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**RBS TV de
Florianópolis S.A.**

**Financial Statements at
December 31, 2002 and 2001
and June 30, 2003 and 2002
and Report of Independent Accountants**

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Report of Independent Accountants


August 1, 2003

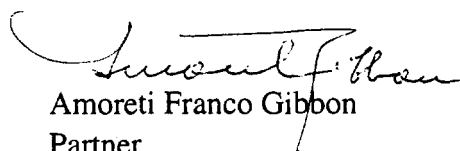
To the Board of Directors and Stockholders
RBS TV de Florianópolis S.A.

- 1 We have audited the accompanying balance sheets of RBS TV de Florianópolis S.A. as of December 31, 2002 and 2001, and the related statements of operations, of changes in stockholders' equity and of changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements.
- 2 We conducted our audits in accordance with Brazilian approved auditing standards which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audits taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the company, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of RBS TV de Florianópolis S.A. at December 31, 2002 and 2001, and the results of its operations, the changes in stockholders' equity and the changes in its financial position for the years then ended, in conformity with accounting practices adopted in Brazil.
- 4 We have also reviewed the accompanying financial statements of RBS TV de Florianópolis S.A. as of and for the six-month periods ended June 30, 2003 and 2002. These financial statements are the responsibility of the company's management.

August 1, 2003
RBS TV de Florianópolis S.A.

- 5 We conducted our reviews in accordance with standards approved by the Institute of Independent Auditors of Brazil (IBRACON). A review consists, principally, of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters regarding the criteria used to prepare the financial statements. A review does not represent an audit conducted in accordance with Brazilian approved auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.
- 6 Based on our reviews, we are not aware of any material modifications that should be made to the financial statements mentioned in paragraph 4 for them to be in conformity with accounting practices adopted in Brazil.


PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" SC


Amoreti Franco Gibbon
Partner
Contador CRC 1SC011841

RBS TV de Florianópolis S.A.

Statement of Operations

In thousands of Brazilian reais, except per-share data

	Years ended December 31		Six-month periods ended June 30	
	2002	2001	2003 (Unaudited)	2002 (Unaudited)
Operating revenues				
Advertising	47,109	49,354	25,543	23,251
Taxes on revenues	(1,808)	(1,859)	(1,067)	(873)
	<u>45,301</u>	<u>47,495</u>	<u>24,476</u>	<u>22,378</u>
Operating costs				
Programming and sales	(9,866)	(10,028)	(6,549)	(5,049)
Personnel	(4,067)	(5,704)	(1,797)	(1,856)
Depreciation (Net of reimbursement (Note 3(a)))	(1,148)	(1,610)	(490)	(716)
Royalties	(1,622)	(1,722)	(871)	(806)
Other	(1,991)	(1,802)	(1,366)	(847)
	<u>(18,694)</u>	<u>(20,866)</u>	<u>(11,073)</u>	<u>(9,274)</u>
Gross profit	<u>26,607</u>	<u>26,629</u>	<u>13,403</u>	<u>13,104</u>
Operating income (expenses)				
Selling	(5,625)	(5,901)	(2,408)	(2,414)
General and administrative	(7,817)	(3,770)	(4,333)	(3,719)
Financial income	1,612	507	374	790
Financial expenses (Note 8)	(311)	(104)	(22)	(23)
Other, net	169	1,771		(30)
	<u>(11,972)</u>	<u>(7,497)</u>	<u>(6,389)</u>	<u>(5,396)</u>
Operating profit	14,635	19,132	7,014	7,708
Non-operating income, net	15	5	22	(4)
Income before taxes on income	14,650	19,137	7,036	7,704
Social contribution (Note 11 (a))	(1,234)	(1,859)	(623)	(645)
Income tax (Note 11 (a))	(1,649)	(3,885)	(1,300)	(1,346)
Net income for the year/period	<u>11,767</u>	<u>13,393</u>	<u>5,113</u>	<u>5,713</u>
Net income per share at the end of the year/period - R\$	<u>5.88</u>	<u>6.69</u>	<u>2.55</u>	<u>2.85</u>

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

RBS TV de Florianópolis S.A.

