

BRASIL TELECOM SA  
Form 6-K  
May 27, 2010

# 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 May 2010

(Commission File No. 1-15256)

**BRASIL TELECOM S.A.**

(Exact name of Registrant as specified in its Charter)

**BRAZIL TELECOM COMPANY**

(Translation of Registrant's name into English)

SIA Sul, Área de Serviços Públicos, Lote D, Bloco B

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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):

**EXHIBITS**

**Exhibit  
Number**

**Description of Document**

1	Financial Statements of Brasil Telecom S.A. at and for the years ended December 31, 2009 and 2008 prepared in accordance with Brazilian GAAP (Free Translation)
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**Brasil Telecom S.A. ( BrT ) and**

**Brasil Telecom S.A. ( BrT ) and**

**Subsidiaries**

**Financial Statements as of**

**December 31, 2009 and 2008 and**

**Independent Auditors Report**

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

INDEPENDENT AUDITORS' REPORT

To the Management and Shareholders of

Brasil Telecom S.A.

Brasília, DF

1. We have audited the accompanying balance sheets, Company and consolidated, of Brasil Telecom S.A. and subsidiaries, as of December 31, 2009 and 2008, and the related statements of operations, changes in shareholders' equity (Company), cash flows and value added, for the years then ended, 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 the Company's 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 Brasil Telecom S.A. and its subsidiaries as of December 31, 2009 and 2008, and the results of their operations, the changes in shareholders' equity (Company), their cash flows, and the values added in operations for the years then ended, in conformity with Brazilian accounting practices.
4. As commented in note 1(b), on September 25, 2009, the Supervisory Board and the Board of Directors of Brasil Telecom S.A. and its shareholder Coari Participações S.A. approved Step 3 of Stage 2 of the Corporate Restructuring, which comprises the exchange of shares held by non-controlling shareholders in Brasil Telecom S.A. for shares of Coari Participações S.A.
5. As described in note 2, as a result of the convergence of accounting practices, criteria and estimates and understanding of the new controlling shareholder, which identified certain differences of understanding on the conceptual application of prior periods' accounting standards, the balance sheets as of December 31, 2008 and statements of operations for the year then ended, presented for comparative purposes, were reclassified and are being restated as provided in NPC 12 *Accounting Policies, Changes in Accounting Estimates and Errors*, approved by CVM Resolution 506/06.
6. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.  
Rio de Janeiro, March 11, 2010

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Marco Antonio Brandão Simurro  
Engagement Partner

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

**Brasil Telecom S.A. ( BrT ) and**

**Brasil Telecom S.A. ( BrT ) and Subsidiaries**

**Balance Sheets as of December 31, 2009 and 2008**

**In thousands of Brazilian reais, unless otherwise stated.**

	Note	Company 2009	Reclassified 2008	Consolidated 2009	Reclassified 2008
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	9	705,836	580,978	1,717,441	1,478,558
Short-term investments	9	118,476	135,672	381,951	561,867
Trade accounts receivable	10	1,769,378	1,959,083	1,992,141	2,210,090
Inventories		2,280	4,748	42,063	54,048
Due from related parties	11	29,008			
Deferred and recoverable taxes	12	711,360	672,655	1,001,255	935,690
Escrow deposits	13	351,501	673,834	359,561	678,972
Other assets		130,218	160,707	179,469	188,237
		3,818,057	4,187,677	5,673,881	6,107,462
<b>Noncurrent</b>					
<b>Noncurrent assets</b>					
Due from related parties	11	1,342,313		1,674,750	
Deferred and recoverable taxes	12	4,140,948	717,761	5,052,839	1,523,772
Escrow deposits	13	1,576,757	2,210,475	1,596,736	2,224,993
Other assets		166,936	132,534	186,687	145,625
Investments	14	3,955,331	3,998,596	5,374	3,744
Property, plant and equipment	15	5,476,413	4,333,280	6,993,405	5,902,124
Intangible assets	16	508,794	562,203	1,572,404	1,632,218
		17,167,492	11,954,849	17,082,195	11,432,476
<b>Total assets</b>		20,985,549	16,142,526	22,756,076	17,539,938
<b>Liabilities and shareholders equity</b>					
<b>Current liabilities</b>					
Trade accounts payable		1,131,439	1,333,291	1,554,278	1,889,543
Loans and financing	17	1,502,029	1,468,344	1,003,352	760,627
Payroll, related taxes and benefits		45,274	80,276	83,608	110,157
Deferred and payable taxes	19	550,164	582,205	691,861	700,019
Tax refinancing program	20	27,704	4,381	29,683	4,434
Dividends/interest on capital and profit sharing	22	128,477	403,364	141,253	424,022
Reserve for contingent liabilities	21	406,893	199,565	433,390	218,297
Accruals for pension fund	24	104,533	148,391	104,533	148,391
Permits and concessions payable	18		65,578	99,240	160,074
Other liabilities		316,872	230,447	365,180	344,379
		4,213,385	4,515,842	4,506,378	4,759,943
<b>Noncurrent liabilities</b>					

