

TELECOM ARGENTINA SA
Form 6-K
November 13, 2006
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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of November, 2006

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)

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

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Telecom Argentina S.A.

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- Item**
1. Press release entitled Telecom Argentina S.A. Announces Consolidated Nine-Month Period (9M06) and Third Quarter Results for Fiscal Year 2006 (3Q06)

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FOR IMMEDIATE RELEASE

Market Cap: P\$9.6 billion
(November 9, 2006)

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TELECOM ARGENTINA S.A. ANNOUNCES CONSOLIDATED NINE-MONTH
PERIOD (9M06) AND THIRD QUARTER RESULTS
FOR FISCAL YEAR 2006 (3Q06)*

During 9M06 Telecom's operations continued its positive evolution. Cellular and broadband subscribers grew 46% and 99%, respectively when compared to September 2005, while fixed lines in service grew 4% over the same period.

Net Revenues reached P\$5,262 million (+30% vs. 9M05) mainly fueled by the expansion of the cellular business, which increased by 56% and data & Internet revenues, which increased by 20%.

Operating Profit before Depreciation and Amortization (OPBDA) increased by P\$250 million (+17% vs. 9M05) reaching P\$1,731 million. Operating Profit reached P\$676 million (+95% vs. 9M05).

Net Income reached P\$164 million for 9M06 and P\$65 million for 3Q06, as a result of the general improvement of the business, partially offset by financial expenses (interest and holding results). Net Income for 9M05 was P\$1,623 million, including a P\$1,424 million non-recurrent gain generated as a result of the closing of the debt restructuring process. Shareholders' Equity as of September 30, 2006, amounted to P\$2,043 million.

Net financial Debt declined to P\$ 3,777 million (-P\$795 million vs. 9M05), primarily as a result of the cash flow generated by operations. The ratio of Net Financial Debt to OPBDA decreased from 2.3x as of September 30, 2005, to 1.6x.

* Non-financial data unaudited

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| | As of | | | |
|---|--------|--------|---------|------|
| | 2006 | 2005 | Δ | Δ% |
| Consolidated Net Revenues (in MM P\$) | 5,262 | 4,057 | 1,205 | 30% |
| Fixed Telephony (includes directories edition) | 1,858 | 1,797 | 61 | 3% |
| Cellular | 2,993 | 1,918 | 1,075 | 56% |
| Data & Internet | 411 | 342 | 69 | 20% |
| Operating Profit before D&A (in MM P\$) | 1,731 | 1,481 | 250 | 17% |
| Operating Profit (in MM P\$) | 676 | 347 | 329 | 95% |
| Net Income (in MM P\$) | 164 | 1,623 | (1,459) | -90% |
| Shareholder s equity (in MM P\$) | 2,043 | 2,154 | (111) | -5% |
| Net Financial Debt - Before NPV effect (in MM P\$) | 3,777 | 4,572 | (795) | -17% |
| Net Financial Debt - Book value (in MM P\$) | 3,579 | 4,209 | (630) | -15% |
| CAPEX (in MM P\$) | 755 | 408 | 347 | 85% |
| Lines in service (Fixed lines -in thousands) | 4,056 | 3,906 | 150 | 4% |
| Cellular customers (in thousands) | 8,624 | 5,899 | 2,725 | 46% |
| Personal (Argentina) | 7,675 | 5,308 | 2,367 | 45% |
| Núcleo (Paraguay) | 949 | 591 | 358 | 61% |
| ADSL customers (in thousands) | 375 | 188 | 187 | 99% |
| Fixed line traffic (in MM minutes, Internet Traffic not included) | 12,517 | 12,527 | (10) | 0% |
| Incoming/Outgoing cellular voice traffic in Arg. (in MM minutes) | 5,380 | 3,928 | 1,452 | 37% |
| Average Revenue per user (ARPU) Fixed Telephony/voice (in P\$) | 39 | 39 | (1) | -2% |
| Average Revenue per user (ARPU) Cellular Telephony Arg. (in P\$) | 39 | 35 | 4 | 11% |

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Buenos Aires, November 9, 2006 Telecom Argentina (BASE: TECO2, NYSE: TEO), one of Argentina's leading telecommunications groups, announced today **Net Income** of **P\$164 million** for the nine-month period ended September 30, 2006 (**9M06**).