Statement of Changes in Stockholders' Equity
In thousands of Brazilian reais, except per-share data

	<u>Capital</u>	<u>Capital</u>	<u>Revenue</u>	<u>Retained</u>	<u>Total</u>
	<u>3,406</u>	<u>reserve</u>	<u>reserve</u>	<u>earnings</u>	<u></u>
	<u>Capital</u>	<u>Fiscal</u>	<u>Legal</u>	<u>earnings</u>	<u>Total</u>
	<u>3,406</u>	<u>incentives</u>	<u>reserve</u>	<u>earnings</u>	<u></u>
At January 1, 2001	3,406	2,292	675	15,016	21,389
Fiscal incentive investments		349			349
Reversal of income taxes on the price-level restatement of stockholders' equity accounts				(498)	(498)
Interest on capital distributed to stockholders (R\$ 0.59 per share) (Note 7 (b))				(1,172)	(1,172)
Net income for the year				13,393	13,393
Dividend distributed (R\$ 4.49 per share) (Note 7 (a))				(9,000)	(9,000)
At December 31, 2001	3,406	2,641	675	17,739	24,461
Interest on capital distributed to stockholders (R\$ 0.72 per share) (Note 7 (b))				(1,444)	(1,444)
Net income for the year				11,767	11,767
Proposed dividend (R\$ 2.00 per share) (Note 7 (a))				(4,000)	(4,000)
At December 31, 2002	3,406	2,641	675	24,062	30,784

RBS TV de Florianópolis S.A.

Statement of Changes in Stockholders' Equity
In thousands of Brazilian reais, except per-share data

(continued)

	<u>Capital</u>	<u>Capital</u>	<u>Revenue</u>	<u>Retained</u>	<u>Total</u>
	<u>reserve</u>	<u>reserve</u>	<u>reserve</u>	<u>earnings</u>	
	<u>Capital</u>	<u>Fiscal</u>	<u>Legal</u>	<u>earnings</u>	<u>Total</u>
	<u>reserve</u>	<u>incentives</u>	<u>reserve</u>	<u>earnings</u>	
At January 1, 2003	3,406	2,641	675	24,062	30,784
Interest on capital distributed to stockholders (R\$ 0.52 per share) (Note 7 (b)) (Unaudited)				(1,049)	(1,049)
Net income for the period (Unaudited)				5,113	5,113
At June 30, 2003 (Unaudited)	<u>3,406</u>	<u>2,641</u>	<u>675</u>	<u>28,126</u>	<u>34,848</u>
At January 1, 2002	3,406	2,641	675	17,739	24,461
Interest on capital distributed to stockholders (R\$ 0.33 per share) (Note 7(b)) (Unaudited)				(668)	(668)
Net income for the period (Unaudited)				5,713	5,713
At June 30, 2002 (Unaudited)	<u>3,406</u>	<u>2,641</u>	<u>675</u>	<u>22,784</u>	<u>29,506</u>

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

RBS TV de Florianópolis S.A.

Statement of Changes in Financial Position

In thousands of Brazilian reais

	Years ended December 31		Six-month periods ended June 30	
	2002	2001	2003 (Unaudited)	2002 (Unaudited)
Financial resources were provided by:				
Net income for the year/period	11,767	13,393	5,113	5,713
Expenses (income) not affecting working capital:				
Deferred income taxes	(60)	(41)	(11)	(26)
Provision for contingencies	111	(1,290)	91	(49)
Depreciation	1,148	1,610	718	716
Net book value of permanent asset disposals	26	59	16	5
	12,992	13,731	5,927	6,359
Decrease in long-term receivables		109		14
Total funds provided	12,992	13,840	5,927	6,373
Financial resources were used for:				
Increase in long-term receivables	21,326		152	
Investments	47			
Property, plant and equipment	1,554	1,357	119	168
Decrease in long-term liabilities		41		
Proposed/distributed dividend	4,000	9,000		
Interest on capital distributed to stockholders	1,444	1,172	1,049	668
Total funds used	28,371	11,570	1,320	836
Increase (decrease) in working capital	(15,379)	2,270	4,607	5,537
Current assets				
At the end of the year/period	8,897	23,173	13,084	28,465
At the beginning of the year/period	23,173	27,936	8,897	23,173
	(14,276)	(4,763)	4,187	5,292
Current liabilities				
At the end of the year/period	6,842	5,739	6,422	5,494
At the beginning of the year/period	5,739	12,772	6,842	5,739
	1,103	(7,033)	(420)	(245)
Increase (decrease) in working capital	(15,379)	2,270	4,607	5,537

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

RBS TV de Florianópolis S.A.

