

TELECOM ARGENTINA SA

Form 6-K

November 04, 2010

[Table of Contents](#)

# **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 November 2010**

**Commission File Number: 001-13464**

# **Telecom Argentina S.A.**

**(Translation of registrant's name into English)**

**Alicia Moreau de Justo, No. 50, 1107**

**Buenos Aires, Argentina**

**(Address of principal executive offices)**

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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

**Table of Contents**

**Telecom Argentina S.A.**

TABLE OF CONTENTS

| <b>Item</b> |                                                                                                                                                                      |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.          | <u>Press Release, dated November 2, 2010 entitled Telecom Argentina S.A. announces consolidated nine-month period and third quarter results for fiscal year 2010</u> |

**Table of Contents**

FOR IMMEDIATE RELEASE

Market Cap P\$18.7 billion

November 2, 2010

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**Telecom Argentina S.A. announces consolidated nine-month period ( 9M10 ) and  
third quarter results for fiscal year 2010 ( 3Q10 )**

Consolidated Net Revenues amounted to P\$10,484 million (+18% vs. 9M09); Mobile business in Argentina +22% vs. 9M09; Internet +31% vs. 9M09.

Mobile subscribers in Argentina +2.0 million (+14% vs. 9M09), +654 thousand (+4% vs. 2Q10).

Value Added Services in Argentina: +40% vs. 9M09; 39% of Service Revenues.

ADSL ARPU increased to P\$75 (+15% vs. 9M09); churn decreased to 1.5% from 1.8% in 9M09.

Operating Profit Before Depreciation and Amortization ( OPBDA ) reached P\$3,282 million (+15% vs. 9M09), 31% of Net Revenues.

Net Income reached P\$1,309 million (+30 % vs. 9M09).

Net Cash Position: P\$850 million, an increase of P\$993 million vs. 9M09 after having paid P\$689 million in dividends during the period.

Fitch Ratings increased the national rating of Telecom Argentina to AA from AA- with stable perspectives.

| <i>(in million P\$, except where noted)</i> | As of September, 30 |       | D \$  | D % |
|---------------------------------------------|---------------------|-------|-------|-----|
|                                             | 2010                | 2009  |       |     |
| Consolidated Net Revenues                   | 10,484              | 8,861 | 1,623 | 18% |
| Voice, Data & Internet                      | 3,401               | 3,043 | 358   | 12% |

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|                                                                           |        |        |       |     |
|---------------------------------------------------------------------------|--------|--------|-------|-----|
| Mobile                                                                    | 7,083  | 5,818  | 1,265 | 22% |
| Operating Profit before D&A                                               | 3,282  | 2,855  | 427   | 15% |
| Operating Profit                                                          | 2,322  | 2,035  | 287   | 14% |
| Net Income                                                                | 1,309  | 1,006  | 303   | 30% |
| Shareholder s equity                                                      | 5,692  | 5,024  | 668   | 13% |
| Net Financial Position Cash / (Debt)                                      | 850    | (143)  | 993   | n/a |
| CAPEX (excluding materials)                                               | 1,074  | 1,022  | 52    | 5%  |
| Fixed lines in service (in thousand lines)                                | 4,087  | 4,044  | 43    | 1%  |
| Mobile customers (in thousand)                                            | 17,843 | 15,778 | 2,065 | 13% |
| Personal (Argentina)                                                      | 15,988 | 13,994 | 1,994 | 14% |
| Núcleo (Paraguay) Wimax customers are included-                           | 1,855  | 1,784  | 71    | 4%  |
| Broadband acceses (in thousand)                                           | 1,330  | 1,170  | 160   | 14% |
| Fixed line traffic (in MM minutes, Internet & Public Telephony not incl.) | 11,409 | 11,632 | (223) | -2% |
| Incoming/Outgoing mobile voice traffic in Arg. (in MM minutes)            | 13,708 | 11,817 | 1,891 | 16% |
| Average Billing per user (ARBU) Fixed Telephony/voice (in P\$)            | 42     | 41     | 1.9   | 5%  |
| Average Revenue per user (ARPU) Cellular Telephony Arg. (in P\$)          | 43     | 40     | 2.7   | 7%  |

\* Unaudited non financial data

**Table of Contents**

**Buenos Aires, November 2, 2010** Telecom Argentina (NYSE: TEO; BASE: TECO2), one of Argentina's leading telecommunications companies, announced today Net Income of P\$1,309 million for the nine-month period ended September 30, 2010, or +30% when compared to the same period last year.

|                          | 9M10   | 9M09  | D\$   | D%  |
|--------------------------|--------|-------|-------|-----|
| Net Revenues (MMP\$)     | 10,484 | 8,861 | 1,623 | 18% |
| Net Income (MMP\$)       | 1,309  | 1,006 | 303   | 30% |
| Earnings per Share (P\$) | 1.33   | 1.02  | 0.31  |     |
| Earnings per ADR (P\$)   | 6.65   | 5.11  | 1.54  |     |
| OPBDA*                   | 31%    | 32%   |       |     |
| Operating Profit*        | 22%    | 23%   |       |     |
| Net Income*              | 12%    | 11%   |       |     |

\* As a percentage of Net Revenues

During 9M10, Consolidated Net Revenues increased by 18% (+P\$1,623 million vs. 9M09) to P\$10,484 million, mainly fueled by the Mobile and Broadband businesses. Moreover, Operating Profit increased by 14% (+P\$287 million vs. 9M09) to P\$2,322 million.

### **Consolidated Operating Revenues**

#### **Fixed Services (Voice, Data Transmission & Internet)**

During 9M10 revenues generated by these services amounted to P\$3,401 million, +12% vs. 9M09; with internet revenues growing, in relative terms, the most (+31% vs. 9M09).

#### **Voice**

Total Revenues for this service reached P\$2,167 million in 9M10 (+4% vs. 9M09). The results of this line of business continue to be affected by frozen tariffs of regulated services and lower interconnection revenues.

Monthly Charges and Supplementary Services increased by P\$30 million, or 5% vs. 9M09, to P\$658 million, as a consequence of a higher number of lines in service (+1%), which surpassed 4 million, and a 17% increase in supplementary services.

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Revenues generated by Local and Domestic Long Distance Measured Services and International Services totaled P\$990 million, an increase of 5% vs. 9M09. In relative terms, revenues from local calls increased the most with 8% vs. 9M09 mainly due to the incorporation of flat rate packs and secondly by domestic long distance traffic (+4% vs. 9M09). Meanwhile, revenues from international traffic remained at similar levels in comparison to the same period from last year.

Interconnection revenues reached P\$318 million (-3% vs. 9M09), mainly due to the incorporation of new interconnection points with mobile operators. This resulted in lower prices due to lower traffic which, in turn, negatively affected these revenues.

Public telephony reached P\$47 million (-P\$6 million vs. 9M09). Finally, other revenues totaled P\$154 million (+16% vs. 9M09).

