

TELECOM ARGENTINA SA  
Form 6-K  
August 06, 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 August 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):

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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

**Telecom Argentina S.A.**

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FOR IMMEDIATE RELEASE

Market Cap P\$14.3 billion

August 3, 2010

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**Telecom Argentina S.A. announces consolidated six-month period ( 1H10 ) and second quarter results for fiscal year 2010 ( 2Q10 )\***

Consolidated Net Revenues amounted to P\$ 6,717 million (+17% vs. 1H09); Mobile business in Argentina +20% vs. 1H09; Internet +33% vs. 1H09.

Mobile subscribers: 17.2 million (+12% vs. 1H09); Broadband subscribers: 1.3 million (+15% vs. 1H09); Fixed lines in service: 4.1 million (+1% vs. 1H09).

Operating Profit Before Depreciation and Amortization ( OPBDA ) reached P\$2,164 million (+18% vs. 1H09), 32% of Net Revenues. Growth was mainly fueled by broadband and mobile services in Argentina.

Operating Profit amounted to P\$1,539 million (+17% vs. 1H09), 23% of Net Revenues.

Net Income reached P\$865 million (+23 % vs. 1H09).

Investments (excluding materials) totaled P\$666 million.

Net Cash Position: P\$326 million, an increase of P\$899 million vs. 1H09 due to strong cash flow generation.

On May 5, 2010, the first installment of the cash dividend payment was distributed, amounting to P\$689 million.

| <i>(in million P\$, except where noted)</i> | As of June, 30 |       |      |     |
|---|----------------|-------|------|-----|
|   | 2010           | 2009  | D \$ | D % |
| Consolidated Net Revenues                   | 6,717          | 5,754 | 963  | 17% |
| Voice, Data & Internet                      | 2,222          | 1,990 | 232  | 12% |
| Mobile                                      | 4,495          | 3,764 | 731  | 19% |
| Operating Profit before D&A                 | 2,164          | 1,841 | 323  | 18% |
| Operating Profit                            | 1,539          | 1,311 | 228  | 17% |
| Net Income                                  | 865            | 703   | 162  | 23% |

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|   |        |        |       |       |
|---|--------|--------|-------|-------|
| Shareholder s equity  | 5,247  | 4,712  | 535   | 11%   |
| Net Financial Position (cash) / Debt                                      | (326)  | 573    | (899) | -157% |
| CAPEX (excluding materials)   | 666    | 529    | 137   | 26%   |
| Fixed lines in service (in thousand lines)                                | 4,066  | 4,026  | 40    | 1%    |
| Mobile customers (in thousand)  | 17,169 | 15,354 | 1,815 | 12%   |
| Personal (Argentina)  | 15,334 | 13,586 | 1,748 | 13%   |
| Núcleo (Paraguay) -Wimax customers are included-                          | 1,835  | 1,768  | 67    | 4%    |
| Broadband acceses (in thousand)   | 1,274  | 1,110  | 164   | 15%   |
| Fixed line traffic (in MM minutes, Internet & Public Telephony not incl.) | 7,480  | 7,582  | (102) | -1%   |
| Incoming/Outgoing mobile voice traffic in Arg. (in MM minutes)            | 8,912  | 7,662  | 1,250 | 16%   |
| Average Billing per user (ARBU) Fixed Telephony/voice (in P\$)            | 42     | 40     | 1.8   | 4%    |
| Average Revenue per user (ARPU) Cellular Telephony Arg. (in P\$)          | 42     | 40     | 1.9   | 5%    |

\* Unaudited non financial data

**Buenos Aires, August 3, 2010** Telecom Argentina (NYSE: TEO; BASE: TECO2), one of Argentina's leading telecommunications companies, announced today Net Income of P\$865 million for the first half ended June 30, 2010, or +23% when compared to the same period last year.

|                          | 1H10  | 1H09  | \$   | %   |
|--------------------------|-------|-------|------|-----|
| Net Revenues (MMP\$)     | 6,717 | 5,754 | 963  | 17% |
| Net Income (MMP\$)       | 865   | 703   | 162  | 23% |
| Earnings per Share (P\$) | 0.88  | 0.71  | 0.16 |     |
| Earnings per ADR (P\$)   | 4.39  | 3.57  | 0.82 |     |
| OPBDA*                   | 32%   | 32%   |      |     |
| Operating Profit*        | 23%   | 23%   |      |     |
| Net Income*              | 13%   | 12%   |      |     |

\* As a percentage of Net Revenues

During 1H10, Consolidated Net Revenues increased by 17% (+P\$963 million vs. 1H09) to P\$6,717 million, mainly fueled by the Mobile and Broadband businesses. Moreover, Operating Profit increased by 17% (+P\$228 million vs. 1H09) to P\$1,539 million.

### Consolidated Operating Revenues

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

During 1H10, revenues generated by these services amounted to P\$2,222 million, +12% vs. 1H09; with internet revenues, in relative terms, generating the most growth (+33% vs. 1H09).

#### Voice

Total Revenues for this service reached P\$1,420 million in 1H10 (+3% vs. 1H09). 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\$18 million, or 4% vs. 1H09, to P\$435 million, as a consequence of a higher number of lines in service (+1%), that surpassed 4 million and a 17% of increase in supplementary services. Fixed lines have been readjusted according to international standards. Figures corresponding to prior periods were readjusted following these standards.

Revenues generated by Local, Domestic Long Distance Measured Services and International Services totaled P\$648 million, an increase of 4% vs. 1H09. In relative terms, revenues from

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local calls increased the most with 8% vs. 1H09 mainly due to the incorporation of flat rate packs and secondly by domestic long distance traffic (+4% vs. 1H09). Meanwhile, revenues from international traffic slightly decreased 3% vs. 1H09, influenced by a lower demand in the Wholesale client segment.

Interconnection revenues decreased to P\$207 million (-3% vs. 1H09), mainly due to the incorporation of new interconnection points with mobile operators which entailed lower prices that, in turn, negatively affected these revenues.

Meanwhile, public telephony reached P\$32 million (-P\$4 million vs. 1H09). Finally, other revenues reached P\$98 million (+13% vs. 1H09).

