

TELE NORTE CELULAR PARTICIPACOES SA
Form 6-K
August 15, 2006

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 August, 2006

TELE NORTE CELULAR PARTICIPAÇÕES S.A.
(Exact name of Registrant as specified in its Charter)

TELE NORTE CELLULAR HOLDING COMPANY
(Translation of Registrant's name into English)

SCN QUADRA 04 - Ed. Centro Empresarial Varig, sala 702-A
Cep: 70.714-000 - Brasília (DF) - Brazil

(Address of Principal Executive Offices)

(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 the registrant 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:

(A free translation of the original in Portuguese)

**FEDERAL PUBLIC SERVICE
CVM - BRAZILIAN SECURITIES COMMISSION****QUARTERLY INFORMATION - ITR
COMMERCIAL, INDUSTRY & OTHER TYPES OF COMPANY**June 30, 2006 Corporate
Law

REGISTRATION WITH CVM SHOULD NOT BE CONSTRUED AS AN EVALUATION OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE INFORMATION PROVIDED.

01.01 - IDENTIFICATION

1 - CVM CODE 01760-4	2 - COMPANY NAME TELE NORTE CELULAR PARTICIPACOES S.A	3 - CNPJ (Corporate Taxpayer s ID) 02.558.154/0001-29
4 - NIRE (Corporate Registry ID) 53300005761		

01.02 - HEADQUARTERS

1 - ADDRESS SCN Qd 4 Bloco B Torre Oeste Sala 702A		2 - DISTRICT ASA NORTE		
3 - ZIP CODE 70714-000	4 - CITY BRASÍLIA		5 - STATE DF	
6 - AREA CODE 61	7 - TELEPHONE 3429-5600	8 - TELEPHONE -	9 - TELEPHONE -	10 - TELEX
11 - AREA CODE 61	12 - FAX 3429-5626	13 - FAX -	14 - FAX -	
15 - E-MAIL				

01.03 - INVESTOR RELATIONS OFFICER (Company Mailing Address)

1- NAME Oscar Thompson				
2 - ADDRESS SCN Qd 4 Bloco B Torre Oeste SL 702A			3 - DISTRICT Asa Norte	
4 - ZIP CODE 70714-000	5 - CITY BRASÍLIA		6 - STATE DF	
7 - AREA CODE 61	8 - TELEPHONE 3429-5600	9 - TELEPHONE -	10 - TELEPHONE -	11 - TELEX
12 - AREA CODE 61	13 - FAX 3429-5656	14 - FAX -	15 - FAX -	
16 - E-MAIL oscar.thompson@telepart.com.br				

01.04 - ITR REFERENCE AND AUDITOR INFORMATION

CURRENT YEAR		CURRENT QUARTER			PREVIOUS QUARTER		
1 - BEGINNING	2 - END	3 - QUARTER	4 - BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
1/1/2006	12/31/2006	2	4/1/2006	6/30/2006	1	1/1/2006	3/31/2006
09 - INDEPENDENT ACCOUNTANT Deloitte Touche Tohmatsu Auditores Independentes					10 - CVM CODE 00385-9		
11 - TECHNICIAN IN CHARGE Paulo Roberto Marques Garrucho					12 - TECHNICIAN S CPF (INDIVIDUAL TAXPAYER REGISTER) 373.525.127-72		

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01.05 - CAPITAL STOCK

Number of Shares (in thousands)	1 - CURRENT QUARTER 06/30/2006	2 - PREVIOUS QUARTER 03/31/2006	3 - SAME QUARTER, PREVIOUS YEAR 06/30/2005
Paid-up Capital			
1 Common	124,623,842	124,623,842	124,623,842
2 Preferred	210,460,313	210,460,313	210,460,313
3 Total	335,084,155	335,084,155	335,084,155
Treasury Stock			
4 Common	0	0	0
5 Preferred	0	0	0
6 Total	0	0	0

01.06 - COMPANY PROFILE

1 - TYPE OF COMPANY Commercial, Industrial and Others
2 - STATUS Operational
3 - NATURE OF OWNERSHIP National Holding
4 - ACTIVITY CODE 1130 Telecommunications
5 - MAIN ACTIVITY CELLULAR MOBILE TELEPHONY
6 - CONSOLIDATION TYPE Total
7 - TYPE OF REPORT OF INDEPENDENT AUDITORS Unqualified