## **Table of Contents**

### **Data Transmission and Internet**

Data transmission revenues amounted to P\$236 million (+20% vs. 9M09), where the focus was to strengthen Telecom's position as an integrated ICT provider for wholesale and government segments. Telecom continued enhancing virtualization solutions which complement the Virtual Hosting and Virtual Desktop offers, providing a wide option in Datacenter services.

In the SMEs and the businesses segments, Telecom continues to offer a broad portfolio of services that adapt all the needs of these segments, such as the product *Integra* (high quality internet access and personalized customer care services) and virtual private network service (oriented to clients with several offices that want to use voice, data or video integrated services) which registered the major increases during the period.

With the aim to provide more value to businesses, Arnet Biz and Arnet Biz Plus products, offered to professionals, businesses and SMEs segments, offers tools to develop their commercial activity through the best connection experience, proprietary inbox domain and more presence in the web.

Revenues related to Internet totaled P\$998 million (+P\$239 million or 31% vs. 9M09), mainly due to the constant expansion of broadband services.

As of September 30, 2010, Telecom surpassed 1.3 million ADSL accesses (+14% vs. 9M09). These connections represented 33% of Telecom's fixed lines in service. In addition, ADSL ARPU reached P\$75 in 9M10, +15% when compared to 9M09 and churn reached 1.5% in 9M10 (vs. 1.8% in 9M09).

During 9M10, Telecom continued enhancing broadband domestic use, under the slogan *Internet en Todo* (Internet everywhere), with promotions focused towards selling different Internet-based products.

Data Transmission and Internet both have significantly increased their contribution to net consolidated revenues, reaching 12% (vs. 11% in 9M09) and 36% (vs. 31% in 9M09) respectively of fixed services revenues.

**Mobile Services**

Clients have significantly increased in the period, reaching 17.8 million as of the end of September 2010, representing an increase of 1.5 million since December, 31, 2009 and 2 million since September 30, 2009.

The activities developed to stimulate the usage of the value added services ( VAS ) and to retain high value segments allowed Personal to increase consolidated net revenues to P\$7,083 million (+22% vs. 9M09), while improving its profitability.

3

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## **Table of Contents**

### **Telecom Personal in Argentina**

As of the end of September 2010, Personal reached almost 16 million subscribers in Argentina (+14% or 2 million vs. 9M09), consolidating its market position. The overall subscriber base mix continued with 70% of prepaid subscribers and 30% postpaid (including Cuentas claras plans and 3G modems).

In the nine month period, Net Revenues reached P\$6,748 million (+P\$1,232 million or 22% vs. 9M09) while Service Revenues (excluding handset sales) amounted to P\$6,027 million (+21% vs. 9M09), with 39% corresponding to value-added services ( VAS ) revenues. VAS revenues increased vs. 9M09 by 40%.

During the period, the overall voice traffic minutes increased by 16% vs. 9M09. Particularly, SMS traffic performance (charged incoming and outgoing messages), climbed to 4,449 million in 9M10 from a monthly average of 2,647 million messages in 9M09 (+68% vs. 9M09). Average Monthly Revenue per User (ARPU) increased to approximately P\$43 during 9M10 (+7% vs. 9M09) as ARPU in 3Q10 reached P\$45.

### **Initiatives**

During the third quarter, Personal launched an integrated campaign to promote the increase of handset upgrades and continued to incorporate clients to the different value added services the Company offers. That is why Personal offered a promotion where VAS such as Personal Email, Pack 2.0 and Music downloads, could be added to the basic plan.

Another remarkable launch this quarter was a service providing traffic information on mobile devices through video streaming and alerts by SMS and MMS. Personal also increased social networks platform access through an agreement with Twitter that allows the use of the micro blogging network with SMS.

Regarding the launching of new handsets, Personal Black deepened its smartphone portfolio strategy by incorporating the latest available handsets, such as the iPhone 4, Sony Ericsson Vivaz y Samsung Wave. Personal Black, an exclusive service platform with premium customer services is the key vehicle of smartphone strategy. Personal leads the segment with more than 55% of

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market share. Additionally, Personal introduced customized data plans due to the launched of the iPad.

During the period, Personal continued its strategy through benefits such as service packs and recharges to its current client base. As part of their customer loyalty and retention strategy, new benefits to Club Personal clients were given. Remarkably, during the quarter, Personal clients activated more than 20 million service packs, which represented an increase of 62% vs. 3Q09.

Finally, Personal announced that it will be the main sponsor of Rally Dakar 2011 which will take place next year in Argentina and Chile.

4

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## **Table of Contents**

### **Telecom Personal in Paraguay**

By the end of September 2010, Nucleo's subscriber base increased to approximately 1.9 million clients (including Wimax clients). Prepaid and Postpaid customers represented 86% and 14%, respectively.

Personal's subsidiary in Paraguay generated revenues equivalent to P\$335 million during 9M10 (+11% vs. 9M09).

### **Consolidated Operating Costs**

The Cost of Services Provided, Administrative Expenses and Selling Expenses totaled P\$8,162 million in 9M10, an increase of P\$1,336 million, or +20%, vs. 9M09. The increase is a consequence of higher commercial costs due to a higher volume of revenues, inflationary effects on the general cost structure, and greater expenses related to competition in the industry.

The cost breakdown is as follows:

- Salaries and Social Security Contributions totaled P\$1,342 million (+25% vs. 9M09), mainly affected by increases in salaries due to the new labor agreement and the increase in employees. Regarding personnel, the incorporation of 291 employees in the mobile business was partially compensated by the decrease in headcount in the fixed line business (-166 employees vs. 9M09) in the same period. Total headcount at the end of the period was 15,493 employees.

- Taxes reached P\$898 million (+24% vs. 9M09), influenced mainly by a higher volume of revenues, but also impacted by higher rates in turnover taxes and higher municipal and provincial rates and fees paid to regulatory entities. It was also affected by taxes related to debit and credit tax associated to the dividend payment, and the income tax payment.

- Network access costs (includes TLRD, Roaming, Interconnection, international settlement charges and lease of circuits) amounted to P\$1,017 million, +P\$2 million vs. 9M09. This was mainly due to savings from stimulating *on-net* traffic between mobile clients.

- Agents, prepaid card commissions and other commissions were P\$900 million (+16% vs. 9M09), mainly due to the increase in commissions paid to commercial agents associated with higher revenues from more sophisticated handsets, higher costs associated with a higher volume of acquisitions and retention of customers and higher cards sales and prepaid recharges.

- Advertising amounted to P\$294 million (+19% vs. 9M09), oriented towards supporting the commercial activity in mobile and Internet services and to strengthen the Telecom Group brand position.

- Cost of handsets sold totaled P\$1,111million (+38% vs. 9M09) due to a change in the mix of handset sold, increased sales of high-end handsets and a

## **Table of Contents**

higher number of handsets upgrades, this to stimulate VAS usage. These effects resulted in the increase of the average cost of handsets. Additionally, this was affected by the increase in Internal Tax, better known as the Technological Tax.