| | 9M 06 | 9M 05 | Δ | Δ% |
|------------------------------|-------|-------|---------|-------|
| Net Revenues (MMP\$) | 5,262 | 4,057 | 1,205 | 30% |
| Net Income/Loss (MMP\$) | 164 | 1,623 | (1,459) | (90%) |
| Earnings/Loss per Share (\$) | 0.2 | 1.6 | (1.5) | (90%) |
| Earnings/Loss per ADR (\$) | 0.8 | 8.2 | (7.4) | (90%) |
| OPBDA * | 33% | 37% | | |
| Operating Profit/Loss * | 13% | 9% | | |
| Net Income/Loss * | 3% | 40% | | |

* As a percentage of Net Revenues

During **9M06**, **Consolidated Net Revenues** increased **30%** to **P\$5,262 million** (+**P\$1,205 million** vs. **9M05**), fueled by the expansion of the cellular and broadband businesses, together with moderate growth in the fixed telephony business.

Moreover, **OPBDA** increased by **17%** to **P\$1,731 million** (+**P\$250 million**), equal to 33% of Consolidated Net Revenues.

Net Income reached **P\$164 million** during **9M05** and **P\$65 million** in **3Q06**. Year-to-year comparison is affected by the **P\$1,424 million** non-recurrent gain generated in 2005 as a result of the closing of the debt restructuring process.

Company Activities**Consolidated Net Revenues**

The growth in **Consolidated Net Revenues** (+**30%** vs. **9M05**) is as follows:

Fixed Telephony (Voice, Data Transmission & Internet)

Fueled mainly by the increase in broadband penetration and an increase in the number of lines in service, revenues generated by the Fixed Telephony Business (including voice, data transmission and Internet services) amounted to **P\$2,249 million**, a **6%** increase over **9M05**.

Voice

Following an increase of **4%** in the number of lines in service, **Monthly Charges** increased by **P\$32 million** or **6%** in **9M06** as compared to **9M05**, reaching **P\$533 million**. This growth occurred even though no increase has been applied to regulated tariffs.

Local Measured Service and **Domestic Long Distance** revenues marginally decreased when compared to **9M05** to

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P\$379 million (-2%) and **P\$336 million (+1%)** respectively, while overall traffic volume, measured in minutes, remained basically stable.

In addition, revenues generated by **International Telephony** reached **P\$173 million (P\$6 million** or 4% higher than **9M05)** due to an increase in traffic partially offset by marginally lower prices.

Interconnection revenues increased by **P\$44 million (+24%)**, reaching **P\$225 million**, driven by mobile traffic transported by and/or terminated in Telecom's fixed line network.

Internet and Data Transmission

Revenues generated by **Data transmission and Internet** amounted to **P\$411 million**, an increase of **P\$69 million**, or **20%** vs. **9M05**. The strong growth in broadband connections has been the most dynamic component of this item.

As of the end of **9M06**, Telecom's ADSL subscribers numbered **375,000 (+187,000** or **+99%** vs. **9M05)**. Lines with ADSL connections accounted for more than **9%** of Telecom's lines in service. Regarding ISP services, Arnet subscribers totaled **400,000 (+54%** or **+141,000** subscribers vs. **9M05)**, as a consequence of the increase of **175,000** broadband subscribers (**+136%** vs. **9M05)** and the decrease of **34,000** dial-up subscribers (**-26%** vs. **9M05)**.

This expansion is a consequence of Telecom's strategy of launching quality products at accessible prices. Also contributing is the new portfolio of data transmission services that permits small and mid-size businesses to access services that previously were only available for large companies.

Directories

Publicom sales amounted to **P\$20 million** in **9M06 (+P\$3 million** or **18%** vs. **9M05)**, due to the positive evolution of the sales campaigns for advertising space in directories.

Cellular Telephony

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As of September 30, 2006, the total subscriber base of **Personal in Argentina** totaled approximately **7.7 million**; **2.4 million** customers more than those registered as of **September 30, 2005 (+45%)**. It is important to highlight that the postpaid customer base increased by **54%**, while the prepaid customer base increased by **40%** vs. **9M05**.

As of **September 30, 2006**, approximately **65%** of the overall subscriber base was prepaid and **35%** was postpaid. Subscribers with GSM technology represented **85%** of the overall subscriber base.

Total traffic measured in minutes increased by **37%** vs. **9M05**. Furthermore, **SMS traffic** (outgoing messages) increased from an average of **207 million** per month during **9M05** to an average of **508 million** per month during **9M06 (+145%)**. Moreover, value-added services continued to gain participation in the overall **average monthly revenue per user in Argentina (ARPU)**,.