**Notes to the Financial Statements at December 31, 2002
and 2001 and June 30, 2003 and 2002 (Unaudited)**

In thousands of Brazilian reais, unless otherwise stated

1 Business

The company is owned by three family groups and is operated, together with other companies, as one integrated unit, the Rede Brasil Sul - RBS. The company is located in Florianópolis, in the State of Santa Catarina, Brazil, and is engaged in television broadcasting.

The Rede Brasil Sul - RBS Group includes other companies operating in newspaper publishing, television and radio broadcasting, real estate, insurance brokerage, travel agency and other activities.

The Brazilian Federal Constitution establishes that, as from April 2002, foreign shareholders may own a maximum of 30% of the capital of television broadcasting companies. Until that date, foreign shareholders were not allowed and Brazilian corporations could not own more than 30% of the capital, with no voting shares.

The Federal licenses required for the television broadcasting activities are granted by government authorities and are approved by the Federal Congress. Moreover, television broadcasting licenses are granted separately by location. The licenses are non-exclusive, expire after a predetermined time-limit (fifteen years) and are renewable upon application for a similar period. The company's current license expires in 2007.

Through an operating agreement, the company is part of the largest Brazilian national TV network, the Globo network. Although the network agreement has limited terms, it is renewable, and the company has maintained its network relationship continuously for more than thirty-five years.

The company maintains operating agreements with the other RBS Group television companies in Santa Catarina. The affiliated stations are required to broadcast the national and regional network programs and advertising. In exchange for national programming, the affiliated companies are charged a programming fee but are entitled to retain all the revenues from local advertising sold by them.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

Income and expenses on transactions among the RBS Group companies are allocated among the companies that benefit from or incur the income and expenses using bases that may not necessarily be the same as those that would have been applied if the transactions had been made with unrelated parties.

On December 26, 1996, the company transferred all of its trademarks registered with the *Instituto Nacional de Propriedade Industrial - INPI* (National Industrial Patents Institute) to another RBS Group company, RBS Participações S.A., free of charge. RBS Participações S.A. has been collecting royalties on the company's net operating revenues, calculated at 3.5%.

2 Presentation of the Financial Statements

The accounting records of the company are maintained in accordance with Brazilian corporate and tax legislation, and the financial statements have been prepared therefrom, including certain adjustments to conform with accounting principles generally accepted in Brazil ("Brazilian GAAP"), which originally required the presentation of financial statements under the constant currency methodology, as a means of depicting more clearly the impacts of inflation on a company's financial information.

Under the constant currency methodology, all financial statement balances, including comparative balances from prior years, are presented in reais of constant purchasing power using as the basis for restatement the official index *Unidade Fiscal de Referência - UFIR* (Fiscal Unit of Reference) up to December 31, 1995 and the variation of the *Índice Geral de Preços - Mercado - IGP-M* (General Market Price Index) as from that date. The reported amounts of non-monetary assets, such as inventories and permanent assets, and stockholders' equity include restatement as from the date of origin.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

In 2001, Resolution 900 of the Federal Accountancy Council (CFC) established that the indexation of the accounts under the constant currency methodology should be suspended during periods of low inflation, i.e., when the cumulative inflation rate in a 36-month period is less than 100%. The Company has therefore suspended the indexation in its financial statements as from September 30, 2001, and subsequent transactions are recorded at their historical amounts without indexation. Likewise, the comparative balances from prior years have been indexed to inflation only up to September 30, 2001.

The price-level restatement of financial statements for both statutory and tax purposes was abolished as from January 1, 1996 by Law 9249. Although the company's statutory accounting records as from January 1, 1996 do not reflect any price-level restatements of permanent assets and stockholders' equity accounts, pro forma adjustments have been made to the financial statements to reflect these restatements through the constant currency methodology. These restatements no longer have any tax effects, but pro forma tax adjustments have been made to the financial statements to assure consistency with prior periods as well as to reflect future deferred tax effects, as explained in the following paragraph.

As from January 1, 1996, the full tax effect of the net restatement effect taken to income was recognized as a credit to income at the current tax rates, in order to maintain comparability with the prior periods. The deferred tax liability on the restatement of permanent assets has been shown as a long-term liability and is reversed to income as the restatement is realized through the disposal of investments and the depreciation or disposal of property, plant and equipment. On the other hand, the tax credit arising from the restatement of stockholders' equity accounts is reversed and charged to retained earnings, since this amount does not represent an actual tax benefit.