Telecom continued promoting wireless handset sales, which offer additional services such as SMS from fixed lines. During the last few months, SMS traffic has shown a significant increase.

### **Data Transmission and Internet**

Data transmission revenues amounted to P\$158 million (+24% vs. 1H09), where the focus was to strengthen Telecom's position as an integrated ICT provider for wholesale and government segments. During the first half of the year, Telecom continued enhancing virtualization solutions such as Virtual Hosting and Virtual Desktop.

Some of the advantages of virtualization solutions are the efficiencies in technology resources, the safety of information and a significant increase in the level of service availability.

During the first half, a new service was launched: Virtual Host, which complements housing and hosting solutions with a portfolio of Datacenter virtual solutions. This service allows clients to develop and make public their web site, to run software applications and to process data-bases without infrastructure investments, since the servers are in Telecom datacenters.

In the business segment, Telecom continues to position itself as an integrated partner, supplier of technological solutions for SMEs and maintains a broad portfolio of services that adapt to all needs of this segment. Services with major increases during this period were Integra (high quality and symmetrical internet access and with personal customer care) and the service of virtual private networks (oriented to clients with several branches that want to use integrated voice, data or video services).

Revenues related to Internet reached P\$644 million (+P\$158 million or 33% vs. 1H09), mainly due to the constant expansion of broadband services.

As of June 30, 2010, Telecom reached 1.27 million ADSL accesses (+15% vs. 1H09). These connections represent 31% of Telecom's fixed lines in service. In addition, ADSL ARPU reached P\$74 in 1H10, +16% when compared to 1H09.



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During 1H2010, Telecom continued enhancing broadband domestic use, under the slogan *Internet en Todo* (Internet everywhere), with promotions focused to sell different internet products.

Furthermore, during May Telecom launched a new IP service named *Mi numero Arnet* (My Arnet number), a value added service that allows one number to be associated with a fixed line and also for users to make and receive calls simultaneously. Using this service requires broadband, given that it uses IP technology and has the same quality and geographic numeration as the associated main line.

Data Transmission and Internet both have significantly increased their contribution to net consolidated revenues, reaching 12% and 36% respectively of participation of fixed telephony segment revenues.

### **Mobile Services**

Clients have significantly increased in the quarter, reaching 17.17 million as of the end of June 2010, representing an increase of 0.89 million since December, 31, 2009 and 1.82 million since June 30, 2009.

The activities developed to stimulate the usage of the VAS and to retain high value segments allowed Personal to increase consolidated net revenues to P\$4,495 million (+19% vs. 1H09), while improving its profitability.

### **Telecom Personal in Argentina**

As of the end of June 2010, Personal reached 15.33 million subscribers in Argentina (+13% or 1.7 million vs. 1H09), enhancing its market position. The mix of overall subscriber base continued at 70% of prepaid and 30% of postpaid (including Cuentas claras plans and 3G modems).

Net Revenues reached P\$4,279 million (+P\$705 million or 20% vs. 1H09). Increases in overall voice traffic minutes (+16% vs. 1H09) and in VAS revenues (+38% vs. 1H09) were registered.

Service revenues (excluding handset sales) reached P\$3,856 million (+19% vs. 1H09) with 38% corresponding to VAS revenues. Also noteworthy is SMS traffic performance, which climbed from a monthly average of 2,290 million messages in 1H09 to 4,246 million in 1H10 (+85% vs. 1H09). Average Monthly Revenue per User (ARPU) increased to approximately P\$42 during 1H10 (+5% vs. 1H09).

### **Initiatives**

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During 2Q10, Personal continued deepening its strategy of innovation, by introducing the first research and development experience in Fourth Generation (4G) mobile services in Argentina.

These tests became a new step in the mobile service industry in the country. During these tests download speeds of up to 50 Mbps and upload speeds of up to 15 Mbps were reached.

Moreover, in relation with the FIFA Football World Cup, Personal organized different actions meant to associate its brand with the previously mentioned sporting event. In this sense, FIFA selected Personal as Argentina's exclusive mobile contents supplier for the 2010 World Cup. Personal's clients had free access to mobile contents through the Internet and in their handsets. This action also contributed to continuing to educate clients in the use of VAS. More than one million clients visited the mobile portal for FIFA World Cup official contents.

Additionally, through an agreement with one of the main worldwide suppliers, Personal offered Wi-Fi Global service and international roaming packages to their clients.

After the Argentine Government defined the standard for digital TV, Personal launched two new TV handsets that can be used to watch TV through the Open Digital Television signal. For the first time it was possible to watch Digital TV including all World Cup soccer games- on a mobile handset and free of cost.

During this quarter Personal introduced different promotions designed to sustain VAS revenues and in commemoration of Father's Day launched Personal E-Mail to retail segment. Another promotion was the download of unlimited music free for one year in bundle with two handset models.

Furthermore, Personal continued its campaign to promote Pack 2.0, which allows social network access through mobile phones. Since its launch, more than one million clients have used this pack on their cell phones.

#### **Telecom Personal in Paraguay**

By the end of June 2010, Nucleo's subscriber base maintained nearly 1.84 million clients (including Wimax clients). Prepaid and Postpaid customers represented 87% and 13%, respectively.

Personal's controlled subsidiary in Paraguay generated revenues equivalent to P\$216 million during 1H10 (+14% vs. 1H09).

#### **Consolidated Operating Costs**

The Cost of Services Provided, Administrative Expenses and Selling Expenses totaled P\$5,178 million in 1H10, an increase of P\$735 million, or +17%, vs. 1H09. The increase in costs is a consequence of a higher volume of revenues, inflationary effects on the cost structure, and greater expenses related to competition in mobile and internet businesses.

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The cost breakdown is as follows:

- Salaries and Social Security Contributions totaled P\$844 million (+23% vs. 1H09), mainly affected by increases in salaries. Regarding personnel, the decrease in headcount in fixed line segment (-125 employees vs. 1H09) was partially compensated by the incorporation of 194 employees in the same period in the mobile business. The total headcount remained stable achieving efficiencies in lines in service per employee.