01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

1 - ITEM	2 - CNPJ (Corporate Taxpayer s ID)	3 - COMPANY NAME
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01.08 - CASH DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 - ITEM	2 - EVENT	3	4 - TYPE	5 - DATE OF	6 - TYPE OF	7 - AMOUNT
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		APPROVAL		PAYMENT	SHARE	PER SHARE
01	AGO	4/27/2006	Dividend	4/28/2006	Preferred	0.0000155000

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01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

1- ITEM	2 - DATE OF CHANGE	3 - CAPITAL STOCK (in thousands of Reais)	4 - AMOUNT OF CHANGE (in thousands of Reais)	5 - NATURE OF CHANGE	7 - NUMBER OF SHARES ISSUED (Thousands)	8 -SHARE PRICE WHEN ISSUED (in Reais)
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01.10 - INVESTOR RELATIONS OFFICER

1 DATE	2 SIGNATURE
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02.01 - BALANCE SHEET - ASSETS (in thousands of Reais)

1 CODE	2 - DESCRIPTION	3 06/30/2006	4 03/31/2006
1	Total Assets	169,937	175,268
1.01	Current Assets	3,083	1,220
1.01.01	Cash and Cash Equivalents	1,732	9
1.01.02	Accounts Receivable	1,165	1,211
1.01.02.01	Taxes Recoverable	1,165	1,211
1.01.03	Inventories	0	0
1.01.04	Others	186	0
1.01.04.01	Prepayments and Other Assets	186	0
1.02	Long-Term Receivables	15,079	13,714
1.02.01	Sundry Credits	13,689	13,621
1.02.01.01	Deferred Income Tax and Social Contribution	12,301	12,260
1.02.01.02	PIS and COFINS Recoverable Law 9,718/98	1,388	1,361
1.02.02	Credits with Related Parties	1,334	37
1.02.02.01	Affiliates	0	0
1.02.02.02	Subsidiaries	1,210	37
1.02.02.03	Other Related Parties	124	0
1.02.03	Others	56	56
1.03	Permanent Assets	151,775	160,334
1.03.01	Investments	151,426	159,963
1.03.01.01	In Affiliates	0	0
1.03.01.02	In Subsidiaries	151,426	159,963
1.03.01.03	Other Investments	0	0
1.03.02	Property, Plant and Equipment	349	371
1.03.03	Deferred Charges	0	0

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02.02 - BALANCE SHEET - LIABILITIES (in thousands of Reais)

1 - CODE	2 DESCRIPTION	3 06/30/2006	4 03/31/2006
2	Total Liabilities	169,937	175,268
2.01	Current Liabilities	554	4,096
2.01.01	Loans and Financing	45	45
2.01.02	Debentures	0	0
2.01.03	Suppliers	233	601
2.01.04	Taxes, Charges and Contributions	0	0
2.01.05	Dividends Payable	249	3,405
2.01.06	Provisions	12	0
2.01.07	Debts with Related Parties	0	0
2.01.08	Other	15	45
2.01.08.01	Accounts Payable Hedge Operations	1	0
2.01.08.02	Other Liabilities	14	45
2.02	Long-Term Liabilities	7,302	78
2.02.01	Loans and Financing	6,084	11
2.02.02	Debentures	0	0
2.02.03	Provisions	0	0
2.02.04	Debts with Related Parties	1,110	67
2.02.05	Other	108	0
2.02.05.01	Accounts Payable Hedge Operations	108	0
2.03	Deferred Income	0	0
2.05	Shareholders' Equity	162,081	171,094
2.05.01	Paid-in Capital	84,851	84,851
2.05.02	Capital Reserve	49,540	49,540
2.05.03	Revaluation Reserve	0	0
2.05.03.01	Own Assets	0	0
2.05.03.02	Subsidiaries/Affiliates	0	0
2.05.04	Profit Reserves	26,924	26,924
2.05.04.01	Legal	7,500	7,500
2.05.04.02	Statutory	0	0
2.05.04.03	For Contingencies	0	0
2.05.04.04	Realizable Profits	11,856	11,856
2.05.04.05	Profit Retention	0	0
2.05.04.06	Special for Non-Distributed Dividends	7,568	7,568
2.05.04.07	Other Profit Reserves	0	0
2.05.05	Retained Earnings/Accumulated Losses	766	9,779

01.01 - IDENTIFICATION

1 - CVM CODE 01770-1	2 - COMPANY NAME TELEMIG CELULAR PARTICIPAÇÕES S.A.	3 - CNPJ (Corporate Taxpayer's ID) 02.558.118/0001-65
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03.01 - STATEMENT OF INCOME (in thousands of Reais)