In this context, Telecom Personal's revenues in Argentina reached **P\$2,748 million**, increasing **P\$985 million (+56%)** when compared to the same period last year. This positive evolution is the result of both a larger subscriber base and a higher **ARPU**, the latter increasing to **P\$39** or by **+11%** vs. **9M05**. In addition, higher handset sales positively contributed to the overall revenue growth.

In a highly competitive and dynamic market environment, Personal continued to develop a commercial approach focused on growth in economic value, by implementing activities to strengthen its brand positioning, with a strategic focus on service quality, and to strengthen its distribution channels throughout the country.

With regards to its product portfolio, Personal upgraded its Blackberry platform, introduced new content offerings (realtones, ringtones, speechnes) and launched a set of tailor-made plans designed for the younger market (such as Personal Manía). Finally, Personal launched Mobile Banking services.

Núcleo, Personal's controlled subsidiary that operates in Paraguay, generated **revenues** equivalent to **P\$245 million** in **9M06 (+58%** when compared to **9M05)**.

Subscriber base as of **September 30, 2006** reached approximately **949.000 (+61%** vs. **9M05)**, with an **ARPU** increase of **7%** over the same period, reaching the equivalent of **US\$10**.

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Prepaid and Postpaid customers represented **84%** and **16%**, respectively. **GSM** subscribers represented **67%** of the overall subscriber base.

Consolidated Operating Costs

The **Cost of Services Provided, Administrative Expenses and Selling Expenses** totaled **P\$4,586 million** in **9M06**, which represents an increase of **P\$876 million** or **24%** over **9M05**.

Salaries and Social Security Contributions increased by **P\$107 million**, or **21%**, to **P\$611 million**, reflecting wage increases and a headcount increase in line with the general growth of the business.

Taxes amounted to **P\$380 million**, representing an increase of **36%**, mainly due to increases in taxes directly calculated as a percentage of the revenues.

Agents and Prepaid Card Commissions increased by **P\$110 million**, or **43%** over **9M05**, to **P\$365 million**. **Advertising** costs totaled **P\$149 million** (**+54%** vs. **9M05**). It is important to highlight that this increase in costs is related to the efforts implemented by the Telecom Group to acquire new cellular and internet customers, as well as the increase in the volume of cellular pre paid credit.

The cost of cellular handsets increased by **P\$264 million** over **9M05** to **P\$655 million** in **9M06** mainly due to the increase in handset sales related subscriber growth and TDMA to GSM migration.

TLRD (termination charges in third party cellular networks) and Roaming costs increased by **P\$107 million** from **9M05** (**+39%**), reaching **P\$379 million** in **9M06**, due to the increase in traffic among cellular operators, in line with the significant expansion of the market.

During **9M06**, the **Allowance for Doubtful Accounts** was **P\$51 million**, equal to **1%** of net revenues.

Depreciation of Fixed and Intangible Assets decreased by **P\$79 million** to **P\$1,055 million** (**+P\$33 million** in the cellular operation, **-P\$111 million** in the Fixed Telephony business and **-P\$1 million** in the Directories business).

Consolidated Financial and Holding Results

Financial and Holding Results resulted in a loss of **P\$412 million**, as compared to the **P\$91 million** profit registered in **9M05**. The

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difference is mainly due to foreign exchange fluctuations (**-P\$753 million**), while net financial interest expense decreased by **P\$177 million**.

Interest accrued on financial debt totaled **P\$278 million** (**P\$180 million** of which corresponds to Telecom Argentina).

Net Financial Debt

As of **September 30, 2006**, **Net Debt** (Loans before the effect of NPV valuation, minus Cash, Banks, Current Investments and Other credits derived from derivative Investments) amounted to **P\$3,777 million**, a reduction of **P\$759 million** as compared to **December 31, 2005**. In October 2006, Telecom Argentina prepaid an amount equivalent to 75% of the amortization originally scheduled for October 2009, an amount equal to **U\$S 104 million**.

On October 9, 2006, **Standard & Poor** s upgraded the long-term debt rating of Telecom Argentina and Telecom Personal to **B+** from **B** in the international scale and to **raA+** from **raBBB+** in the local scale, based on the improvement of the financial situation of the Company after the closing of its debt restructuring process, its strong competitive positioning and its operative efficiency indicators.