3 Significant Accounting Policies

(a) Determination of results of operations and current and long-term assets and liabilities

Results of operations are determined on the accrual basis and include gains and losses on monetary items, the restatement of non-monetary items, the adjustment to present value of significant fixed-rate trade accounts receivable and payable and, where applicable, the effects of adjustments of assets to market or net realizable values.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

Advertising revenue relates to broadcasting national and regional advertising and is recorded when the related broadcasting takes place.

Non-cash exchanges of advertising for services or goods are recorded at market value, both in revenues and expenses.

Programming costs relate to television programs acquired from the national network. These costs are recorded in the statement of operations when programs are broadcast.

Selling expenses include commissions paid to advertising agencies in relation to regional advertising.

The company is reimbursed for administrative and general expenses and operating costs incurred on behalf of other RBS Group television companies and the depreciation expense related to equipment used by those companies.

(b) Inventories

Inventories, basically spare parts, are stated at the average purchase cost, which is lower than replacement cost.

(c) Permanent assets

These assets are stated at cost. Depreciation of property, plant and equipment is computed on the straight-line method, at the rates shown in Note 5, which take into consideration the estimated useful lives of the assets.

(d) Income taxes

Income tax is calculated at the standard rate plus supplementary rates totaling 25%. Social contribution tax is calculated at the current rate of 9% applied to adjusted income before income tax. Deferred income taxes are calculated on temporary differences.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

The tax legislation allows the company to record a tax credit related to the reimbursement of free electoral advertising. On April 10, 2001, the regulations for the reimbursements related to the 2000 elections were issued. Even though the company had already used a tax credit during 2000 (based on prior legislation), the new regulations resulted in a complement of the credit already used. This complement, together with the tax credit related to free electoral advertising broadcasted during the year 2002, totaled R\$ 1,743 (December 31, 2001 - R\$ 1,150; six-month period ended June 30, 2003 - R\$ 415; June 30, 2002 - R\$ 414).

(e) **Statements of operations, of changes in stockholders' equity and of changes in financial position**

During periods in which the indexation of balances under the constant currency methodology is applicable (see Note 2), the amounts presented in these statements are indexed as from the month they are recorded and are adjusted by purchasing power gains and losses on monetary items.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)
In thousands of Brazilian reais, unless otherwise stated

4

Related Party Transactions and Balances

	2002		December 31		2003		June 30	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)	Assets (liabilities) (Unaudited)	Income (expenses) (Unaudited)	Assets (liabilities) (Unaudited)	Income (expenses) (Unaudited)
RBS Administração e Cobranças Ltda. Accounts receivable - Group companies	616		2,094		4,202		5,964	
Zero Hora - Editora Jornalística S.A. Financial income				363				
Televisão Gaúcha S.A. Long-term receivables - Group companies General and administrative expenses (reimbursement) Operating cost (reimbursement)	4,109	(1579)		(1,126)	4,109	(840) (328)		(767)
Canal Rural Produções Ltda. Accounts receivable - Group companies Long-term receivables - Group companies Financial expenses	1,210	138	1,100		1,270	74	1,154	54
RBS Empresa de TVA Ltda. Accounts receivable - Group companies Long-term receivables - Group companies Financial expenses	1,501	171	1,364		1,574	92	1,431	67
RBS Participações S.A. Accounts receivable - Group companies Long-term receivables - Group companies Financial income	14,538	1,269	9,949	456	14,522		10,472	495
Telepartix Participações S.A. Financial income				173				
Other RBS Group companies Accounts receivable - Group companies Long-term receivables - Group companies Long-term liabilities - Group companies General and administrative expenses (reimbursement) Depreciation (reimbursement) Network agreement	(31) (531)	2,252 197 2,443	94 (531)	3,496 104 2,046	(17) (531)	1,211 228 1,081	(21) (531)	1,151 45 1,068

RBS TV de Florianópolis S.A.

**Notes to the Financial Statements at December 31, 2002
and 2001 and June 30, 2003 and 2002 (Unaudited)**

In thousands of Brazilian reais, unless otherwise stated

- (a) RBS Administração e Cobranças Ltda. is a group company which functions as a treasury department, carrying out all collections and making all payments on behalf of the companies of the RBS Group. The balances with this company bear no interest and are shown in current assets because the funds held by this company on behalf of the group companies are readily available.
- (b) Loans to other related companies bear interest calculated at market rates. As from January 1, 2003, the balances with Televisão Gaúcha S.A. and RBS Participações S.A. bear no interest.
- (c) The company, together with the other three main media companies of the RBS Group, has guaranteed the first and second tranches, amounting to US\$ 50,000,000 and US\$ 125,000,000, respectively, of a US\$ 200,000,000 Global Medium-Term Notes Program issued by RBS Participações S.A. in December 1995 and in March 1997, with final maturity in 2003 and 2007. In connection with this Program, the company is required to observe certain negative covenants. All of these covenants are being observed.