1 - CODE	2 DESCRIPTION	3 - 04/01/2006 to 06/30/2006	4 - 01/01/2006 to 06/30/2006	5 - 04/01/2005 to 06/30/2005	6 - 01/01/2005 to 06/30/2005
3.01	Gross Revenue from Sales and/or Services	0	0	0	0
3.02	Gross Revenue Deductions	0	0	0	0
3.03	Net Revenue from Sales and/or Services	0	0	0	0
3.04	Cost of Goods and/or Services Sold	0	0	0	0
3.05	Gross Profit	0	0	0	0
3.06	Operating Expenses/Revenue	(10,311)	(19,606)	(1,558)	(4,974)
3.06.01	Selling	0	0	0	0
3.06.02	General and Administrative	(1,453)	(3,712)	(1,672)	(3,475)
3.06.03	Financial	(321)	(269)	61	131
3.06.03.01	Financial Income	76	128	63	146
3.06.03.02	Financial Expenses	(397)	(397)	(2)	(15)
3.06.04	Other Operating Revenues	0	0	0	0
3.06.05	Other Operating Expenses	0	0	0	0
3.06.06	Equity Accounting Result	(8,537)	(15,625)	53	(1,630)
3.07	Operating Profit	(10,311)	(19,606)	(1,558)	(4,974)
3.08	Non-Operating Income	0	0	0	0
3.08.01	Revenues	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Income Before Taxes/Profit Sharing	(10,311)	(19,606)	(1,558)	(4,974)
3.10	Provision for Inc. Tax and Social Contribution	0	0	0	0
3.11	Deferred Income Tax	1,298	2,540	1,379	2,801
3.12	Profit Sharing / Statutory Contributions	0	0	0	0
3.12.01	Employee Profit Sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Capital	0	0	0	0
3.15	Net Income/Loss for the Period	(9,013)	(17,066)	(179)	(2,173)

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03.01 - STATEMENT OF INCOME (in thousands of Reais)

1 - CODE	2 DESCRIPTION	3 - 04/01/2006 to 06/30/2006	4 - 01/01/2006 to 06/30/2006	5 - 04/01/2005 to 06/30/2005	6 - 01/01/2005 to 06/30/2005
	No. SHARES, EX-TREASURY (in thousands)	335,084,155	335,084,155	335,084,155	335,084,155
	EARNINGS PER SHARE				
	LOSS PER SHARE	(0.00003)	(0.00005)	0.00000	(0.00001)

04.01 NOTES TO THE FINANCIAL STATEMENTS**1 Operations**

(a) Tele Norte Celular Participações S.A. is a publicly-held corporation acting as the holding company of Amazônia Celular S.A. Its stake in this operator on June 30 and on March 31, 2006 was 89.78% of the voting capital and 74.96% of the total capital.

The Company's subsidiary holds five authorizations to provide cellular mobile services and all necessary or useful activities to carry out these services, in conformity with the authorizations hereto, in the states of Amapá, Amazonas, Maranhão, Pará and Roraima.

The services offered and the tariffs charged by the subsidiary are regulated by the National Telecommunications Agency (ANATEL), the regulatory authority for the Brazilian telecommunications industry, according to the General Law of Telecommunications and respective regulations.

On February 19, 2004, the subsidiary and ANATEL signed Authorization Instruments for migration to the Personal Mobile Service (SMP), which took effect as from publication of Act 42,671 in the Federal Official Gazette on March 1, 2004.

The SMP authorizations granted to the subsidiary are effective for an undefined term. The radio frequency authorizations have the following maturities:

	Region / Sector	Maturity
Region 1	radio frequencies of 800 MHz, 900 MHz and 1800 MHz	
Sector 13	Maranhão	April 2009
Sector 14	Pará	March 2009
Sector 15	Amapá	May 2009
Sector 16	Amazonas	August 2009
Sector 17	Roraima	July 2009

The radio frequency authorizations may be renewed for an additional 15-year term, with extensions subject to obligations.

(b) The subsidiary has been presenting operating losses after financial expenses, as well as negative net working capital. Thus, the subsidiary's management has implemented several actions aiming to improve financial efficiency, pursuing to increase service revenues and to reduce unnecessary costs and expenses, as a means to ensure improvement in the subsidiary's operating margin.

Additionally, the subsidiary has been reassessing its investment needs, focusing on maximizing the return on fixed assets and maintenance of its financial balance throughout the year. The results of such actions have enabled the subsidiary to obtain funds from financial institutions and extension of its loans and financing maturities. Among the several actions implemented in the first half of 2006, we highlight the Me Liga plan, which operates in two fronts:

a) in subscriber retention; and

b) in supporting the increase of service usage and, as a result, increase of revenue per user.