- Fees for services amounted to \$449 million (+27% vs. 9M09), principally due to higher costs from the call centers, with more services requirements and inflationary effects on the price of these services.

- Depreciation of Fixed and Intangible Assets reached P\$960 million (+17% vs. 9M09). Fixed-line telephony totaled P\$523 million (+7% vs. 9M09) and mobile services totaled P\$437 million (+32% vs. 9M09), due to higher investment in fixed assets.

- Others Costs totaled P\$1,191 million (+18% vs. 9M09). This increase was mainly due to general increases in services such as maintenance, materials and supplies, transportation, freight, transport, and rental expenses. The decrease in bad debt expenses of 8% vs. 9M09 is notable. There was also an increase in cost related to VAS, such as content offers, evidenced in recent periods.

## **Consolidated Financial and Holding Results**

Financial and Holding Results resulted in a loss of P\$44 million, a decrease of P\$273 million vs. 9M09. This was mainly due to losses for FX results of P\$86 million in 9M10 ( losses of P\$207 million vs. 9M09); and a gain in net financial interest of P\$50 million in 9M10 (+P\$72 million vs. 9M09), partially compensated by losses in holding on inventories by P\$4 million in 9M10 (+P\$4 million vs. 9M09).

## **Consolidated Net Financial Position**

As of September 30, 2010, Net Financial Position (Cash, Cash Equivalents and current Investments minus Loans) totaled P\$850 million in cash, an improvement of P\$993 million vs. Net Financial Debt as of September 2009. This was due to the strong cash flow generation evidenced in the period that allowed the payment of P\$689 million in dividends.

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During 9M10, Personal purchased a nominal amount of US\$ 5.85 million Series 3 Notes due 2010. These operations were made through open market purchases and with liquid funds from the Company. The Notes acquired were cancelled according to the terms and conditions of the Indenture.

### **Consolidated Capital Expenditures**

During 9M10, the Company invested P\$1,074 million (excluding materials). This amount was allocated to Voice, Data and Internet businesses (P\$502 million) and Mobile services (P\$572 million). In relative terms, capex reached 10% of revenues.

6

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**Table of Contents**

Main capex projects are related to the deployment of 3G services to support the growth of mobile broadband together with the launch of innovative VAS. Moreover, with this investment, the Company foresees the expansion of broadband services to improve transmission and speed available to clients together with the expansion of backbone and backhaul networks to meet the growing demand of our fixed and mobile clients.

**Recent Relevant Matters**

In October, Personal purchased a nominal amount of US\$ 1.23 million Series 3 Notes due 2010 having an outstanding of approximately US\$173 million which mature in December of this year. These operations were made through open market purchases and with liquid funds from the Company. The Notes acquired were cancelled according to the terms and conditions of the Indenture.

On October 18, 2010, Fitch's Ratings increased the national rating of Telecom Argentina to AA from AA- with a stable perspective.

On October 26, 2010, The Board of Directors of Telecom Argentina called for an Extraordinary Shareholders Meeting to approve the modification of the Bylaws on November, 30, 2010 and for an Ordinary Shareholders Meeting on the same day, to, among others items, determine the number of Directors and Alternate Directors and the appointment of these.

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## **Table of Contents**

Telecom is the parent company of a leading telecommunications group in Argentina, where it offers directly or through its controlled subsidiaries local and long distance fixed-line telephony, cellular, data transmission and Internet services, among other services. Additionally, through a controlled subsidiary, the Telecom Group offers cellular services in Paraguay. The Company commenced operations on November 8, 1990, upon the Argentine government's transfer of the telecommunications system in the northern region of Argentina.

Nortel Inversora S.A. (Nortel), which acquired the majority of the Company from the Argentine government, holds 54.74% of Telecom's common stock. Nortel is a holding company whose common stock (approximately 68% of capital stock) is owned by Sofora Telecomunicaciones S.A. Additionally, Nortel capital stock comprised of preferred shares that are held by minority shareholders.

As of September 30, 2010, Telecom had 984,380,978 shares outstanding.

(\*) Employee Stock Ownership Program

For more information, please contact the Investor Relations Department:

|                              |                       |                    |                  |                           |
|------------------------------|-----------------------|--------------------|------------------|---------------------------|
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This document may contain statements that could constitute forward-looking statements, including, but not limited to, the Company's expectations for its future performance, revenues, income, earnings per share, capital expenditures, dividends, liquidity and capital structure; the effects of its debt restructuring process; the impact of emergency laws enacted by the Argentine Government; and the impact of rate changes and competition on the Company's future financial performance. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or other similar expressions. Forward-looking statements involve risks and uncertainties that could significantly affect the Company's expected results. The risks and uncertainties include, but are not limited to, the impact of emergency laws enacted by the Argentine government that have resulted in the repeal of Argentina's Convertibility law, devaluation of the peso, various changes in restrictions on the ability to exchange pesos into foreign currencies, and currency transfer policy generally, the pesification of tariffs charged for public services, the elimination of indexes to adjust rates charged for public services and the Executive branch announcement to renegotiate the terms of the concessions granted to public service providers, including Telecom. Due to extensive changes in laws and economic and business conditions in Argentina, it is difficult to predict the impact of these changes on the Company's financial condition. Other factors may include, but are not limited to, the evolution of the economy in Argentina, growing inflationary pressure and evolution in consumer spending and the outcome of certain legal proceedings. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this document. The Company undertakes no obligation to release publicly the results of any revisions to forward-looking statements which may be made to reflect events and circumstances after the date of this press release, including, without limitation, changes in the Company's business or to reflect the occurrence of unanticipated events. Readers are encouraged to consult the Company's Annual Report on Form 20-F, as well as periodic filings made on Form 6-K, which are filed with or furnished to the United States Securities and Exchange Commission for further information concerning risks and uncertainties faced by Telecom.