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<b>Long-term liabilities</b>					
Loans and financing	17	3,096,298	3,811,555	3,637,497	4,125,351
Payroll, related taxes and benefits			10,971	1,085	11,483
Deferred and payable taxes	19	233,434	232,050	273,552	259,960
Tax refinancing program	20	327,347		355,051	713
Reserve for contingent liabilities	21	1,394,845	674,290	1,440,105	710,380
Accruals for pension fund	24	575,180	607,400	575,180	607,400
Permits and concessions payable	18			609,848	623,585
Advances from customers		30,144	34,908	240,732	189,172
Other liabilities		20,015	14,558	21,233	16,655
		5,677,263	5,385,732	7,154,283	6,544,699
<b>Non-controlling interests</b>				514	(5,656)
<b>Shareholders equity</b>	22				
Capital		3,731,059	3,470,758	3,731,059	3,470,758
Capital reserves		6,980,315	1,338,246	6,980,315	1,338,246
Capital expenditure reserve		383,527	1,431,948	383,527	1,431,948
		11,094,901	6,240,952	11,094,901	6,240,952
<b>Total liabilities and shareholders equity</b>		20,985,549	16,142,526	22,756,076	17,539,938

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

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

**Brasil Telecom S.A. ( BrT ) and**

**Brasil Telecom S.A. ( BrT ) and Subsidiaries**

**Statements of Operations at**

**For the Years Ended December 31, 2009 and 2008**

**In thousands of Brazilian reais, unless otherwise stated**

	Note	Company 2009	Reclassified 2008	Consolidated 2009	Reclassified 2008
<b>Gross operating revenue</b>	4	15,163,404	14,395,739	17,771,913	17,007,142
Deductions from gross revenue		(6,208,444)	(4,747,840)	(6,893,351)	(5,425,960)
<b>Net operating revenue</b>		8,954,960	9,647,899	10,878,562	11,581,182
Cost of services rendered and goods sold	5	(4,719,752)	(4,960,004)	(5,905,598)	(6,180,293)
<b>Gross profit</b>		4,235,208	4,687,895	4,972,964	5,400,889
<b>Operating income (expenses)</b>					
Equity in subsidiaries	14	(46,664)	(52,333)		
Selling expenses	5	(1,049,761)	(918,206)	(1,391,535)	(1,338,360)
General and administrative expenses	5	(1,128,191)	(1,109,710)	(1,434,808)	(1,339,567)
Other operating incomes (expenses), net	6	(3,214,112)	(504,100)	(3,417,476)	(731,549)
		(5,438,728)	(2,584,349)	(6,243,819)	(3,409,476)
<b>Operating income (expenses) before financial income (expenses)</b>		(1,203,520)	2,103,546	(1,270,855)	1,991,413
Financial income		432,912	431,430	576,197	697,190
Financial expenses		(752,612)	(971,250)	(857,546)	(1,109,170)
<b>Financial expenses, net</b>	7	(319,700)	(539,820)	(281,349)	(411,980)
<b>Income (loss) before taxes</b>		(1,523,220)	1,563,726	(1,552,204)	1,579,433
<b>Income tax and social contribution</b>					
Current	8	(448,012)	(569,228)	(449,903)	(637,908)
Deferred	8	828,543	35,318	861,418	86,440
<b>Income (loss) before non-controlling interests</b>		(1,142,689)	1,029,816	(1,140,689)	1,027,965
Non-controlling interests				(2,000)	1,851
<b>Net income (loss) for the year</b>		(1,142,689)	1,029,816	(1,142,689)	1,029,816
Shares outstanding at balance sheet date (thousands)		589,789	547,499		
Net income (loss) per share at yearend (R\$)		(1.94)	1.88094		

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



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**Brasil Telecom S.A. ( BrT ) and**

**Brasil Telecom S.A. ( BrT ) and Subsidiaries**

**Statements of Changes in the Shareholders Equity**

**For the Years Ended December 31, 2009 and 2008**

**In thousands of Brazilian reais, unless otherwise stated.**

	Share	Special	Special	Capital reserves		Special	Stock	Capital expenditure reserve		Total
Capital	subscription	goodwill	reserve on	Investment	Interest on	inflation	Options	Legal	Investment	Retained
	premium	merger	merger of	grants	works in	adjustment	Other	Reserve	reserve	earnings
	Goodwil		net assets		progress	Law 8200/1991				