To enable the launch of this new plan, the subsidiary decided to anticipate investments and marketing expenses in the first semester of 2006. The subsidiary's management believes that the aforementioned advances in investments and expenses shall enable the increase in revenues along the year, contributing for the improvement of 2006 operating results. Management also believes that cash flows provided by its operations, jointly with new loans and financings to be obtained from financial institutions, shall enable the subsidiary to perform its financial and operating obligations throughout 2006.

(c) At the Extraordinary General Meeting held on March 20, 2006, the shareholders resolved to remove from office certain members of the Board of Directors. On the same date, the Board of Directors resolved by unanimous vote to remove from office the Board of Executive Officers, electing, in replacement, Mr. Oscar Thompson to occupy the positions of Chief Executive Officer and Investor Relations Officer, cumulating the duties of Chief Financial Officer, and Mr. Marcus Roger Meireles Martins da Costa, to the position of Human Resources Officer. The new members of the Board of Executive Officers were invested in office on March 20, starting then to manage the corporate businesses.

(d) As part of the resources sharing agreement signed in March 2003 and mentioned in Note 3(b), all the Company's bookkeeping services and the execution of financial activities are carried out by professionals allocated at the headquarters of our affiliate, Telemig Celular S.A. Therefore, the present quarterly information was substantially prepared based on the information provided by Telemig Celular S.A

2 Significant Accounting Practices (Company and consolidated)

(a) Presentation of the quarterly information and consolidation criteria

The quarterly information was prepared and is being presented in accordance with the accounting practices adopted in Brazil, which are based on the provisions of the Corporate Law, the rules set forth by the Brazilian Securities and Exchange Commission (CVM) and rules applicable to the telecommunications operators.

The consolidated quarterly information includes the quarterly information of the parent company Tele Norte Celular Participações S.A., direct subsidiary Amazônia Celular S.A. and special purpose entities mentioned in Note 19, proportionally to the stake held in these entities. The consolidation process of equity and results accounts corresponds to the sum of balances of assets, liabilities, revenues and expenses accounts of the companies, according to the nature of each balance, supplemented by eliminations (i) of capital interest, reserves and results accumulated maintained among companies; (ii) balances of current accounts and other balances composing assets and/or liabilities, maintained among companies and; (iii) identification of minority shareholders' interest.

In the preparation of quarterly information it is necessary to use estimates to account for certain assets, liabilities and other transactions. The Company's quarterly information includes, therefore, estimates referring to the selection of useful lives of property, plant and equipment, accounts receivable of services rendered and not invoiced until balance sheet date, necessary provisions for contingent liabilities, determination of provisions for income tax, provisions for doubtful accounts, and other similar items. The actual results may differ from the estimates.

The quarterly information is being presented in thousands of reais, except as otherwise indicated.

(b) Cash and cash equivalents

Mainly comprise highly liquid temporary investments. The investment funds are stated based on the quota value of each fund on the balance sheet date. The other investments are stated at cost, plus income earned up to the balance sheet date.

(c) Accounts receivable

Mainly represented by services and products billed to subscribers, by services rendered up to the balance sheet date but not yet billed, and by amounts arising from the use of the subsidiary's operations network by subscribers from other telecommunications carriers.

(d) Allowance for doubtful accounts

Management, based on its most recent experience, periodically evaluates the estimated loss percentages in order to record an allowance for the subsidiary's doubtful accounts when the recovery of a receivable is considered unlikely.

(e) Inventories

Mainly comprise mobile telephone handsets stated at average acquisition cost, net of a provision to adjust to market value for handsets and accessories out of line or whose acquisition costs are higher than the replacement cost or realization value.

(f) Investment in subsidiary

Recorded by the equity accounting method, calculated on the net income for the year and other equity variations of the subsidiary.

(g) Property, plant and equipment

Are stated at acquisition and/or construction cost, less accumulated depreciation. Depreciation is calculated on the straight-line method when assets enter into operation, at the rates mentioned in Note 11.

The subsidiary reviews the recovery value of property, plant and equipment by means of its future operations, when there are facts that may affect them. The purpose of this procedure is to verify if the recovery value is lower than the net book value. When this occurs, the subsidiary reduces the net book value to the recovery value. No provision was deemed necessary on June 30 and on March 31, 2006.

Interest and financial charges on loans and financing obtained for investment in the subsidiary's construction in progress (Assets and Facilities in Progress) are capitalized until such assets start to operate. Costs incurred with maintenance and repair are capitalized when they represent an increase in installed capacity or of the useful life of the asset. In the first half of 2006 and 2005, no interest and financial charges were capitalized.