- Taxes reached P\$572 million (+20% vs. 1H09), influenced mainly by a higher volume of revenues but also impacted by higher rates in turnover taxes and rates and fees paid to the regulatory entity. It was also affected by debit and credit tax related to the dividend payment and also income tax.

- Network access costs (includes TLRD, Roaming, Interconnection, international settlement charges and lease of circuits) amounted to P\$680 million, -P\$2 million vs. 1H09. This proportional reduction in TLRD cost was due to savings from stimulating on-net traffic between clients and more investment in the network that allowed a reduction in the expense of domestic roaming, gaining cost efficiency.

- Agents, prepaid card commissions and other commissions were P\$573 million (+14% vs. 1H09), mainly due to the increase in commissions paid to commercial agents associated with higher revenues of more sophisticated handsets; also because of a higher volume of greater acquisitions and retention of customers, higher cards sales and prepaid recharges.

- Advertising amounted to P\$179 million (+13% vs. 1H09) oriented towards supporting the commercial activity in mobile services and Internet and to strengthening the brand position of the Telecom Group.

- Cost of handsets sold totaled P\$662 million (+27% vs. 1H09) due to a change in the handsets mix sold, increasing high-end handsets sales and the average costs of them, this later affected by the increase in Internal Tax, better known as the Technological Tax. There were also a higher number of upgrades of handsets oriented towards the boosting of VAS usage.

- Fees for services amounted to \$274 million (+22% vs. 1H09) due principally to higher costs from the Call Centers and more service requirements.

- Depreciation of Fixed and Intangible Assets reached P\$625 million (+18% vs. 1H09). Fixed-line telephony totaled P\$345 million (+6% vs. 1H09) and mobile services totaled P\$280 million (+36% vs. 1H09) due to higher investment in fixed assets.

- Others Costs totaled P\$769 million (+16% vs. 1H09). This increase was mainly due to general increases in services such as maintenance, materials and supplies and rental expense. The decrease in bad debt expenses by 13% vs. 1H09 is notable. There was also an increase in cost related to VAS such as content offers, due to increase demand of these services, evidenced in recent periods.

#### **Consolidated Financial and Holding Results**

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Financial and Holding Results resulted in a loss of P\$46 million, a decrease of P\$105 million vs. 1H09. This was mainly due to lower losses for FX results by P\$66 million in 1H10 (-P\$91 million vs. 1H09); a gain in net financial interest of P\$30 million in 1H10 (+P\$38 million vs. 1H09), partially compensated by higher losses in holding on inventories by P\$5 million in 1H10 (+P\$16 million vs. 1H09).

### **Consolidated Net Financial Debt**

As of June 30, 2010, Net Financial Position (Loans minus Cash, Cash Equivalents and current Investments) totaled in P\$326 million in cash, an improvement of P\$899 million vs. Net Financial Debt as of June 2009. This was due to the strong cash flow generation evidenced in the period.

During 1H10, 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 1H10, the Company invested P\$666 million (excluding materials). This amount was allocated to Voice, Data and Internet businesses (P\$281 million) and mobile services (P\$385 million). In relative terms, capex reached 10% of revenues.

Main Capex projects are related to the expansion of broadband services to improve transmission and speed available to the clients; deployment of 3G services to support the growth of mobile broadband together with the launch of innovative VAS and the expansion of transmission and transport networks to meet the growing demand of our fixed and mobile clients.

### **Relevant Matters**

During this semester, Telecom Argentina shareholders approved a cash dividend distribution to be paid in two installments on the following dates and amounts: as of May 5, 2010 it paid the amount of P\$689 million (equivalent to P\$0.70 per share) and December 20, 2010, for the balance of P\$364 million (or P\$0.37 per share).

Meanwhile, the Ordinary Shareholders Meeting of Telecom Personal approved, a cash dividend payment of P\$575 million to its Shareholders (mainly, Telecom Argentina) paid on May, 5, 2010.

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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 June 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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***Disclaimer***

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

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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 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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**Esteban G. Macek**

**Authorized Director**

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

|  | 06/30/2010    | 12/31/2009    | D\$        | D%        |
|--|---------------|---------------|------------|-----------|
| Cash, equivalents and investments                      | 1,193         | 1,289         | (96)       | -7%       |
| Trade receivables                                      | 1,139         | 1,163         | (24)       | -2%       |
| Other current assets                                   | 632           | 491           | 141        | 29%       |
| <b>Total Current Assets</b>                            | <b>2,964</b>  | <b>2,943</b>  | <b>21</b>  | <b>1%</b> |
| Fixed & Intangible assets                              | 7,681         | 7,612         | 69         | 1%        |
| Other non-current assets                               | 76            | 78            | (2)        | -3%       |
| <b>Total Non Current Assets</b>                        | <b>7,757</b>  | <b>7,690</b>  | <b>67</b>  | <b>1%</b> |
| <b>Total Assets</b>                                    | <b>10,721</b> | <b>10,633</b> | <b>88</b>  | <b>1%</b> |
| Accounts payable                                       | 2,106         | 2,212         | (106)      | -5%       |
| Loans  | 794           | 763           | 31         | 4%        |
| Taxes payable  | 734           | 769           | (35)       | -5%       |
| Dividends payable                                      | 364           |               | 364        |           |
| Reserves   | 74            | 73            | 1          | 1%        |
| Other current liabilities                              | 343           | 352           | (9)        | -3%       |
| <b>Total Current Liabilities</b>                       | <b>4,415</b>  | <b>4,169</b>  | <b>246</b> | <b>6%</b> |
| Accounts payable                                       | 20            | 24            | (4)        | -17%      |
| Loans  | 74            | 58            | 16         | 28%       |
| Taxes payable  | 177           | 212           | (35)       | -17%      |
| Reserves   | 443           | 374           | 69         | 18%       |
| Other non-current liabilities                          | 250           | 268           | (18)       | -7%       |
| <b>Total Non Current Liabilities</b>                   | <b>964</b>    | <b>936</b>    | <b>28</b>  | <b>3%</b> |
| <b>Total Liabilities</b>                               | <b>5,379</b>  | <b>5,105</b>  | <b>274</b> | <b>5%</b> |
| Minority Interest                                      | 95            | 92            | 3          | 3%        |
| Shareholders equity                                    | 5,247         | 5,436         | (189)      | -3%       |
| <b>Total Liabilities, Minority Interest and Equity</b> | <b>10,721</b> | <b>10,633</b> | <b>88</b>  | <b>1%</b> |