(Financial tables follow)

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**Enrique Garrido**

**Chairman**

**Table of Contents****TELECOM ARGENTINA S.A.****Consolidated information****Nine Month period and Third Quarter results Fiscal Year 2010****(In millions of Argentine pesos)****1- Consolidated Balance Sheet**

|                                                        | 09/30/2010    | 12/31/2009    | D\$        | D%         |
|--------------------------------------------------------|---------------|---------------|------------|------------|
| Cash, equivalents and investments                      | 1,758         | 1,289         | 469        | 36%        |
| Trade receivables                                      | 1,212         | 1,163         | 49         | 4%         |
| Other current assets                                   | 663           | 491           | 172        | 35%        |
| <b>Total Current Assets</b>                            | <b>3,633</b>  | <b>2,943</b>  | <b>690</b> | <b>23%</b> |
| Fixed & Intangible assets                              | 7,746         | 7,612         | 134        | 2%         |
| Other non-current assets                               | 86            | 78            | 8          | 10%        |
| <b>Total Non Current Assets</b>                        | <b>7,832</b>  | <b>7,690</b>  | <b>142</b> | <b>2%</b>  |
| <b>Total Assets</b>                                    | <b>11,465</b> | <b>10,633</b> | <b>832</b> | <b>8%</b>  |
| Accounts payable                                       | 2,156         | 2,212         | (56)       | -3%        |
| Loans                                                  | 833           | 763           | 70         | 9%         |
| Taxes payable                                          | 856           | 769           | 87         | 11%        |
| Dividends payable                                      | 364           |               | 364        |            |
| Reserves                                               | 88            | 73            | 15         | 21%        |
| Other current liabilities                              | 392           | 352           | 40         | 11%        |
| <b>Total Current Liabilities</b>                       | <b>4,689</b>  | <b>4,169</b>  | <b>520</b> | <b>12%</b> |
| Accounts payable                                       |               | 24            | (24)       | -100%      |
| Loans                                                  | 76            | 58            | 18         | 31%        |
| Taxes payable                                          | 163           | 212           | (49)       | -23%       |
| Reserves                                               | 479           | 374           | 105        | 28%        |
| Other non-current liabilities                          | 267           | 268           | (1)        | 0%         |
| <b>Total Non Current Liabilities</b>                   | <b>985</b>    | <b>936</b>    | <b>49</b>  | <b>5%</b>  |
| <b>Total Liabilities</b>                               | <b>5,674</b>  | <b>5,105</b>  | <b>569</b> | <b>11%</b> |
| Minority Interest                                      | 99            | 92            | 7          | 8%         |
| Shareholders' equity                                   | 5,692         | 5,436         | 256        | 5%         |
| <b>Total Liabilities, Minority Interest and Equity</b> | <b>11,465</b> | <b>10,633</b> | <b>832</b> | <b>8%</b>  |

**2- Consolidated Loans**

|                                        | 09/30/2010 | 12/31/2009 | D\$       | D%         |
|----------------------------------------|------------|------------|-----------|------------|
| Corporate Bonds                        | 691        | 685        | 6         | 1%         |
| Banks and other financial institutions | 58         | 72         | (14)      | -19%       |
| Bank overdraft                         | 19         |            | 19        |            |
| Accrued interest                       | 20         | 3          | 17        |            |
| Derivatives                            | 45         | 3          | 42        |            |
| <b>Total Current Loans</b>             | <b>833</b> | <b>763</b> | <b>70</b> | <b>9%</b>  |
| Banks and other financial institutions | 76         | 58         | 18        | 31%        |
| <b>Total Non Current Loans</b>         | <b>76</b>  | <b>58</b>  | <b>18</b> | <b>31%</b> |
| <b>Total Loans</b>                     | <b>909</b> | <b>821</b> | <b>88</b> | <b>11%</b> |

|                                                                |   |     |       |
|----------------------------------------------------------------|---|-----|-------|
| Derivatives valuation effect for notes (Other Current Credits) | 1 | (1) | -100% |
|----------------------------------------------------------------|---|-----|-------|

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|                                                                  |            |            |            |            |
|------------------------------------------------------------------|------------|------------|------------|------------|
| Cash and cash equivalents (include non current Government bonds) | 1,759      | 1,289      | 470        | 36%        |
| <b>Net Financial Position- Cash</b>                              | <b>850</b> | <b>469</b> | <b>381</b> | <b>81%</b> |

**Table of Contents****TELECOM ARGENTINA S.A.****Consolidated information****Nine Month period and Third Quarter results Fiscal Year 2010****(In millions of Argentine pesos)****3- Consolidated Income Statement****Nine Months Comparison**

|                                          | 09/30/2010   | 09/30/2009   | D\$        | D%         |
|------------------------------------------|--------------|--------------|------------|------------|
| Net revenues                             | 10,484       | 8,861        | 1,623      | 18%        |
| Cost of services                         | (5,296)      | (4,434)      | (862)      | 19%        |
| <b>Gross Profit</b>                      | <b>5,188</b> | <b>4,427</b> | <b>761</b> | <b>17%</b> |
| Administrative expenses                  | (365)        | (301)        | (64)       | 21%        |
| Selling expenses                         | (2,501)      | (2,091)      | (410)      | 20%        |
| <b>Operating Profit</b>                  | <b>2,322</b> | <b>2,035</b> | <b>287</b> | <b>14%</b> |
| Equity income from related companies     |              | 13           | (13)       | -100%      |
| Financial and holding results            | (44)         | (317)        | 273        | -86%       |
| Other expenses, net                      | (208)        | (157)        | (51)       | 32%        |
| <b>Results from ordinary operations</b>  | <b>2,070</b> | <b>1,574</b> | <b>496</b> | <b>32%</b> |
| Taxes on income                          | (754)        | (560)        | (194)      | 35%        |
| Minority interest                        | (7)          | (8)          | 1          | -13%       |
| <b>Net Income</b>                        | <b>1,309</b> | <b>1,006</b> | <b>303</b> | <b>30%</b> |
| <b>Operating Profit before D &amp; A</b> | <b>3,282</b> | <b>2,855</b> | <b>427</b> | <b>15%</b> |
| <i>As a % of Net Revenues</i>            | <i>31%</i>   | <i>32%</i>   |            |            |

**Financial and Holding results**

|                                                           | 09/30/2010   | 09/30/2009   | D\$         | D%          |
|-----------------------------------------------------------|--------------|--------------|-------------|-------------|
| <i>Financial results generated by assets</i>              |              |              |             |             |
| Interest                                                  | 114          | 98           | 16          | 16%         |
| Foreign currency exchange results                         | 28           | 107          | (79)        | -74%        |
| Holding results generated by inventories                  | (4)          | (8)          | 4           | -50%        |
| Other financial results                                   | (1)          | 3            | (4)         | -133%       |
| <b>Total Financial results generated by assets</b>        | <b>137</b>   | <b>200</b>   | <b>(63)</b> | <b>-32%</b> |
| <i>Financial results generated by liabilities</i>         |              |              |             |             |
| Interest                                                  | (64)         | (120)        | 56          | -47%        |
| Foreign currency exchange results and loss on derivatives | (114)        | (400)        | 286         | -72%        |
| Other financial results                                   | (3)          | 3            | (6)         | -200%       |
| <b>Total Financial results generated by liabilities</b>   | <b>(181)</b> | <b>(517)</b> | <b>336</b>  | <b>-65%</b> |
| <b>Total Financial and holding results</b>                | <b>(44)</b>  | <b>(317)</b> | <b>273</b>  | <b>-86%</b> |