Additionally, on April 25, 2002, the company, together with the other three main media companies of the RBS Group, guaranteed the interest rate swap contracted by RBS Participações S.A. in the notional amount of R\$ 294,600 (equivalent to US\$ 125,000,000 on that date) exchanging the U.S. dollar exchange variation for the interbank certificate of deposit (CDI) interest rate less 6.36% p.a. The due date of such contract is March 29, 2007.

- (d) In April 1996, the company received deposits from the affiliated stations to guarantee the company's equipment used by these affiliated stations; these are recorded as long-term liabilities.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

5 Property, Plant and Equipment

	December 31		June 30		Annual depreciation rates - %
	2002	2001	2003	2002	
	Cost	Accumulated depreciation	Net	Net	
			(Unaudited)	(Unaudited)	
Land	22		22	22	
Buildings and structures	5,066	(1,539)	3,589	3,573	4 and 10
Installations	1,473	(1,271)	280	182	10 to 33
Machinery and equipment	16,982	(14,078)	2,180	2,358	10 to 33
Vehicles	1,102	(890)	347	117	20 and 33
Others	56		105	56	
	<u>24,701</u>	<u>(17,778)</u>	<u>6,523</u>	<u>6,308</u>	
				<u>5,970</u>	

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

6 Trade Accounts Payable

Trade accounts payable at December 31, 2002 include R\$ 1,122 indexed to the Japanese Yen.

7 Stockholders' Equity

- (a) Capital comprises 2,002,640 nominative common shares without par value. The stockholders are entitled to an annual dividend of not less than 6% of net income per the statutory financial statements after appropriation to the legal reserve of an amount equivalent to 5% of the annual net income, up to the limit of 20% of capital, also per the statutory financial statements.

On July 31 and August 31, 2002, the company's board of directors decided to distribute interim dividends totaling R\$ 4,000 related to that year.

On December 31, 2001, the company's board of directors decided to propose dividends totaling R\$ 9,000 related to that year.

The dividends proposed/distributed in 2002 and 2001, plus the interest on capital mentioned in item (b) below, exceeded the minimum annual dividends due on those years and were later approved at the respective Annual General Meeting.

- (b) Law 9249 introduced as from 1996 an option for companies to calculate a nominal interest charge on capital invested and utilized in operations for the period (defined as total stockholders' equity less revaluation reserves), calculated on a pro rata basis based on the *Taxa de Juros de Longo Prazo - TJLP* (long-term interest rate). This charge, limited to 50% of the net income for the period or of retained earnings, is deductible for income tax purposes and for social contribution, but is subject to 15% withholding tax; such interest amounts may be used to increase capital or be paid directly to stockholders either as interest or as a prepayment of the minimum statutory dividend.

The company has taken this latter option and has charged the amount directly to retained earnings and treated it as an additional dividend distribution.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

- (c) The balance of retained earnings in the company's statutory financial statements is reconciled to the balances in these financial statements as follows:

	<u>December 31</u>		<u>June 30</u>	
	<u>2002</u>	<u>2001</u>	<u>2003</u> <u>(Unaudited)</u>	<u>2002</u> <u>(Unaudited)</u>
Balances per statutory financial statements	24,753	18,331	28,859	23,426
Adjustments arising from the constant currency accounting methodology	(1,883)	(1,768)	(1,924)	(1,879)
Further adjustments to conform the financial statements to accounting principles generally accepted in Brazil	<u>1,192</u>	<u>1,176</u>	<u>1,191</u>	<u>1,237</u>
Balances in these financial statements	<u>24,062</u>	<u>17,739</u>	<u>28,126</u>	<u>22,784</u>

8 Financial Expenses

Financial expenses include R\$ 9 (December 31, 2001 - R\$ 134; June 30, 2002 - R\$ 8) of interest and a loss of R\$ 212 (December 31, 2001 - R\$ 17) from monetary variations on bank loans. The monetary variation amounts consider the differences between the inflation index used to prepare the constant currency financial statements, when applicable, and the index used to adjust local currency loans or exchange rate variations on foreign currency loans. Allocation of monetary gains and losses is subject to estimates made by management.