**2- Consolidated Loans**

|  | 06/30/2010   | 12/31/2009   | D\$        | D%          |
|--|--------------|--------------|------------|-------------|
| Corporate Bonds  | 685          | 685          |            | 0%          |
| Banks and other financial institutions                           | 63           | 72           | (9)        | -13%        |
| Bank overdraft   | 15           |              | 15         |             |
| Accrued interest   | 4            | 3            | 1          | 33%         |
| Derivatives  | 27           | 3            | 24         |             |
| <b>Total Current Loans</b>                                       | <b>794</b>   | <b>763</b>   | <b>31</b>  | <b>4%</b>   |
| Banks and other financial institutions                           | 74           | 58           | 16         | 28%         |
| <b>Total Non Current Loans</b>                                   | <b>74</b>    | <b>58</b>    | <b>16</b>  | <b>28%</b>  |
| <b>Total Loans</b>   | <b>868</b>   | <b>821</b>   | <b>47</b>  | <b>6%</b>   |
| Derivatives valuation effect for notes (Other Current Credits)   |              | 1            | (1)        | -100%       |
| Cash and cash equivalents (include non current Government bonds) | 1,194        | 1,289        | (95)       | -7%         |
| <b>NET FINANCIAL POSITION (Cash)</b>                             | <b>(326)</b> | <b>(469)</b> | <b>143</b> | <b>-30%</b> |



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

|  | 06/30/2010   | 06/30/2009   | D\$        | D%         |
|--|--------------|--------------|------------|------------|
| Net revenues                             | 6,717        | 5,754        | 963        | 17%        |
| Cost of services                         | (3,363)      | (2,887)      | (476)      | 16%        |
| <b>Gross Profit</b>                      | <b>3,354</b> | <b>2,867</b> | <b>487</b> | <b>17%</b> |
| Administrative expenses                  | (244)        | (200)        | (44)       | 22%        |
| Selling expenses                         | (1,571)      | (1,356)      | (215)      | 16%        |
| <b>Operating Profit</b>                  | <b>1,539</b> | <b>1,311</b> | <b>228</b> | <b>17%</b> |
| Equity income from related companies     |              | 13           | (13)       | -100%      |
| Financial and holding results            | (46)         | (151)        | 105        | -70%       |
| Other expenses, net                      | (123)        | (72)         | (51)       | 71%        |
| <b>Results from ordinary operations</b>  | <b>1,370</b> | <b>1,101</b> | <b>269</b> | <b>24%</b> |
| Taxes on income                          | (502)        | (394)        | (108)      | 27%        |
| Minority interest                        | (3)          | (4)          | 1          | -25%       |
| <b>Net Income</b>                        | <b>865</b>   | <b>703</b>   | <b>162</b> | <b>23%</b> |
| <b>Operating Profit before D &amp; A</b> | <b>2,164</b> | <b>1,841</b> | <b>323</b> | <b>18%</b> |
| <i>As a % of Net Revenues</i>            | <i>32%</i>   | <i>32%</i>   |            |            |

**Financial and Holding results**

|   | 06/30/2010   | 06/30/2009   | D\$         | D%          |
|---|--------------|--------------|-------------|-------------|
| <i>Financial results generated by assets</i>            |              |              |             |             |
| Interest  | 74           | 61           | 13          | 21%         |
| Foreign currency exchange results                       | 21           | 91           | (70)        | -77%        |
| Holding results generated by inventories                | (5)          | 11           | (16)        | -145%       |
| Other financial results                                 |              | 2            | (2)         | -100%       |
| <b>Total Financial results generated by assets</b>      | <b>90</b>    | <b>165</b>   | <b>(75)</b> | <b>-45%</b> |
| <i>Financial results generated by liabilities</i>       |              |              |             |             |
| Interest  | (44)         | (69)         | 25          | -36%        |
| Foreign currency exchange results                       | (87)         | (248)        | 161         | -65%        |
| Other financial results                                 | (5)          | 1            | (6)         |             |
| <b>Total Financial results generated by liabilities</b> | <b>(136)</b> | <b>(316)</b> | <b>180</b>  | <b>-57%</b> |
| <b>Total Financial and holding results</b>              | <b>(46)</b>  | <b>(151)</b> | <b>105</b>  | <b>-70%</b> |

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

|  | 30/06/2010 | 30/06/2009 | D\$ | D% |
|--|------------|------------|-----|----|
|--|------------|------------|-----|----|

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|  |              |              |            |            |
|--|--------------|--------------|------------|------------|
| Net revenues                             | 3,468        | 2,925        | 543        | 19%        |
| Cost of services                         | (1,745)      | (1,466)      | (279)      | 19%        |
| <b>Gross Profit</b>                      | <b>1,723</b> | <b>1,459</b> | <b>264</b> | <b>18%</b> |
| Administrative expenses                  | (123)        | (108)        | (15)       | 14%        |
| Selling expenses                         | (824)        | (699)        | (125)      | 18%        |
| <b>Operating Profit</b>                  | <b>776</b>   | <b>652</b>   | <b>124</b> | <b>19%</b> |
| Equity income from related companies     |              | 13           | (13)       | -100%      |
| Financial and holding results            | 11           | (57)         | 68         | -119%      |
| Other expenses, net                      | (72)         | (72)         |            | 0%         |
| <b>Results from ordinary operations</b>  | <b>715</b>   | <b>536</b>   | <b>179</b> | <b>33%</b> |
| Taxes on income                          | (260)        | (181)        | (79)       | 44%        |
| Minority interest                        | (1)          | (3)          | 2          | -67%       |
| <b>Net Income</b>                        | <b>454</b>   | <b>352</b>   | <b>102</b> | <b>29%</b> |
| <br>                                     |              |              |            |            |
| <b>Operating Profit before D &amp; A</b> | <b>1,100</b> | <b>924</b>   | <b>176</b> | <b>19%</b> |
| <i>As a % of Net Revenues</i>            | <i>32%</i>   | <i>32%</i>   |            |            |