**4- Consolidated Income Statement****Three Months Comparison**

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|                                          | 09/30/2010   | 09/30/2009   | D\$        | D%         |
|------------------------------------------|--------------|--------------|------------|------------|
| Net revenues                             | 3,767        | 3,107        | 660        | 21%        |
| Cost of services                         | (1,933)      | (1,547)      | (386)      | 25%        |
| <b>Gross Profit</b>                      | <b>1,834</b> | <b>1,560</b> | <b>274</b> | <b>18%</b> |
| Administrative expenses                  | (121)        | (101)        | (20)       | 20%        |
| Selling expenses                         | (930)        | (735)        | (195)      | 27%        |
| <b>Operating Profit</b>                  | <b>783</b>   | <b>724</b>   | <b>59</b>  | <b>8%</b>  |
| Financial and holding results            | 2            | (166)        | 168        | -101%      |
| Other expenses, net                      | (85)         | (85)         |            | 0%         |
| <b>Results from ordinary operations</b>  | <b>700</b>   | <b>473</b>   | <b>227</b> | <b>48%</b> |
| Taxes on income                          | (252)        | (166)        | (86)       | 52%        |
| Minority interest                        | (4)          | (4)          |            | 0%         |
| <b>Net Income</b>                        | <b>444</b>   | <b>303</b>   | <b>141</b> | <b>47%</b> |
| <b>Operating Profit before D &amp; A</b> | <b>1,118</b> | <b>1,014</b> | <b>104</b> | <b>10%</b> |
| <i>As a % of Net Revenues</i>            | <i>30%</i>   | <i>33%</i>   |            |            |

10

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**Table of Contents****TELECOM ARGENTINA S.A.****Consolidated information****Nine Month period and Third Quarter results Fiscal Year 2010****(In millions of Argentine pesos)****5- Consolidated Revenues Breakdown****Nine Months Comparison**

|                                         | 09/30/2010    | 09/30/2009   | D\$          | D%         |
|-----------------------------------------|---------------|--------------|--------------|------------|
| <b>Fixed Telephony</b>                  | <b>1,947</b>  | <b>1,867</b> | <b>80</b>    | <b>4%</b>  |
| Measured service Local                  | 387           | 358          | 29           | 8%         |
| Measured service DLD                    | 383           | 367          | 16           | 4%         |
| Monthly charges                         | 658           | 628          | 30           | 5%         |
| Public telephones                       | 47            | 53           | (6)          | -11%       |
| Interconnection                         | 318           | 328          | (10)         | -3%        |
| Others                                  | 154           | 133          | 21           | 16%        |
| <b>International Telephony</b>          | <b>220</b>    | <b>220</b>   |              | <b>0%</b>  |
| <b>Data transmission &amp; Internet</b> | <b>1,234</b>  | <b>956</b>   | <b>278</b>   | <b>29%</b> |
| Data                                    | 236           | 197          | 39           | 20%        |
| Internet                                | 998           | 759          | 239          | 31%        |
| Measured service                        | 51            | 44           | 7            | 16%        |
| Monthly charges                         | 942           | 711          | 231          | 32%        |
| Modems                                  | 5             | 4            | 1            | 25%        |
| <b>Mobile Telephony</b>                 | <b>7,083</b>  | <b>5,818</b> | <b>1,265</b> | <b>22%</b> |
| <b>Telecom Personal</b>                 | <b>6,748</b>  | <b>5,516</b> | <b>1,232</b> | <b>22%</b> |
| Monthly fee and measured service        | 1,358         | 1,216        | 142          | 12%        |
| Pre-paid                                | 933           | 782          | 151          | 19%        |
| Calling Party Pays                      | 450           | 418          | 32           | 8%         |
| TLRD*                                   | 564           | 573          | (9)          | -2%        |
| VAS                                     | 2,359         | 1,691        | 668          | 40%        |
| Handset sales                           | 721           | 548          | 173          | 32%        |
| Others (Includes Roaming)               | 363           | 288          | 75           | 26%        |
| <b>Núcleo</b>                           | <b>335</b>    | <b>302</b>   | <b>33</b>    | <b>11%</b> |
| Monthly fee and measured service        | 48            | 47           | 1            | 2%         |
| Pre-paid                                | 93            | 89           | 4            | 4%         |
| Calling Party Pays                      | 8             | 7            | 1            | 14%        |
| TLRD*                                   | 24            | 29           | (5)          | -17%       |
| VAS                                     | 125           | 95           | 30           | 32%        |
| Internet Wimax                          | 12            | 13           | (1)          | -8%        |
| Handset sales                           | 4             | 5            | (1)          | -20%       |
| Others (Includes Roaming)               | 21            | 17           | 4            | 24%        |
| <b>Total net revenues</b>               | <b>10,484</b> | <b>8,861</b> | <b>1,623</b> | <b>18%</b> |

\* Charges for the termination of calls of the cellular operators.

## 6- Consolidated Revenues Breakdown

### Three Months Comparison

|                                         | 09/30/2010   | 09/30/2009   | D\$        | D %        |
|-----------------------------------------|--------------|--------------|------------|------------|
| <b>Fixed Telephony</b>                  | <b>671</b>   | <b>639</b>   | <b>32</b>  | <b>5%</b>  |
| Measured service Local                  | 135          | 125          | 10         | 8%         |
| Measured service DLD                    | 131          | 124          | 7          | 6%         |
| Monthly charges                         | 223          | 211          | 12         | 6%         |
| Public telephones                       | 15           | 17           | (2)        | -12%       |
| Interconnection                         | 111          | 115          | (4)        | -3%        |
| Others                                  | 56           | 47           | 9          | 19%        |
| <b>International Telephony</b>          | <b>76</b>    | <b>71</b>    | <b>5</b>   | <b>7%</b>  |
| <b>Data transmission &amp; Internet</b> | <b>432</b>   | <b>343</b>   | <b>89</b>  | <b>26%</b> |
| Data                                    | 78           | 70           | 8          | 11%        |
| Internet                                | 354          | 273          | 81         | 30%        |
| Measured service                        | 17           | 16           | 1          | 6%         |
| Monthly charges                         | 335          | 255          | 80         | 31%        |
| Modems                                  | 2            | 2            |            | 0%         |
| <b>Mobile Telephony</b>                 | <b>2,588</b> | <b>2,054</b> | <b>534</b> | <b>26%</b> |
| <b>Telecom Personal</b>                 | <b>2,469</b> | <b>1,942</b> | <b>527</b> | <b>27%</b> |
| Monthly fee and measured service        | 474          | 397          | 77         | 19%        |
| Pre-paid card                           | 311          | 267          | 44         | 17%        |
| Calling Party Pays                      | 159          | 143          | 16         | 11%        |
| TLRD*                                   | 198          | 191          | 7          | 4%         |
| VAS                                     | 910          | 643          | 267        | 42%        |
| Handset sales                           | 298          | 203          | 95         | 47%        |
| Others (Includes Roaming)               | 119          | 98           | 21         | 22%        |
| <b>Núcleo</b>                           | <b>119</b>   | <b>112</b>   | <b>7</b>   | <b>6%</b>  |
| Monthly fee and measured service        | 13           | 11           | 2          | 18%        |
| Pre-paid card                           | 36           | 37           | (1)        | -3%        |
| Calling Party Pays                      | 3            | 3            |            | 0%         |
| TLRD*                                   | 8            | 10           | (2)        | -20%       |
| VAS                                     | 46           | 38           | 8          | 21%        |
| Internet Wimax                          | 4            | 4            |            | 0%         |
| Handset sales                           | 2            | 2            |            | 0%         |
| Others (Includes Roaming)               | 7            | 7            |            | 0%         |
| <b>Total net Revenues</b>               | <b>3,767</b> | <b>3,107</b> | <b>660</b> | <b>21%</b> |

\* Charges for the termination of calls of the cellular operators.