Consolidated Capital Expenditures

A total amount of **P\$755 million** invested in fixed assets and intangibles during **9M06** was allocated to the cellular business (**P\$390 million**) and the Voice data and Internet business (**P\$365 million**).

The Telecom Group continues to implement an important investment plan with the goal of developing a new generation of services based on the transformation of its networks.

This technological evolution will have a significant effect on the services available for each type of client. Residential subscribers will enjoy a broad portfolio of value-added services, permanent connectivity, entertainment and mobility to meet their communications demands. Business clients will have more flexible tools that will help to improve efficiency and productivity.

Some of the new facilities that the Telecom Group will soon offer to its corporate and residential clients are: Fiber Optic closer to the home; super broadband (20 MB) for internet; data, images & sound in a single access; IP telephony; Satellite & Wi Max internet for remote locations; e-government solutions (such as digital signature and remote administrative proceedings) and public security solutions (911).

Conversion of Class C to Class B shares

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In accordance with the approvals received at the Shareholders Meeting in April 2006, and the authorizations given by the Bolsa de Comercio de Buenos Aires and Comisión Nacional de Valores, a new conversion of Class C shares into Class B shares was implemented. As a result of this conversion, the capital stock is composed as follows:

| | |
|----------------|-------------|
| Class A Shares | 502,034,299 |
| Class B Shares | 440,631,683 |
| Class C Shares | 41,714,996 |
| Total | 984,380,978 |

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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 where the common stock (approximately **68%** of capital stock) is owned by Sofora Telecomunicaciones S.A. Additionally, Nortel capital stock is comprised of preferred shares that are held by minority shareholders.

As of **September 30, 2006**, Telecom had **984,380,978** shares outstanding.

(*) Employee Stock Ownership Program

For more information, please contact the Financial Planning & Investor Relations Department:

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www.personal.com.ar

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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 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

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United States Securities and Exchange Commission for further information concerning risks and uncertainties faced by Telecom.

(Financial tables follow)

Amadeo R. Vázquez

President

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Consolidated information

NINE MONTH PERIOD AND THIRD QUARTER - FISCAL YEAR 2006

(In millions of Argentine pesos, except statistical data)

1- **Consolidated Balance Sheet**

| | Sep-30 | Dec-31 | | |
|--------------------------------------|--------------|--------------|--------------|-------------|
| | 2006 | 2005 | Δ\$ | Δ% |
| Cash, equivalents and investments | 887 | 642 | 245 | 38% |
| Trade receivables | 715 | 705 | 10 | 1% |
| Other current assets | 298 | 195 | 103 | 53% |
| TOTAL CURRENT ASSETS | 1,900 | 1,542 | 358 | 23% |
| Fixed & Intangible assets | 6,403 | 6,723 | (320) | -5% |
| Other non-current assets | 376 | 292 | 84 | 29% |
| TOTAL NON-CURRENT ASSETS | 6,779 | 7,015 | (236) | -3% |
| TOTAL ASSETS | 8,679 | 8,557 | 122 | 1% |
| Accounts payable | 1,187 | 834 | 353 | 42% |
| Loans | 1,143 | 905 | 238 | 26% |
| Reserves | 128 | 110 | 18 | 16% |
| Other current liabilities | 359 | 357 | 2 | 1% |
| TOTAL CURRENT LIABILITIES | 2,817 | 2,206 | 611 | 28% |
| Loans | 3,367 | 3,996 | (629) | -16% |
| Reserves | 232 | 247 | (15) | -6% |
| Other non-current liabilities | 158 | 200 | (42) | -21% |
| TOTAL NON-CURRENT LIABILITIES | 3,757 | 4,443 | (686) | -15% |
| TOTAL LIABILITIES | 6,574 | 6,649 | (75) | -1% |
| Minority Interest | 62 | 41 | 21 | 51% |
| Shareholders equity | 2,043 | 1,867 | 176 | 9% |
| TOTAL LIABILITIES AND EQUITY | 8,679 | 8,557 | 122 | 1% |

2- **Consolidated Loans**

| Sep-30 | Dec-31 | Δ\$ | Δ% |
|--------|--------|-----|----|
|--------|--------|-----|----|