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

|   | 06/30/2010   | 06/30/2009   | D\$        | D%         |
|---|--------------|--------------|------------|------------|
| <b>Fixed Telephony</b>                  | <b>1,276</b> | <b>1,228</b> | <b>48</b>  | <b>4%</b>  |
| Measured service Local                  | 252          | 233          | 19         | 8%         |
| Measured service DLD                    | 252          | 243          | 9          | 4%         |
| Monthly charges                         | 435          | 417          | 18         | 4%         |
| Public telephones                       | 32           | 36           | (4)        | -11%       |
| Interconnection                         | 207          | 213          | (6)        | -3%        |
| Others                                  | 98           | 86           | 12         | 14%        |
| <b>International Telephony</b>          | <b>144</b>   | <b>149</b>   | <b>(5)</b> | <b>-3%</b> |
| <b>Data transmission &amp; Internet</b> | <b>802</b>   | <b>613</b>   | <b>189</b> | <b>31%</b> |
| Data                                    | 158          | 127          | 31         | 24%        |
| Internet                                | 644          | 486          | 158        | 33%        |
| Measured service                        | 34           | 28           | 6          | 21%        |
| Monthly charges                         | 607          | 456          | 151        | 33%        |
| Modems                                  | 3            | 2            | 1          | 50%        |
| <b>Mobile Telephony</b>                 | <b>4,495</b> | <b>3,764</b> | <b>731</b> | <b>19%</b> |
| <b>Telecom Personal</b>                 | <b>4,279</b> | <b>3,574</b> | <b>705</b> | <b>20%</b> |
| Monthly fee and measured service        | 884          | 819          | 65         | 8%         |
| Pre-paid                                | 622          | 515          | 107        | 21%        |
| Calling Party Pays                      | 291          | 275          | 16         | 6%         |
| TLRD*                                   | 366          | 382          | (16)       | -4%        |
| VAS                                     | 1,449        | 1,048        | 401        | 38%        |
| Handset sales                           | 423          | 345          | 78         | 23%        |
| Others (Includes Roaming)               | 244          | 190          | 54         | 28%        |
| <b>Núcleo</b>                           | <b>216</b>   | <b>190</b>   | <b>26</b>  | <b>14%</b> |
| Monthly fee and measured service        | 35           | 36           | (1)        | -3%        |
| Pre-paid                                | 57           | 52           | 5          | 10%        |
| Calling Party Pays                      | 5            | 4            | 1          | 25%        |
| TLRD*                                   | 16           | 19           | (3)        | -16%       |
| VAS                                     | 79           | 57           | 22         | 39%        |
| Internet Wimax                          | 8            | 9            | (1)        | -11%       |
| Handset sales                           | 2            | 3            | (1)        | -33%       |
| Others (Includes Roaming)               | 14           | 10           | 4          | 40%        |
| <b>Total net revenues</b>               | <b>6,717</b> | <b>5,754</b> | <b>963</b> | <b>17%</b> |

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

**6- Consolidated Revenues Breakdown**



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|   | Three Months Comparison |              | D\$        | D%         |
|---|-------------------------|--------------|------------|------------|
|   | 30/06/2010              | 30/06/2009   |            |            |
| <b>Fixed Telephony</b>                  | <b>654</b>              | <b>619</b>   | <b>35</b>  | <b>6%</b>  |
| Measured service Local                  | 130                     | 121          | 9          | 7%         |
| Measured service DLD                    | 128                     | 123          | 5          | 4%         |
| Monthly charges                         | 219                     | 210          | 9          | 4%         |
| Public telephones                       | 15                      | 17           | (2)        | -12%       |
| Interconnection                         | 108                     | 104          | 4          | 4%         |
| Others                                  | 54                      | 44           | 10         | 23%        |
| <b>International Telephony</b>          | <b>74</b>               | <b>74</b>    | <b>0</b>   | <b>0%</b>  |
| <b>Data transmission &amp; Internet</b> | <b>412</b>              | <b>318</b>   | <b>94</b>  | <b>30%</b> |
| Data                                    | 84                      | 67           | 17         | 25%        |
| Internet                                | 328                     | 251          | 77         | 31%        |
| Measured service                        | 17                      | 15           | 2          | 13%        |
| Monthly charges                         | 309                     | 235          | 74         | 31%        |
| Modems                                  | 2                       | 1            | 1          | 100%       |
| <b>Mobile Telephony</b>                 | <b>2,328</b>            | <b>1,914</b> | <b>414</b> | <b>22%</b> |
| <b>Telecom Personal</b>                 | <b>2,218</b>            | <b>1,817</b> | <b>401</b> | <b>22%</b> |
| Monthly fee and measured service        | 438                     | 420          | 18         | 4%         |
| Pre-paid card                           | 291                     | 256          | 35         | 14%        |
| Calling Party Pays                      | 147                     | 139          | 8          | 6%         |
| TLRD*                                   | 185                     | 189          | (4)        | -2%        |
| VAS                                     | 803                     | 544          | 259        | 48%        |
| Handset sales                           | 237                     | 181          | 56         | 31%        |
| Others (Includes Roaming)               | 117                     | 88           | 29         | 33%        |
| <b>Núcleo</b>                           | <b>110</b>              | <b>97</b>    | <b>13</b>  | <b>13%</b> |
| Monthly fee and measured service        | 18                      | 25           | (7)        | -28%       |
| Pre-paid card                           | 25                      | 25           |            | 0%         |
| Calling Party Pays                      | 3                       | 1            | 2          | 200%       |
| TLRD*                                   | 6                       | 12           | (6)        | -50%       |
| VAS                                     | 45                      | 25           | 20         | 80%        |
| Internet Wimax                          | 4                       | 4            |            | 0%         |
| Handset sales                           | 1                       | 1            |            | 0%         |
| Others (Includes Roaming)               | 8                       | 4            | 4          | 100%       |
| <b>Total net Revenues</b>               | <b>3,468</b>            | <b>2,925</b> | <b>543</b> | <b>19%</b> |