**Table of Contents****7- Consolidated Income Statement by segments**

Nine Month period Fiscal Year 2010

(In million of Argentine pesos)

|                                                       | Voice, Data<br>and Internet | Segments<br>Mobile<br>Telephony | Consolidated   | Variation vs 9M09 |            |
|-------------------------------------------------------|-----------------------------|---------------------------------|----------------|-------------------|------------|
|                                                       |                             |                                 |                | D\$               | D%         |
| <b>Net Revenues</b>                                   | <b>3,401</b>                | <b>7,083</b>                    | <b>10,484</b>  | <b>1,623</b>      | <b>18%</b> |
| Salaries and social security contributions            | (1,013)                     | (329)                           | (1,342)        | (267)             | 25%        |
| Taxes, taxes with the regulatory authority            | (225)                       | (673)                           | (898)          | (172)             | 24%        |
| Materials and supplies                                | (339)                       | (168)                           | (507)          | (69)              | 16%        |
| Bad debt expenses                                     | (19)                        | (68)                            | (87)           | 8                 | -8%        |
| Interconnection cost                                  | (145)                       |                                 | (145)          | (14)              | 11%        |
| Settlement charges                                    | (99)                        |                                 | (99)           | 22                | -18%       |
| Lease of lines and circuits                           | (66)                        | (41)                            | (107)          | (4)               | 4%         |
| Service fees                                          | (170)                       | (279)                           | (449)          | (96)              | 27%        |
| Advertising                                           | (100)                       | (194)                           | (294)          | (47)              | 19%        |
| Agent, Prepaid card commissions and other commissions | (88)                        | (812)                           | (900)          | (122)             | 16%        |
| Cost of voice, data and cellular handsets             | (33)                        | (1,078)                         | (1,111)        | (307)             | 38%        |
| Roaming and TLRD                                      |                             | (666)                           | (666)          | (6)               | 1%         |
| Others                                                | (279)                       | (318)                           | (597)          | (122)             | 26%        |
| <b>Total Costs before D&amp;A</b>                     | <b>(2,576)</b>              | <b>(4,626)</b>                  | <b>(7,202)</b> | <b>(1,196)</b>    | <b>20%</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>825</b>                  | <b>2,457</b>                    | <b>3,282</b>   | <b>427</b>        | <b>15%</b> |
| Depreciation of fixed assets                          | (510)                       | (436)                           | (946)          | (140)             | 17%        |
| Amortization of intangible assets                     | (13)                        | (1)                             | (14)           |                   | 0%         |
| <b>Operating Profit</b>                               | <b>302</b>                  | <b>2,020</b>                    | <b>2,322</b>   | <b>287</b>        | <b>14%</b> |
| Equity income from related companies                  |                             |                                 |                | (13)              |            |
| Financial and Holding Income                          | 57                          | (101)                           | (44)           | 273               | -86%       |
| Other expenses, net                                   | (138)                       | (70)                            | (208)          | (51)              | 32%        |
| <b>Income from ordinary operations</b>                | <b>221</b>                  | <b>1,849</b>                    | <b>2,070</b>   | <b>496</b>        | <b>31%</b> |
| Taxes on income                                       | (266)                       | (488)                           | (754)          | (194)             | 35%        |
| Minority interest                                     |                             | (7)                             | (7)            | 1                 | -13%       |
| <b>Net Income / (Loss)</b>                            | <b>(45)</b>                 | <b>1,354</b>                    | <b>1,309</b>   | <b>303</b>        | <b>30%</b> |

**8- Consolidated Income Statement by segments**

Nine Month period Fiscal Year 2009

(In million of Argentine pesos )

|                                            | Voice, Data<br>and Internet | Segments<br>Mobile<br>Telephony | Consolidated |
|--------------------------------------------|-----------------------------|---------------------------------|--------------|
| <b>Net Revenues</b>                        | <b>3,043</b>                | <b>5,818</b>                    | <b>8,861</b> |
| Salaries and social security contributions | (826)                       | (249)                           | (1,075)      |

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|                                                       |                |                |                |
|-------------------------------------------------------|----------------|----------------|----------------|
| Taxes, taxes with the regulatory authority            | (195)          | (531)          | (726)          |
| Materials and supplies                                | (299)          | (139)          | (438)          |
| Bad debt expenses                                     | (24)           | (71)           | (95)           |
| Interconnection cost                                  | (131)          |                | (131)          |
| Settlement charges                                    | (121)          |                | (121)          |
| Lease of lines and circuits                           | (60)           | (43)           | (103)          |
| Service fees                                          | (153)          | (200)          | (353)          |
| Advertising                                           | (82)           | (165)          | (247)          |
| Agent, Prepaid card commissions and other commissions | (75)           | (703)          | (778)          |
| Cost of voice, data and cellular handsets             | (30)           | (774)          | (804)          |
| Roaming and TLRD                                      |                | (660)          | (660)          |
| Others                                                | (229)          | (246)          | (475)          |
| <b>Total Costs before D&amp;A</b>                     | <b>(2,225)</b> | <b>(3,781)</b> | <b>(6,006)</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>818</b>     | <b>2,037</b>   | <b>2,855</b>   |
| Depreciation of fixed assets                          | (477)          | (329)          | (806)          |
| Amortization of intangible assets                     | (13)           | (1)            | (14)           |
| <b>Operating Profit</b>                               | <b>328</b>     | <b>1,707</b>   | <b>2,035</b>   |
| Equity income from related companies                  |                | 13             | 13             |
| Financial and Holding Income                          | (161)          | (156)          | (317)          |
| Other expenses, net                                   | (94)           | (63)           | (157)          |
| <b>Income from ordinary operations</b>                | <b>73</b>      | <b>1,501</b>   | <b>1,574</b>   |
| Taxes on income                                       | (204)          | (356)          | (560)          |
| Minority interest                                     |                | (8)            | (8)            |
| <b>Net Income / (Loss)</b>                            | <b>(131)</b>   | <b>1,137</b>   | <b>1,006</b>   |

This exposition of the financial statements is not coincident with the individual financial statements for each company due to the eliminations of intercompany operations.