9 Contingencies

- (a) The company is party to various civil lawsuits that have arisen in the ordinary course of its business, including actions for libel. Based on the opinion of the in-house legal counsel, management does not believe that any litigation pending against the company will have a material adverse effect on its business or financial condition.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

- (b) The company is the defendant in certain labor and tax suits. Provisions for contingencies related to the estimated probable losses have been recorded based on the opinions of external and in-house legal advisors.

10 Pension Fund

The companies in the RBS Group (the "Sponsors") have formed RBS Prev - Sociedade Previdenciária, a private pension fund (the "Fund"), to provide employees with supplementary pension and disability benefits, in addition to those paid by the National Social Security System. The Fund was approved by the Ministry of Social Security in October 1996 and was implemented as from January 1997.

The Fund is a defined contribution plan, with contributions from Sponsors and participants calculated based on variable amounts and percentages at the option of each participant. The normal contributions of the Sponsors are based on the basic contribution of the participants at rates of up to 300% depending on the participant's age. Past service benefits will be funded by the Sponsors over twenty years through monthly payments adjusted by the *Índice Nacional de Preços ao Consumidor - INPC* (National Consumer Price Index). These contributions will automatically cease when the participant terminates employment for any reason, reaches retirement age, dies or becomes disabled.

Furthermore, the Sponsors may opt to make additional contributions at any time, and the normal and additional contributions may be revised by the participants and Sponsors in February of each year. The Sponsors may also temporarily reduce or suspend their contributions, maintaining only those necessary to cover the benefits already accrued to the participants or their beneficiaries.

The sponsors do not have any responsibility to guarantee the minimum level of the benefits to the participants when they terminate their employment.

The company's contributions in the year ended December 31, 2002 amounted to R\$ 206 (December 31, 2001 - R\$ 179; six-month period ended June 30, 2003 - R\$ 120; June 30, 2002 - R\$ 100).

The Fund's financial statements at December 31, 2002 and 2001 were examined by independent accountants, and the actuarial reserves were determined by an actuary. The independent accountants issued unqualified opinions on those financial statements.

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

11 Social Contribution and Income Tax

(a) Reconciliation of income tax and social contribution

	December 31		June 30	
	2002	2001	2003 (Unaudited)	2002 (Unaudited)
(I) Income tax				
Income before income tax and social contribution	14,650	19,137	7,036	7,704
Rate - %	25	25	25	25
	(3,663)	(4,784)	(1,759)	(1,926)
Effects of permanent differences				
Non-deductible expenses	(157)	(909)	(251)	(152)
Non-taxable income	215	725	279	302
Credit for electoral advertising (Note 3 (d))	1,743	1,150	415	414
Other	213	(67)	16	16
As per statement of operations	(1,649)	(3,885)	(1,300)	(1,346)
(II) Social contribution				
Income before income tax and social contribution	14,650	19,137	7,036	7,704
Rate - %	9	9	9	9
	(1,319)	(1,722)	(633)	(693)
Effects of permanent differences				
Non-deductible expenses	(57)	(325)	(89)	(55)
Non-taxable income	77	261	100	108
Other	65	(73)	(1)	(5)
As per statement of operations	(1,234)	(1,859)	(623)	(645)

RBS TV de Florianópolis S.A.

Notes to the Financial Statements at December 31, 2002 and 2001 and June 30, 2003 and 2002 (Unaudited)

In thousands of Brazilian reais, unless otherwise stated

(b) Nature of balances

	<u>December 31</u>		<u>June 30</u>	
	<u>2002</u>	<u>2001</u>	<u>2003</u> (Unaudited)	<u>2002</u> (Unaudited)
(I) Income tax				
Provision for income taxes - current	<u>90</u>	<u>814</u>	<u>873</u>	<u>702</u>
Deferred income taxes				
Monetary variations of permanent assets	205	303	182	203
Other temporary differences	<u>429</u>	<u>378</u>	<u>450</u>	<u>467</u>
Long-term liabilities	<u>634</u>	<u>681</u>	<u>632</u>	<u>670</u>
(II) Social contribution				
Provision for income taxes - current	<u>390</u>	<u>421</u>	<u>448</u>	<u>349</u>
Deferred income taxes				
Monetary variations of permanent assets	74	109	66	73
Other temporary differences	<u>162</u>	<u>140</u>	<u>161</u>	<u>161</u>
Long-term liabilities	<u>236</u>	<u>249</u>	<u>227</u>	<u>234</u>

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