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

**7- Consolidated Income Statement by segments**

Six Month period Fiscal Year 2010

(In million of Argentine pesos)

|   | Voice, Data<br>and Internet | Segments<br>Mobile<br>Telephony | Consolidated   | Variation vs 1H09 |            |
|---|-----------------------------|---------------------------------|----------------|-------------------|------------|
|   |                             |                                 |                | D\$               | D%         |
| <b>Net Revenues</b>                                   | <b>2,222</b>                | <b>4,495</b>                    | <b>6,717</b>   | <b>963</b>        | <b>17%</b> |
| Salaries and social security contributions            | (634)                       | (210)                           | (844)          | (156)             | 23%        |
| Taxes   | (142)                       | (430)                           | (572)          | (96)              | 20%        |
| Materials and supplies                                | (213)                       | (106)                           | (319)          | (33)              | 12%        |
| Bad debt expenses                                     | (14)                        | (49)                            | (63)           | 9                 | -13%       |
| Interconnection cost                                  | (95)                        |                                 | (95)           | (8)               | 9%         |
| Settlement charges                                    | (70)                        |                                 | (70)           | 15                | -18%       |
| Lease of lines and circuits                           | (45)                        | (26)                            | (71)           | (4)               | 6%         |
| Service fees  | (107)                       | (167)                           | (274)          | (49)              | 22%        |
| Advertising   | (53)                        | (126)                           | (179)          | (21)              | 13%        |
| Agent, Prepaid card commissions and other commissions | (58)                        | (515)                           | (573)          | (71)              | 14%        |
| Cost of voice, data and cellular handsets             | (20)                        | (642)                           | (662)          | (142)             | 27%        |
| Roaming and TLRD                                      |                             | (444)                           | (444)          | (1)               | 0%         |
| Others  | (182)                       | (205)                           | (387)          | (83)              | 27%        |
| <b>Total Costs before D&amp;A</b>                     | <b>(1,633)</b>              | <b>(2,920)</b>                  | <b>(4,553)</b> | <b>(640)</b>      | <b>16%</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>589</b>                  | <b>1,575</b>                    | <b>2,164</b>   | <b>323</b>        | <b>18%</b> |
| Depreciation of fixed assets                          | (336)                       | (279)                           | (615)          | (93)              | 18%        |
| Amortization of intangible assets                     | (9)                         | (1)                             | (10)           | (2)               | 25%        |
| <b>Operating Profit</b>                               | <b>244</b>                  | <b>1,295</b>                    | <b>1,539</b>   | <b>228</b>        | <b>17%</b> |
| Equity income from related companies                  |                             |                                 |                | (13)              |            |
| Financial and Holding Income                          | 31                          | (77)                            | (46)           | 105               | -70%       |
| Other expenses, net                                   | (82)                        | (41)                            | (123)          | (51)              | 71%        |
| <b>Income from ordinary operations</b>                | <b>193</b>                  | <b>1,177</b>                    | <b>1,370</b>   | <b>269</b>        | <b>24%</b> |
| Taxes on income                                       | (195)                       | (307)                           | (502)          | (108)             | 27%        |
| Minority interest                                     |                             | (3)                             | (3)            | 1                 | -25%       |
| <b>Net Income / (Loss)</b>                            | <b>(2)</b>                  | <b>867</b>                      | <b>865</b>     | <b>162</b>        | <b>23%</b> |

**8- Consolidated Income Statement by segments**

Six Month period Fiscal Year 2009

(In million of Argentine pesos)

|  | Voice, Data<br>and Internet | Segments<br>Mobile<br>Telephony | Consolidated |
|--|-----------------------------|---------------------------------|--------------|
|  |                             |                                 |              |
| Salaries and social security contributions | (529)                       | (159)                           | (688)        |
| Taxes                                      | (128)                       | (348)                           | (476)        |
| Materials and supplies                     | (196)                       | (90)                            | (286)        |
| Bad debt expenses                          | (21)                        | (51)                            | (72)         |
| Interconnection cost                       | (87)                        |                                 | (87)         |

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|   |                |                |                |
|---|----------------|----------------|----------------|
| Settlement charges                                    | (85)           |                | (85)           |
| Lease of lines and circuits                           | (39)           | (28)           | (67)           |
| Service fees  | (97)           | (128)          | (225)          |
| Advertising   | (49)           | (109)          | (158)          |
| Agent, Prepaid card commissions and other commissions | (47)           | (455)          | (502)          |
| Cost of voice, data and cellular handsets             | (19)           | (501)          | (520)          |
| Roaming and TLRD                                      |                | (443)          | (443)          |
| Others  | (148)          | (156)          | (304)          |
| <b>Total Costs before D&amp;A</b>                     | <b>(1,445)</b> | <b>(2,468)</b> | <b>(3,913)</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>545</b>     | <b>1,296</b>   | <b>1,841</b>   |
| Depreciation of fixed assets                          | (316)          | (206)          | (522)          |
| Amortization of intangible assets                     | (8)            |                | (8)            |
| <b>Operating Profit</b>                               | <b>221</b>     | <b>1,090</b>   | <b>1,311</b>   |
| Equity income from related companies                  |                | 13             | 13             |
| Financial and Holding Income                          | (87)           | (64)           | (151)          |
| Other expenses, net                                   | (34)           | (38)           | (72)           |
| <b>Income from ordinary operations</b>                | <b>100</b>     | <b>1,001</b>   | <b>1,101</b>   |
| Taxes on income                                       | (158)          | (236)          | (394)          |
| Minority interest                                     |                | (4)            | (4)            |
| <b>Net Income / (Loss)</b>                            | <b>(58)</b>    | <b>761</b>     | <b>703</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.