(h) Other assets

Other current assets and long-term receivables are stated at cost or realizable values, including, when applicable, earnings, foreign exchange rate variations and monetary variations accrued.

(i) Foreign currency transactions

These are recorded at the rate prevailing on the date of transactions and restated based on the foreign exchange rate effective at the balance sheet date. Foreign exchange gains/losses are recognized immediately in the results.

(j) Income tax and social contribution

Income tax and social contribution on net income are calculated pursuant to prevailing laws. Deferred tax credits and liabilities are calculated based on the expected value of tax benefit realization related to the goodwill acquired from the company by means of a reorganization process, tax losses, negative calculation basis of social contribution, and on temporary differences arising mainly from allowance for doubtful accounts receivable, the provision for contingencies and provision for accounts payable - hedge operations, as shown in Note 4.

(k) Provision for contingencies

Provisions for contingencies are recorded, based on the opinion of the legal advisors and of management, to cover probable losses resulting from tax, civil and labor claims.

(l) Other liabilities

Other current and long-term liabilities are stated at known or estimated amounts, plus, when applicable, corresponding charges, foreign exchange rate variations and monetary variations incurred.

(m) Determination of income and revenue recognition

Income is determined on the accrual basis. Revenues from telecommunications services are recorded at the tariff prevailing on the date the services are rendered. Revenues from mobile telephony services comprise fees of subscription, usage, network usage, maintenance and other services rendered to subscribers. All services are billed monthly. Services rendered between the invoicing date and the end of each month are calculated and recorded as revenue in the month services are rendered. Revenues from credit recharge of prepaid cell phones are deferred and recorded in income as services are effectively rendered. Revenues from sales of handsets and accessories are recorded when products are delivered and accepted by consumer or distributor.

(n) Pension plan

The subsidiary participates in pension plans offering its employees pensions and other post-employment benefits. Actuarial liabilities were calculated and recorded based on the projected unit credit method, pursuant to CVM Resolution 371/2000.

(o) Employees profit sharing

The Company and the subsidiary record profit sharing based on the achievement of goals established for the year, subject to approval at the Shareholders Meeting.

3 Related-Party Transactions

	Company		Consolidated	
	06.30.06	03.31.06	06.30.06	03.31.06
Assets				
Current Assets Accounts receivable:				
Telemig Celular S.A.	-	-	53	58
Brasil Telecom S.A.	-	-	1,391	1,242
	-	-	1,444	1,300
Long-term Receivables:				
Telemig Celular Participações S.A.	-	-	184	-
Telemig Celular S.A.	124	-	-	-
Amazônia Celular S.A.	1,210	37	-	-
	1,334	37	184	-

Liabilities**Current Liabilities Suppliers**

Telemig Celular S.A.	-	-	679	44
Brasil Telecom S.A.	-	-	2,356	1,897
	-	-	3,035	1,941

Long-term Liabilities

Telemig Celular S.A.	-	60	1,361	1,856
Telemig Celular Participações S.A.	1,110	7	1,128	145
	1,110	67	2,489	2,001

	Company		Consolidated	
	06.30.06	03.31.06	06.30.06	03.31.06

Accumulated Results**Service revenue:**

Telemig Celular S.A.	-	-	318	250
Brasil Telecom S.A.	-	-	6,797	7,206
	-	-	7,115	7,456

Revenue (expense) from sharing of resources:

Amazônia Celular S.A.	1,879	2,266	-	-
Telemig Celular S.A.	(238)	(364)	(5,016)	(5,518)
Telemig Celular Participações S.A.	-	-	(647)	(1,869)
	1,641	1,902	(5,663)	(7,387)

The Company carries out transactions with its subsidiary and other related parties concerning certain services, described below. Related-party transactions are carried out under conditions agreed among parties.

The amounts related to revenue from sharing of resources correspond to amounts calculated by Telemig Celular S.A. and Amazônia Celular S.A. However, such amounts are object of divergence between the Company and such Related Parties, being therefore subject to adjustments.

(a) Roaming Agreements

The subsidiary is a member of the Brazilian roaming committee of mobile operators, which includes the subsidiary of affiliated company Telemig Celular Participações S.A. (Telemig Celular S.A.). The purpose of this committee is to oversee technical and system aspects to ensure the high quality of the roaming service. As required by Brazilian regulations, the subsidiary, Telemig Celular S.A. and other mobile operators facilitate roaming to their respective

subscribers.