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| | 2006 | 2005 | | |
|--|--------------|--------------|--------------|-------------|
| Corporate Bonds | 820 | 761 | 59 | 8% |
| Banks and others | 174 | 39 | 135 | 346% |
| Accrued interest | 123 | 59 | 64 | 108% |
| Derivatives | 26 | 46 | (20) | -43% |
| TOTAL CURRENT LOANS | 1,143 | 905 | 238 | 26% |
| Corporate Bonds | 3,351 | 3,856 | (505) | -13% |
| Banks and others | 214 | 386 | (172) | -45% |
| Net Present Value | (198) | (277) | 79 | -29% |
| Derivatives valuation effect | | 31 | (31) | -100% |
| TOTAL NON-CURRENT LOANS | 3,367 | 3,996 | (629) | -16% |
| TOTAL LOANS | 4,510 | 4,901 | (391) | -8% |
| Derivatives valuation effect (Other Credits) | 80 | | 80 | |
| Cash, equivalents and investments | 556 | 642 | (86) | -13% |
| Net financial debt (without NPV effect) | 4,072 | 4,536 | (464) | -10% |

3- Consolidated Income Statement

Nine - Month Comparison

| | Sep-30 | | | |
|---|--------------|--------------|----------------|-------------|
| | 2006 | 2005 | Δ\$ | Δ% |
| Net revenues | 5,262 | 4,057 | 1,205 | 30% |
| Cost of services provided | (3,177) | (2,667) | (510) | 19% |
| GROSS PROFIT | 2,085 | 1,390 | 695 | 50% |
| Administrative expenses | (206) | (171) | (35) | 20% |
| Selling expenses | (1,203) | (872) | (331) | 38% |
| OPERATING (LOSS)/PROFIT | 676 | 347 | 329 | 95% |
| Equity income from related companies | 6 | 7 | (1) | -14% |
| Financial and holding results | (412) | 91 | (503) | -553% |
| Other expenses, net | (129) | (108) | (21) | 19% |
| Debt Restructuring Results | | 1,424 | (1,424) | -100% |
| RESULTS FROM ORDINARY OPERATIONS | 141 | 1,761 | (1,620) | -92% |
| Taxes on income | 38 | (134) | 172 | -128% |
| Minority interest | (15) | (4) | (11) | 275% |
| NET (LOSS)/INCOME | 164 | 1,623 | (1,459) | -90% |
| Operating (Loss)/Profit before D&A | 1,731 | 1,481 | 250 | 17% |
| <i>As a % of Net Revenues</i> | <i>33%</i> | <i>37%</i> | | |

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| | Sep-30 | | | |
|---|------------|--------------|----------------|-------------|
| | 2006 | 2005 | Δ\$ | Δ% |
| Net revenues | 1,905 | 1,472 | 433 | 29% |
| Cost of services provided | (1,144) | (962) | (182) | 19% |
| GROSS PROFIT | 761 | 510 | 251 | 49% |
| Administrative expenses | (76) | (52) | (24) | 46% |
| Selling expenses | (428) | (334) | (94) | 28% |
| OPERATING (LOSS)/PROFIT | 257 | 124 | 133 | 107% |
| Equity income from related companies | | | | |
| Financial and holding results | (116) | (208) | 92 | -44% |
| Other expenses, net | (43) | (58) | 15 | -26% |
| Debt Restructuring Results | | 1,439 | (1,439) | -100% |
| RESULTS FROM ORDINARY OPERATIONS | 98 | 1,297 | (1,199) | -92% |
| Taxes on income | (28) | (131) | 103 | -79% |
| Minority interest | (5) | (1) | (4) | 400% |
| NET (LOSS)/INCOME | 65 | 1,165 | (1,100) | -94% |
| Operating (Loss)/Profit before D&A | 612 | 509 | 103 | 20% |
| <i>As a % of Net Revenues</i> | 32% | 35% | | |

5- Consolidated Revenues Breakdown**Nine - Month Comparison**

| | Sep-30 | | | |
|-------------------------|--------|-------|------|------|
| | 2006 | 2005 | Δ\$ | Δ% |
| Fixed Telephony | 1,665 | 1,613 | 52 | 3% |
| Measured service | | | | |
| Local | 379 | 386 | (7) | -2% |
| DLD | 336 | 334 | 2 | 1% |
| Monthly charges | 533 | 501 | 32 | 6% |
| Public telephones | 100 | 118 | (18) | -15% |
| Interconnection | 225 | 181 | 44 | 24% |
| Others | 92 | 93 | (1) | -1% |
| International Telephony | 173 | 167 | 6 | 4% |