**9- Consolidated Income Statement by segments**

Second Quarter FY 2010

(In million of Argentine pesos)

|   | Voice, Data<br>and Internet | Segments<br>Mobile<br>Telephony | Consolidated   | Variation vs 2Q09 |            |
|---|-----------------------------|---------------------------------|----------------|-------------------|------------|
|   |                             |                                 |                | D\$               | D%         |
| <b>Net Revenues</b>                                   | <b>1,140</b>                | <b>2,328</b>                    | <b>3,468</b>   | <b>543</b>        | <b>19%</b> |
| Salaries and social security contributions            | (328)                       | (112)                           | (440)          | (69)              | 19%        |
| Taxes   | (75)                        | (224)                           | (299)          | (54)              | 22%        |
| Materials and supplies                                | (108)                       | (55)                            | (163)          | (13)              | 9%         |
| Bad debt expenses                                     | (7)                         | (27)                            | (34)           | (1)               | 3%         |
| Interconnection cost                                  | (48)                        |                                 | (48)           | (4)               | 9%         |
| Settlement charges                                    | (31)                        |                                 | (31)           | 7                 | -18%       |
| Lease of lines and circuits                           | (23)                        | (12)                            | (35)           | (2)               | 6%         |
| Service fees  | (53)                        | (87)                            | (140)          | (21)              | 18%        |
| Advertising   | (36)                        | (64)                            | (100)          | (20)              | 25%        |
| Agent, Prepaid card commissions and other commissions | (30)                        | (268)                           | (298)          | (36)              | 14%        |
| Cost of voice, data and cellular handsets             | (10)                        | (354)                           | (364)          | (107)             | 42%        |
| Roaming and TLRD                                      |                             | (215)                           | (215)          | (4)               | 2%         |
| Others  | (95)                        | (106)                           | (201)          | (43)              | 27%        |
| <b>Total Costs before D&amp;A</b>                     | <b>(844)</b>                | <b>(1,524)</b>                  | <b>(2,368)</b> | <b>(367)</b>      | <b>18%</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>296</b>                  | <b>804</b>                      | <b>1,100</b>   | <b>176</b>        | <b>19%</b> |
| Depreciation of fixed assets                          | (172)                       | (146)                           | (318)          | (49)              | 18%        |
| Amortization of intangible assets                     | (5)                         | (1)                             | (6)            | (3)               | 100%       |
| <b>Operating Profit</b>                               | <b>119</b>                  | <b>657</b>                      | <b>776</b>     | <b>124</b>        | <b>19%</b> |
| Equity income from related companies                  |                             |                                 |                | (13)              |            |
| Financial and Holding Income                          | 18                          | (7)                             | 11             | 68                | -119%      |
| Other expenses, net                                   | (48)                        | (24)                            | (72)           |                   | 0%         |
| <b>Income from ordinary operations</b>                | <b>89</b>                   | <b>626</b>                      | <b>716</b>     | <b>179</b>        | <b>33%</b> |
| Taxes on income                                       | (94)                        | (166)                           | (260)          | (79)              | 44%        |
| Minority interest                                     |                             | (1)                             | (1)            | 2                 |            |
| <b>Net Income / (Loss)</b>                            | <b>(5)</b>                  | <b>459</b>                      | <b>454</b>     | <b>102</b>        | <b>29%</b> |

**10- Consolidated Income Statement by Segments**

Second Quarter FY 2009

(In million of Argentine pesos)

|  | Voice, Data<br>and Internet | Segments<br>Mobile<br>Telephony | Consolidated |
|--|-----------------------------|---------------------------------|--------------|
|  |                             |                                 |              |
| Salaries and social security contributions | (283)                       | (88)                            | (371)        |
| Taxes                                      | (66)                        | (179)                           | (245)        |
| Materials and supplies                     | (102)                       | (48)                            | (150)        |
| Bad debt expenses                          | (8)                         | (25)                            | (33)         |
| Interconnection cost                       | (44)                        |                                 | (44)         |

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|   |              |                |                |
|---|--------------|----------------|----------------|
| Settlement charges                                    | (38)         |                | (38)           |
| Lease of lines and circuits                           | (19)         | (14)           | (33)           |
| Service fees  | (50)         | (69)           | (119)          |
| Advertising   | (21)         | (59)           | (80)           |
| Agent, Prepaid card commissions and other commissions | (26)         | (236)          | (262)          |
| Cost of cellular handsets                             | (10)         | (247)          | (257)          |
| Roaming and TLRD                                      |              | (211)          | (211)          |
| Others  | (77)         | (81)           | (158)          |
| <b>Total Costs before D&amp;A</b>                     | <b>(744)</b> | <b>(1,257)</b> | <b>(2,001)</b> |
| <b>Operating Profit before D&amp;A</b>                | <b>267</b>   | <b>657</b>     | <b>924</b>     |
| Depreciation of fixed assets                          | (161)        | (108)          | (269)          |
| Amortization of intangible assets                     | (4)          | 1              | (3)            |
| <b>Operating Profit</b>                               | <b>102</b>   | <b>550</b>     | <b>652</b>     |
| Equity income from related companies                  |              | 13             | 13             |
| Financial and Holding Income                          | (37)         | (20)           | (57)           |
| Other expenses, net                                   | (54)         | (18)           | (72)           |
| <b>Income (loss) from ordinary operations</b>         | <b>11</b>    | <b>525</b>     | <b>536</b>     |
| Taxes on income                                       | (56)         | (125)          | (181)          |
| Minority interest                                     |              | (3)            | (3)            |
| <b>Net Income / (Loss)</b>                            | <b>(45)</b>  | <b>397</b>     | <b>352</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.