**Table of Contents****9- Consolidated Income Statement by segments****Third Quarter FY 2010****(In million of Argentine pesos)**

|                                                       | Voice, Data<br>and Internet | Segments<br>Mobile<br>Telephony | Consolidated   | Variation vs 3Q09 |            |
|-------------------------------------------------------|-----------------------------|---------------------------------|----------------|-------------------|------------|
|                                                       |                             |                                 |                | D\$               | D%         |
| <b>Net Revenues</b>                                   | <b>1,179</b>                | <b>2,588</b>                    | <b>3,767</b>   | <b>660</b>        | <b>21%</b> |
| Salaries and social security contributions            | (379)                       | (119)                           | (498)          | (111)             | 29%        |
| Taxes, taxes with the regulatory authority            | (83)                        | (243)                           | (326)          | (76)              | 30%        |
| Materials and supplies                                | (126)                       | (62)                            | (188)          | (36)              | 24%        |
| Bad debt expenses                                     | (5)                         | (19)                            | (24)           | (1)               | 4%         |
| Interconnection cost                                  | (50)                        |                                 | (50)           | (6)               | 14%        |
| Settlement charges                                    | (29)                        |                                 | (29)           | 7                 | -19%       |
| Lease of lines and circuits                           | (21)                        | (15)                            | (36)           |                   | 0%         |
| Service fees                                          | (63)                        | (112)                           | (175)          | (47)              | 37%        |
| Advertising                                           | (47)                        | (68)                            | (115)          | (26)              | 29%        |
| Agent, Prepaid card commissions and other commissions | (30)                        | (297)                           | (327)          | (51)              | 18%        |
| Cost of voice, data and cellular handsets             | (13)                        | (436)                           | (449)          | (165)             | 58%        |
| Roaming and TLRD                                      |                             | (222)                           | (222)          | (5)               | 2%         |
| Others                                                | (97)                        | (113)                           | (210)          | (39)              | 23%        |
| <b>Total Costs before D&amp;A</b>                     | <b>(943)</b>                | <b>(1,706)</b>                  | <b>(2,649)</b> | <b>(556)</b>      | <b>27%</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>236</b>                  | <b>882</b>                      | <b>1,118</b>   | <b>104</b>        | <b>10%</b> |
| Depreciation of fixed assets                          | (174)                       | (157)                           | (331)          | (47)              | 17%        |
| Amortization of intangible assets                     | (4)                         |                                 | (4)            | 2                 | -33%       |
| <b>Operating Profit</b>                               | <b>58</b>                   | <b>725</b>                      | <b>783</b>     | <b>59</b>         | <b>8%</b>  |
| Financial and Holding Income                          | 26                          | (24)                            | 2              | 168               | -101%      |
| Other expenses, net                                   | (56)                        | (29)                            | (85)           |                   | 0%         |
| <b>Income from ordinary operations</b>                | <b>28</b>                   | <b>672</b>                      | <b>700</b>     | <b>227</b>        | <b>48%</b> |
| Taxes on income                                       | (71)                        | (181)                           | (252)          | (86)              | 52%        |
| Minority interest                                     |                             | (4)                             | (4)            |                   | 0%         |
| <b>Net Income / (Loss)</b>                            | <b>(43)</b>                 | <b>487</b>                      | <b>444</b>     | <b>141</b>        | <b>46%</b> |

**10- Consolidated Income Statement by Segments****Third Quarter FY 2009****(In million of Argentine pesos)**

|                                            | Voice, Data<br>and Internet | Segments<br>Mobile<br>Telephony | Consolidated |
|--------------------------------------------|-----------------------------|---------------------------------|--------------|
| <b>Net Revenues</b>                        | <b>1,053</b>                | <b>2,054</b>                    | <b>3,107</b> |
| Salaries and social security contributions | (297)                       | (90)                            | (387)        |
| Taxes, taxes with the regulatory authority | (67)                        | (183)                           | (250)        |

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|                                                       |              |                |                |
|-------------------------------------------------------|--------------|----------------|----------------|
| Materials and supplies                                | (103)        | (49)           | (152)          |
| Bad debt expenses                                     | (3)          | (20)           | (23)           |
| Interconnection cost                                  | (44)         |                | (44)           |
| Settlement charges                                    | (36)         |                | (36)           |
| Lease of lines and circuits                           | (21)         | (15)           | (36)           |
| Service fees                                          | (56)         | (72)           | (128)          |
| Advertising                                           | (33)         | (56)           | (89)           |
| Agent, Prepaid card commissions and other commissions | (28)         | (248)          | (276)          |
| Cost of cellular handsets                             | (11)         | (273)          | (284)          |
| Roaming and TLRD                                      |              | (217)          | (217)          |
| Others                                                | (81)         | (90)           | (171)          |
| <b>Total Costs before D&amp;A</b>                     | <b>(780)</b> | <b>(1,313)</b> | <b>(2,093)</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>273</b>   | <b>741</b>     | <b>1,014</b>   |
| Depreciation of fixed assets                          | (161)        | (123)          | (284)          |
| Amortization of intangible assets                     | (5)          | (1)            | (6)            |
| <b>Operating Profit</b>                               | <b>107</b>   | <b>617</b>     | <b>724</b>     |
| Financial and Holding Income                          | (74)         | (92)           | (166)          |
| Other expenses, net                                   | (60)         | (25)           | (85)           |
| <b>Income (loss) from ordinary operations</b>         | <b>(27)</b>  | <b>500</b>     | <b>473</b>     |
| Taxes on income                                       | (46)         | (120)          | (166)          |
| Minority interest                                     |              | (4)            | (4)            |
| <b>Net Income / (Loss)</b>                            | <b>(73)</b>  | <b>376</b>     | <b>303</b>     |

This exposition of the financial statements is not coincident with the individual financial statements for each company due to the eliminations of intercompany operations.