Accounts receivable and payable, as well as service revenues with Telemig Celular S.A., refer to the pass-through of the additional call and transfer of the operators' subscribers in roaming mode.

(b) Sharing of resources

On March 20, 2003, Tele Norte Celular Participações S.A., its subsidiary company (Amazônia Celular S.A.) and the affiliated companies, Telemig Celular Participações S.A. and Telemig Celular S.A. entered into a new agreement for sharing human and administrative resources, and established a jointly-owned unit. This agreement was approved at the General Shareholders' Meetings of the respective companies held on March 19, 2003.

The balances recorded in long-term receivables and long-term liabilities are, exclusively, related to the resource sharing and jointly owned unit creation agreement mentioned above.

In accordance with Note 3 above, the amounts related to revenue from sharing of resources correspond to amounts calculated by Telemig Celular S.A. and Amazônia Celular S.A. However, such amounts are object of divergence between the Company and such Related Parties, being therefore subject to adjustments.

(c) Brasil Telecom S.A.

As from August 1, 2004, the subsidiary started to offer the Carrier Selection Code (CSP) option to its customers. Consequently, the subscribers of the subsidiary started to use CSP in domestic (VC2 and VC3) and international long-distance calls from their mobiles, in conformity with the Personal Mobile Service (SMP) rules.

Accounts payable to Brasil Telecom S.A. refer to the pass-through of domestic and international long-distance calls made by the subsidiary's subscribers using the CSP of Brasil Telecom. Accounts receivable and service revenues mainly refer to the interconnection revenues for the use of the subsidiary's network in such long-distance calls.

4 Income tax and social contribution

(a) Deferred income tax and social contribution

Deferred income tax and social contribution assets have the following nature:

	Company		Consolidated	
	06.30.06	03.31.06	06.30.06	03.31.06
Deferred income tax				
Tax loss	21,467	20,543	28,263	24,982
Allowance for doubtful accounts	-	-	10,620	10,167
Provision for contingencies	-	-	19,042	17,952
Goodwill (CVM Instruction 349)	12,636	13,560	12,636	13,560
Provision for accounts payable				
hedge operations	-	-	10,911	13,086
Provision for accounts payable	-	-	3,479	3,360
Provision for profit sharing	-	-	546	1,345
Other expenses	77	46	1,657	1,314
	34,180	34,149	87,154	85,766
Deferred social contribution				
Negative calculation basis	7,729	7,396	11,292	9,272
Allowance for doubtful accounts	-	-	3,823	3,660
Provision for contingencies	-	-	612	698
Goodwill (CVM Instruction 349)	4,549	4,882	4,549	4,882
Provision for accounts payable				
hedge operations	-	-	3,928	4,711
Provision for accounts payable	-	-	1,253	1,210
Provision for profit sharing	-	-	227	484
Provision for loss on investment	-	-	554	554
Other expenses	50	40	590	496
	12,328	12,318	26,828	25,967
	46,508	46,467	113,982	111,733
Provision for losses	(34,207)	(34,207)	(34,207)	(34,207)
	12,301	12,260	79,775	77,526

Pursuant to CVM Instruction 371/2002, the Company and subsidiary's management, at the end of 2005, prepared technical feasibility studies on the future realization of the deferred tax assets, considering the probable capacity of taxable income generation by the Company and by the subsidiary, in the scope of the main variables of its businesses that may, therefore, undergo changes. These studies were approved by the Company and subsidiary's Board of Directors on March 16 and 15, 2006, respectively, and examined by the Fiscal Council on the same dates.

Additions to income tax balances over tax losses and social contribution over negative basis, in the quarter ended June 30, 2006, refer to tax benefit from goodwill realization classified in the statement of income under general and administrative expenses. These additions are offset with unrealized tax benefit reductions over goodwill, not affecting, therefore, the deferred income tax and social contribution total balance.

Except for goodwill realization, the Company did not constitute new deferred income tax and social contribution credits over tax losses and negative basis. Tax credits not registered amounted to R\$5,514, as of June 30, 2006.

The aforementioned studies will be reviewed by the end of 2006, and the results of such revisions will be reflected in the corresponding financial statements. Company's and subsidiary's management did not identify changes that could cause significant impacts on the conclusion of this study at the end of second quarter 2006.

The credits relating to the temporarily non-deductible provisions, mainly tax contingencies and doubtful accounts, will be realized as the corresponding issues are concluded.