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

|  | 06/30/2010   | 12/31/2009   | D\$          | D%         |
|--|--------------|--------------|--------------|------------|
| Cash, equivalents and investments        | 785          | 578          | 207          | 36%        |
| Trade receivables                        | 597          | 724          | (127)        | -18%       |
| Other current assets                     | 82           | 85           | (3)          | -4%        |
| <b>Total Current Assets</b>              | <b>1,464</b> | <b>1,387</b> | <b>77</b>    | <b>6%</b>  |
| Other Trade receivables                  | 35           | 46           | (11)         | -24%       |
| Fixed & Intangible assets                | 4,290        | 4,346        | (56)         | -1%        |
| Investments                              | 1,878        | 1,915        | (37)         | -2%        |
| Other non-current assets                 | 4            | 3            | 1            | 33%        |
| <b>Total Non current Assets</b>          | <b>6,207</b> | <b>6,310</b> | <b>(103)</b> | <b>-2%</b> |
| <b>Total Assets</b>                      | <b>7,671</b> | <b>7,697</b> | <b>(26)</b>  | <b>0%</b>  |
| Accounts payable                         | 809          | 931          | (122)        | -13%       |
| Compensation and social benefits payable | 223          | 244          | (21)         | -9%        |
| Taxes Payable                            | 212          | 263          | (51)         | -19%       |
| Dividends payable                        | 364          |              | 364          |            |
| Other liabilities                        | 55           | 39           | 16           | 41%        |
| Reserves                                 | 64           | 57           | 7            | 12%        |
| <b>Total Current Liabilities</b>         | <b>1,727</b> | <b>1,534</b> | <b>193</b>   | <b>13%</b> |
| Accounts payable                         | 20           | 24           | (4)          | -17%       |
| Compensation and social benefits payable | 75           | 81           | (6)          | -7%        |
| Taxes Payable                            | 156          | 202          | (46)         | -23%       |
| Other liabilities                        | 138          | 153          | (15)         | -10%       |
| Reserves                                 | 308          | 267          | 41           | 15%        |
| <b>Total Non Current Liabilities</b>     | <b>697</b>   | <b>727</b>   | <b>(30)</b>  | <b>-4%</b> |
| <b>Total Liabilities</b>                 | <b>2,424</b> | <b>2,261</b> | <b>163</b>   | <b>7%</b>  |
| Shareholders equity                      | 5,247        | 5,436        | (189)        | -3%        |
| <b>Total Liabilities and Equity</b>      | <b>7,671</b> | <b>7,697</b> | <b>(26)</b>  | <b>0%</b>  |

**12- Income Statement****Six Months Comparison**

|   | 06/30/2010   | 06/30/2009   | D\$        | D%         |
|---|--------------|--------------|------------|------------|
| Net revenues                            | 2,562        | 2,313        | 249        | 11%        |
| Cost of services                        | (1,320)      | (1,199)      | (121)      | 10%        |
| <b>Gross Profit</b>                     | <b>1,242</b> | <b>1,114</b> | <b>128</b> | <b>11%</b> |
| Administrative expenses                 | (155)        | (130)        | (25)       | 19%        |
| Selling expenses                        | (517)        | (449)        | (68)       | 15%        |
| <b>Operating Profit</b>                 | <b>570</b>   | <b>535</b>   | <b>35</b>  | <b>7%</b>  |
| Equity income from related companies    | 537          | 445          | 92         | 21%        |
| Financial & holding results             | 32           | (87)         | 119        | -137%      |
| Other incomes & expenses net            | (79)         | (33)         | (46)       | 139%       |
| <b>Results from ordinary operations</b> | <b>1,060</b> | <b>860</b>   | <b>200</b> | <b>23%</b> |

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|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Taxes on income                        | (195)      | (157)      | (38)       | 24%        |
| <b>Net Income</b>                      | <b>865</b> | <b>703</b> | <b>162</b> | <b>23%</b> |
| <b>Operating Profit before D&amp;A</b> | <b>913</b> | <b>894</b> | <b>19</b>  | <b>2%</b>  |
| <i>As a % of Net Revenues</i>          | <i>36%</i> | <i>39%</i> |            |            |

**Financial and Holding results**

|   | 06/30/2010  | 06/30/2009   | D\$         | D%           |
|---|-------------|--------------|-------------|--------------|
| <i>Financial results generated by assets</i>            |             |              |             |              |
| Interest  | 40          | 35           | 5           | 14%          |
| Foreign currency exchange results                       | 11          | 59           | (48)        | -81%         |
| Other financial results                                 |             | 1            | (1)         | -100%        |
| <b>Total Financial results generated by assets</b>      | <b>51</b>   | <b>95</b>    | <b>(44)</b> | <b>-46%</b>  |
| <i>Financial results generated by liabilities</i>       |             |              |             |              |
| Interest  | (6)         | (25)         | 19          | -76%         |
| Foreign currency exchange results                       | (13)        | (158)        | 145         | -92%         |
| Other financial results                                 |             | 1            | (1)         | -100%        |
| <b>Total Financial results generated by liabilities</b> | <b>(19)</b> | <b>(182)</b> | <b>163</b>  | <b>-90%</b>  |
| <b>Total Financial and holding results</b>              | <b>32</b>   | <b>(87)</b>  | <b>119</b>  | <b>-137%</b> |

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

|   | <b>06/30/2010</b> | <b>06/30/2009</b> | <b>D\$</b> | <b>D%</b>  |
|---|-------------------|-------------------|------------|------------|
| Net revenues                            | 1,311             | 1,171             | 140        | 12%        |
| Cost of services                        | (672)             | (618)             | (54)       | 9%         |
| <b>Gross Profit</b>                     | <b>639</b>        | <b>553</b>        | <b>86</b>  | <b>16%</b> |
| Administrative expenses                 | (81)              | (67)              | (14)       | 21%        |
| Selling expenses                        | (275)             | (229)             | (46)       | 20%        |
| <b>Operating Profit</b>                 | <b>283</b>        | <b>257</b>        | <b>26</b>  | <b>10%</b> |
| Equity income from related companies    | 293               | 241               | 52         | 22%        |
| Financial & holding results             | 18                | (37)              | 55         | -149%      |
| Other incomes & expenses net            | (46)              | (53)              | 7          | -13%       |
| <b>Results from ordinary operations</b> | <b>548</b>        | <b>408</b>        | <b>140</b> | <b>34%</b> |
| Taxes on income                         | (94)              | (56)              | (38)       | 68%        |
| <b>Net Income</b>                       | <b>454</b>        | <b>352</b>        | <b>102</b> | <b>29%</b> |
| <b>Operating Profit before D&amp;A</b>  | <b>459</b>        | <b>421</b>        | <b>38</b>  | <b>9%</b>  |
| As a % of Net Revenues                  | <b>35%</b>        | <b>36%</b>        |            |            |



**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.

Date: August 6, 2010

**Telecom Argentina S.A.**

By: /s/ FRANCO BERTONE  
Name: **Franco Bertone**  
Title: **Chief Executive Officer**