**Table of Contents****TELECOM ARGENTINA S.A.****Unconsolidated Information****Nine Month period and Third Quarter results Fiscal Year 2010****(In million of Argentine pesos)****11- Balance Sheet**

|                                          | 09/30/2010   | 12/31/2009   | D\$         | D%         |
|------------------------------------------|--------------|--------------|-------------|------------|
| Cash, equivalents and investments        | 1,021        | 578          | 443         | 77%        |
| Trade receivables                        | 600          | 724          | (124)       | -17%       |
| Other current assets                     | 97           | 85           | 12          | 14%        |
| <b>Total Current Assets</b>              | <b>1,718</b> | <b>1,387</b> | <b>331</b>  | <b>24%</b> |
| Other Trade receivables                  | 36           | 46           | (10)        | -22%       |
| Fixed & Intangible assets                | 4,326        | 4,346        | (20)        | -0.5%      |
| Investments                              | 2,196        | 1,915        | 281         | 15%        |
| Other non-current assets                 | 3            | 3            |             | 0%         |
| <b>Total Non current Assets</b>          | <b>6,561</b> | <b>6,310</b> | <b>251</b>  | <b>4%</b>  |
| <b>Total Assets</b>                      | <b>8,279</b> | <b>7,697</b> | <b>582</b>  | <b>8%</b>  |
| Accounts payable                         | 913          | 931          | (18)        | -2%        |
| Compensation and social benefits payable | 269          | 244          | 25          | 10%        |
| Taxes Payable                            | 231          | 263          | (32)        | -12%       |
| Dividends payable                        | 364          |              | 364         |            |
| Other liabilities                        | 46           | 39           | 7           | 18%        |
| Reserves                                 | 76           | 57           | 19          | 33%        |
| <b>Total Current Liabilities</b>         | <b>1,899</b> | <b>1,534</b> | <b>365</b>  | <b>24%</b> |
| Accounts payable                         |              | 24           | (24)        | -100%      |
| Compensation and social benefits payable | 87           | 81           | 6           | 7%         |
| Taxes Payable                            | 134          | 202          | (68)        | -34%       |
| Other liabilities                        | 142          | 153          | (11)        | -7%        |
| Reserves                                 | 325          | 267          | 58          | 22%        |
| <b>Total Non Current Liabilities</b>     | <b>688</b>   | <b>727</b>   | <b>(39)</b> | <b>-5%</b> |
| <b>Total Liabilities</b>                 | <b>2,587</b> | <b>2,261</b> | <b>326</b>  | <b>14%</b> |
| Shareholders equity                      | 5,692        | 5,436        | 256         | 5%         |
| <b>Total Liabilities and Equity</b>      | <b>8,279</b> | <b>7,697</b> | <b>582</b>  | <b>8%</b>  |

**12- Income Statement**

|                         | 09/30/2010   | 09/30/2009   | D\$        | D%         |
|-------------------------|--------------|--------------|------------|------------|
| Net revenues            | 3,916        | 3,525        | 391        | 11%        |
| Cost of services        | (2,048)      | (1,842)      | (206)      | 11%        |
| <b>Gross Profit</b>     | <b>1,868</b> | <b>1,683</b> | <b>185</b> | <b>11%</b> |
| Administrative expenses | (252)        | (195)        | (57)       | 29%        |
| Selling expenses        | (822)        | (693)        | (129)      | 19%        |

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|                                         |              |              |            |              |
|-----------------------------------------|--------------|--------------|------------|--------------|
| <b>Operating Profit</b>                 | <b>794</b>   | <b>795</b>   | <b>(1)</b> | <b>-0.1%</b> |
| Equity income from related companies    | 855          | 665          | 190        | 29%          |
| Financial & holding results             | 59           | (160)        | 219        | -137%        |
| Other incomes & expenses net            | (133)        | (91)         | (42)       | 46%          |
| <b>Results from ordinary operations</b> | <b>1,575</b> | <b>1,209</b> | <b>366</b> | <b>30%</b>   |
| Taxes on income                         | (266)        | (203)        | (63)       | 31%          |
| <b>Net Income</b>                       | <b>1,309</b> | <b>1,006</b> | <b>303</b> | <b>30%</b>   |

|                                        |              |              |           |           |
|----------------------------------------|--------------|--------------|-----------|-----------|
| <b>Operating Profit before D&amp;A</b> | <b>1,314</b> | <b>1,282</b> | <b>32</b> | <b>2%</b> |
| <i>As a % of Net Revenues</i>          | <i>34%</i>   | <i>36%</i>   |           |           |

**Financial and Holding results**

|                                                           | <b>09/30/2010</b> | <b>09/30/2009</b> | <b>D\$</b>  | <b>D%</b>    |
|-----------------------------------------------------------|-------------------|-------------------|-------------|--------------|
| <i>Financial results generated by assets</i>              |                   |                   |             |              |
| Interest                                                  | 67                | 66                | 1           | 2%           |
| Foreign currency exchange results                         | 15                | 79                | (64)        | -81%         |
| Other financial results                                   |                   | 2                 | (2)         | -100%        |
| <b>Total Financial results generated by assets</b>        | <b>82</b>         | <b>147</b>        | <b>(65)</b> | <b>-44%</b>  |
| <i>Financial results generated by liabilities</i>         |                   |                   |             |              |
| Interest                                                  | (6)               | (50)              | 44          | -88%         |
| Foreign currency exchange results and loss on derivatives | (16)              | (258)             | 242         | -94%         |
| Other financial results                                   | (1)               | 1                 | (2)         | -200%        |
| <b>Total Financial results generated by liabilities</b>   | <b>(23)</b>       | <b>(307)</b>      | <b>284</b>  | <b>-93%</b>  |
| <b>Total Financial and holding results</b>                | <b>59</b>         | <b>(160)</b>      | <b>219</b>  | <b>-137%</b> |

**Table of Contents****TELECOM ARGENTINA S.A.****Unconsolidated Information****Nine Month period and Third Quarter results Fiscal Year 2010****(In million of Argentine pesos)****13- Income Statement****Three Months Comparison**

|                                         | 09/30/2010 | 09/30/2009 | D\$         | D%          |
|-----------------------------------------|------------|------------|-------------|-------------|
| Net revenues                            | 1,354      | 1,212      | 142         | 12%         |
| Cost of services                        | (728)      | (643)      | (85)        | 13%         |
| <b>Gross Profit</b>                     | <b>626</b> | <b>569</b> | <b>57</b>   | <b>10%</b>  |
| Administrative expenses                 | (97)       | (65)       | (32)        | 49%         |
| Selling expenses                        | (305)      | (244)      | (61)        | 25%         |
| <b>Operating Profit</b>                 | <b>224</b> | <b>260</b> | <b>(36)</b> | <b>-14%</b> |
| Equity income from related companies    | 318        | 220        | 98          | 45%         |
| Financial & holding results             | 27         | (73)       | 100         | -137%       |
| Other incomes & expenses net            | (54)       | (58)       | 4           | -7%         |
| <b>Results from ordinary operations</b> | <b>515</b> | <b>349</b> | <b>166</b>  | <b>48%</b>  |
| Taxes on income                         | (71)       | (46)       | (25)        | 54%         |
| <b>Net Income</b>                       | <b>444</b> | <b>303</b> | <b>141</b>  | <b>47%</b>  |
| <b>Operating Profit before D&amp;A</b>  | <b>401</b> | <b>388</b> | <b>13</b>   | <b>3%</b>   |
| As a % of Net Revenues                  | <b>30%</b> | <b>32%</b> |             |             |

**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Telecom Argentina S.A.**

Date: November 4, 2010

|        |                                           |
|--------|-------------------------------------------|
| By:    | /s/ ENRIQUE GARRIDO                       |
| Name:  | <b>Enrique Garrido</b>                    |
| Title: | <b>Chairman of the Board of Directors</b> |