According to the projections made by the Company's and subsidiary's management, long-term deferred income tax and social contribution will be realized in the following years:

	Company	Consolidated
2008	116	585
2009	2,337	5,019
2010	817	16,668
2011	1,016	7,611
2012	1,357	8,725
2013 to 2015	6,658	41,167
Total payable in 10 years	12,301	79,775

As the taxable base of the income tax and social contribution arises not only from the profit that may be generated but also from the existence of non-taxable revenues, non-deductible expenses, tax incentives and other variables, there is no immediate correlation between the Company's net income and the tax income and social contribution results. Therefore, the expectation of use of the tax credits must not be taken as the only indication of the Company and its subsidiary's future results.

(b) Reconciliation of income tax and social contribution in the income statement

The amounts of the income tax and social contribution shown in the quarterly results are reconciled to their amounts at the nominal rate as below:

	Parent Company		Consolidated	
	06.30.06	06.30.05	06.30.06	06.30.05
Income before income tax and social contribution	(19,606)	(4,974)	(35,977)	(6,731)
(-) Equity accounting	15,625	1,630	-	-
(-) Amortization provision for shareholders equity integrity	(4,882)	(4,882)	(4,882)	(4,882)
Permanent additions (exclusions), net	36	(12)	(792)	189
Calculation basis	(8,828)	(8,238)	(41,651)	(11,424)
Income tax and social contribution (34%)	3,001	2,801	14,162	3,884
Income tax and social contribution over tax loss and negative calculation basis not constituted	(474)	-	(474)	-
Tax incentives	-	-	-	130
Adjustment 2006 deferred income tax	-	-	-	-
Reversal of previous year current income tax and social contribution	13	-	4	-
Benefit of income tax and social contribution	2,540	2,801	13,692	4,014

5 Cash and Cash Equivalents

	Company		Consolidated	
	06.30.06	03.31.06	06.30.06	03.31.06
Cash and banks	75	8	653	1,192
Financial investments				
Fixed-income securities substantially				
Federal government securities	-	-	27,421	47,029
Investment funds	1,538	-	-	-
Other highly liquid investments	119	1	7,704	186
	1,732	9	35,778	48,407

On June 30 and on March 31, 2006, the investment funds were mainly represented by investments in an Investment Fund in Quotas of Investment Funds FIC (exclusive), which also invests in quotas of other exclusive Investment Funds, as mentioned in Note 19.

On June 30 and on March 31, 2006, the portfolios of the Investment Funds were substantially comprised of highly liquid federal government securities, recorded at their realization amounts.

The Investment Funds carry out operations with financial instruments with the purpose of reducing the exposure to interest risk, which are also recorded at realization amounts.

On June 30 and on March 31, 2006, there were no guarantees, sureties, mortgages or other guarantees granted in favor of the exclusive funds.

6 Accounts Receivable

	Consolidated	
	06.30.06	03.31.06
Telecommunications services	121,772	116,377
Handsets and accessories sales	15,432	13,490
	137,204	129,867
Allowance for doubtful accounts	(41,050)	(39,199)
	96,154	90,668

On June 30 and on March 31, 2006, accounts receivable from telecommunications services also included amounts receivable from subscribers relating to the pass-through of domestic and international long-distance calls made by the subsidiary's subscribers using the Carrier Selection Code (CSP) of the long-distance carriers, according to the Personal Mobile Service (SMP) rules.

On June 30 and on March 31, 2006, the subsidiary had overdue accounts receivable from telephony operators in the amount of approximately R\$15,912 (March 31, 2006 R\$19,100), resulting from the use of its network. The overdue amounts are in process of collection and negotiation with the operators, which also involve amounts payable offset by the subsidiary totaling R\$10,465 (March 31, 2006 R\$9,585) due to the lack of collection in portion of the referred overdue amounts. The subsidiary management considers that the recovery of overdue amounts is probable.

7 Inventories

	Consolidated	
	06.30.06	03.31.06
Handsets and accessories	22,429	17,806
Provision for adjustment to market value	(5,920)	(4,276)
	16,509	13,530

8 PIS and COFINS Recoverable – Law 9,718/98 (short and long-term)

In 2005, the Company and its subsidiary were successful in the actions that questioned the constitutionality of the increase in the calculation basis of PIS and COFINS introduced by paragraph 1, Article 3 of Law 9,718 of November 27, 1998. Accordingly, considering that the decisions are final and unappealable, the Company and the subsidiary recognized, in the last quarter of 2005, the credit of these taxes, in the amounts of R\$1,343 and R\$9,066, respectively. The restated value of these credits on June 30, 2006 is R\$1,388 for the Company (March 31, 2006 R\$1,361) and R\$9,387 (March 31, 2006 R\$9,197) for the subsidiary, totaling R\$10,775 (March 31, 2006 R\$10,558) in the consolidated. The credits are recorded in the item PIS and COFINS Recoverable – Law 9,718/98 under Company's

long-term receivables of the Company and under subsidiary's current assets.

