360,932</u>

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

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TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

BALANCE SHEETS AS OF DECEMBER 31, 2003 AND 2002

(In thousands of Brazilian reais - R\$)

	Company		Consolidated	
	2003	2002	2003	2002
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES				
Loans and financing	1,966,248	2,471,429	1,982,062	2,471,429
Accounts payable	1,074,048	929,973	1,086,645	939,067
Taxes payable	709,262	556,503	712,565	558,527
Profit participation payable	1,276,663	777,932	1,276,663	777,932
Reserve for contingencies	49,390	37,502	49,408	37,502
Payroll and related charges	150,752	124,346	152,101	124,747
Temporary losses on derivatives	359,482		359,482	
Other	335,407	257,372	339,054	258,086
	<u>5,921,252</u>	<u>5,155,057</u>	<u>5,957,980</u>	<u>5,167,290</u>
LONG-TERM LIABILITIES				
Loans and financing	979,547	2,114,968	995,087	2,114,968
Taxes payable	31,346	36,838	31,373	36,865
Reserve for contingencies	676,371	367,087	676,474	367,159
Other	158,602	187,077	173,761	190,387
	<u>1,845,866</u>	<u>2,705,970</u>	<u>1,876,695</u>	<u>2,709,379</u>
DEFERRED INCOME			17,470	
SHAREHOLDERS EQUITY				
Capital	5,978,074	5,978,074	5,978,074	5,978,074
Capital reserves	2,744,031	2,742,729	2,744,031	2,742,729
Profit reserves	550,498	471,098	550,498	471,098
Retained earnings	2,996,457	5,290,736	2,996,457	5,290,736
	<u>12,269,060</u>	<u>14,482,637</u>	<u>12,269,060</u>	<u>14,482,637</u>
FUNDS FOR CAPITALIZATION				
	1,614	1,626	1,614	1,626
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY				
	<u>20,037,792</u>	<u>22,345,290</u>	<u>20,122,819</u>	<u>22,360,932</u>

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TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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

	<u>Company</u>		<u>Consolidated</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
GROSS OPERATING REVENUE				
Telecommunication services	16,117,923	13,602,503	16,221,967	13,677,097
REVENUE DEDUCTIONS	<u>(4,409,359)</u>	<u>(3,581,107)</u>	<u>(4,417,208)</u>	<u>(3,588,983)</u>
NET OPERATING REVENUE	11,708,564	10,021,396	11,804,759	10,088,114
Cost of services provided	(6,677,036)	(5,742,846)	(6,714,499)	(5,769,782)
GROSS PROFIT	5,031,528	4,278,550	5,090,260	4,318,332
OPERATING EXPENSES				
Selling	(1,225,708)	(992,774)	(1,286,177)	(1,009,904)
General and administrative	(957,263)	(827,350)	(963,925)	(839,867)
Results from equity investments	(63,201)	20,816	(1,012)	15,709
Other, net	(324,988)	(369,893)	(391,514)	(372,874)
	<u>(2,571,160)</u>	<u>(2,169,201)</u>	<u>(2,642,628)</u>	<u>(2,206,936)</u>
INCOME FROM OPERATIONS BEFORE FINANCIAL EXPENSE	2,460,368	2,109,349	2,447,632	2,111,396
Financial expenses, net	(1,722,405)	(1,340,238)	(1,730,196)	(1,340,147)
INCOME FROM OPERATIONS	737,963	769,111	717,436	771,249
Nonoperating income (expenses), net	49,857	(33,037)	50,025	(32,999)
INCOME BEFORE TAXES	787,820	736,074	767,461	738,250
Income and social contribution taxes	(299,818)	(245,480)	(279,459)	(247,656)
Reversal of interest on capital	1,100,000	585,278	1,100,000	585,278
NET INCOME	<u>1,588,002</u>	<u>1,075,872</u>	<u>1,588,002</u>	<u>1,075,872</u>
NUMBER OF SHARES OUTSTANDING AT BALANCE SHEET DATE (IN THOUSANDS)	<u>493,592,279</u>	<u>493,592,279</u>		
EARNINGS PER THOUSAND SHARES - R\$	<u>3.22</u>	<u>2.18</u>		

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TELECOMUNICAÇÕES DE SÃO PAULO S.A. - TELESP

STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

(In thousands of Brazilian reais - R\$)

	Capital reserves				Profit reserves			Total
	Capital	Share premium	Investment grants	Tax incentives	Legal reserve	Special reserve for dividends and interest on capital	Retained earnings	
BALANCES DECEMBER 31, 2001	5,640,184	2,739,949	3,039	188	417,303	346,248	5,552,412	14,699,323
Capital increase - Annual Shareholders Meeting on April 3, 2002	337,890						(337,890)	
Reversal of income tax on interest on capital - tax exempt						921		921
Investment grants			2,415					2,415
Public offering of shares		(2,862)						(2,862)
Unclaimed dividends							80,928	80,928
Reversal of reserve for dividends						(347,169)		(347,169)
Net income							1,075,872	1,075,872
Proposed allocation of income:								
Legal reserve					53,795		(53,795)	
Dividends (interim and additional)							(441,513)	(441,513)
Interest on capital								