9 ICMS recoverable property, plant and equipment (long-term)

This refers to ICMS recoverable, to be offset as from July, 2007 at 1/48 per month, relating to the credits arising from the acquisition of equipment by the subsidiary for property, plant and equipment, in conformity with Complementary Law 102 of July 11, 2000.

10 Investment in subsidiary (Company)

(a) Details of the stake in subsidiary Amazônia Celular S.A. may be summarized as below:

		Company
	06.30.06	03.31.06
Capital stock	231,431	231,431
Shareholders' equity	202,013	213,402
Capital stock interest	74.96%	74.96%
Voting capital interest	89.78%	89.78%
Number of shares held (in thousands)		
Preferred	5,935,415	5,935,415
Common	5,098,287	5,098,287
	06.30.06	06.30.05
Net loss for the period (year to date)	(20,844)	(2,174)
Equity accounting (year to date) derived		
From company results	(15,625)	(1,630)

(b) Investment breakdown in the quarter

		06.30.06
Balance on March 31, 2006		159,963
Equity accounting		(8,537)
Balance on June 30, 2006		151,426

(c) Other information

The quarterly information of the subsidiary was reviewed by the same independent auditors of the company.

11 Property, Plant and Equipment

	Annual depreciation rate - %	Cost	Accumulated depreciation	Consolidated	
				06.30.06	03.31.06
				Net amount	Net amount
Equipment and transmission means	12.5 to 20.0	439,373	315,285	124,088	131,208
Switching and control centers	12.5 to 20.0	211,833	112,821	99,012	104,983
Power supply equipment	20.0	28,046	22,679	5,367	5,570
Buildings	5.0	11,324	7,030	4,294	4,722
Towers and other support and protection devices	10.0	38,220	18,800	19,420	20,275
Software	20.0	109,424	70,752	38,672	42,428
Information technology equipment	20.0	19,110	15,266	3,844	4,356
Terminal equipment	20.0	1,470	1,457	13	26
Other assets	10.0 to 20.0	63,410	24,927	38,483	31,613
Total assets and facilities in service		922,210	589,017	333,193	345,181
Assets and facilities in progress		51,203	-	51,203	56,432
		973,413	589,017	384,396	401,613

In November 2004, the subsidiary started the technology migration of its mobile network to the GSM/EDGE standard. The subsidiary maintains the TDMA standard with the same quality, coverage and services, and doesn't expect reduction in the useful life of the equipment, transmission plant and switching and control centers of the TDMA network, taking into consideration the expected migration pace of subscribers to GSM.

At the time of technology migration, the subsidiary's management assessed the amount of the TDMA network equipment recovery through its future operations, based on future cash flows discounted at present value and concluded that no provision for obsolescence would be necessary. Substantially, all the TDMA network assets shall be fully depreciated until the end of 2008.

Consolidated depreciation in the first half allocated to cost of goods and/or services totaled R\$44,019 (June 30, 2005 R\$42,908), to sales expenses R\$1,118 (June 30, 2005 R\$1,197) and to general and administrative expenses R\$8,254 (June 30, 2005 R\$8,764).

The net roll-forward of property, plant and equipment in the quarter may be summarized as below:

	Consolidated
Balance on March 31, 2006	401,613
Additions	9,503
Residual value written-off	(24)
Depreciation	(26,696)

Balance on June 30, 2006

384,396

On June 30, 2006, the subsidiary had equipment, properties and other assets pledged or indicated as attachments in court proceedings, in the amount of R\$3,905 (March 31, 2006 R\$3,587).

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12 Suppliers (consolidated)

	Consolidated	
	06.30.06	03.31.06
Material and service suppliers	86,694	90,475
Interconnection and amounts to transfer - SMP	31,358	29,342
	118,052	119,817

(a) Material and service suppliers

On June 30 and on March 31, 2006, the balance includes mainly the liabilities with suppliers for the supply of handsets, equipment, services and execution of civil works related to the expansion of the GSM/EDGE network.

(b) Interconnection and amounts to transfer - SMP

Includes accounts payable to other mobile, fixed and long-distance telephony carriers related to network usage charge, additional call pass-through, roaming and long-distance calls.

13 Loans and Financing

On June 30 and on March 31, 2006, the principal amount of loans and financing was as below:

Consolidated