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| | | | | |
|----------------------------------|--------------|--------------|--------------|------------|
| Data transmission & Internet | 411 | 342 | 69 | 20% |
| Cellular Telephony | 2,993 | 1,918 | 1,075 | 56% |
| Telecom Personal | 2,748 | 1,763 | 985 | 56% |
| Monthly fee and measured service | 633 | 403 | 230 | 57% |
| Pre-paid card | 872 | 426 | 446 | 105% |
| Calling Party Pays | 355 | 295 | 60 | 20% |
| TLRD * | 298 | 177 | 121 | 68% |
| Handset sales | 369 | 211 | 158 | 75% |
| Others | 221 | 251 | (30) | -12% |
| Núcleo | 245 | 155 | 90 | 58% |
| Monthly fee and measured service | 46 | 34 | 12 | 35% |
| Pre-paid card | 120 | 61 | 59 | 97% |
| Calling Party Pays | 29 | 25 | 4 | 16% |
| TLRD * | 30 | 17 | 13 | 76% |
| Handset sales | 5 | 8 | (3) | -38% |
| Others | 15 | 10 | 5 | 50% |
| Telephone Directories (Publicom) | 20 | 17 | 3 | 18% |
| TOTAL NET REVENUES | 5,262 | 4,057 | 1,205 | 30% |

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

6- Consolidated Revenues Breakdown

Three -Month Comparison

| | Sep-30 | | | |
|----------------------------------|--------|------|------|------|
| | 2006 | 2005 | Δ\$ | Δ% |
| Fixed Telephony | 568 | 556 | 12 | 2% |
| Measured service | | | | |
| Local | 128 | 139 | (11) | -8% |
| DLD | 119 | 114 | 5 | 4% |
| Monthly charges | 179 | 170 | 9 | 5% |
| Public telephones | 31 | 38 | (7) | -18% |
| Interconnection | 81 | 63 | 18 | 29% |
| Others | 30 | 32 | (2) | -6% |
| International Telephony | 54 | 57 | (3) | -5% |
| Data transmission & Internet | 142 | 118 | 24 | 20% |
| Cellular Telephony | 1,130 | 731 | 399 | 55% |
| Telecom Personal | 1,032 | 673 | 359 | 53% |
| Monthly fee and measured service | 229 | 152 | 77 | 51% |
| Pre-paid card | 356 | 177 | 179 | 101% |
| Calling Party Pays | 125 | 108 | 17 | 16% |

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| | | | | |
|----------------------------------|--------------|--------------|------------|------------|
| TLRD * | 110 | 68 | 42 | 62% |
| Handset sales | 141 | 84 | 57 | 68% |
| Others | 71 | 84 | (13) | -15% |
| Núcleo | 98 | 58 | 40 | 69% |
| Monthly fee and measured service | 17 | 13 | 4 | 31% |
| Pre-paid card | 50 | 24 | 26 | 108% |
| Calling Party Pays | 11 | 9 | 2 | 22% |
| TLRD * | 12 | 6 | 6 | 100% |
| Handset sales | 1 | 3 | (2) | -67% |
| Others | 7 | 3 | 4 | 133% |
| Telephone Directories (Publicom) | 11 | 10 | 1 | 10% |
| TOTAL NET REVENUES | 1,905 | 1,472 | 433 | 29% |

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

Table of Contents**7- Consolidated Income Statement by Activities****Nine month period - FY 2006**

(In million of Argentine pesos)

| | Activities | | | Consolidated Activities | Variation vs 9M05 | |
|--|-----------------------------|-----------------------|---------------------------|----------------------------|-------------------|-------|
| | Voice, Data and Internet | Cellular Telephony | Publishing Directories | | Δ\$ | Δ% |
| NET REVENUES | 2,249 | 2,993 | 20 | 5,262 | 1,205 | 30% |
| Salaries and social security contributions | (488) | (116) | (7) | (611) | (107) | 21% |
| Taxes | (128) | (251) | (1) | (380) | (100) | 36% |
| Materials and supplies | (178) | (63) | (6) | (247) | (32) | 15% |
| Doubtful accounts | (12) | (39) | | (51) | (33) | 183% |
| Interconnection cost | (119) | | | (119) | (12) | 11% |
| Settlement charges | (77) | | | (77) | (5) | 7% |
| Lease of lines and circuits | (22) | (18) | | (40) | (6) | 18% |
| Service fees | (76) | (95) | | (171) | (64) | 60% |
| Advertising | (37) | (109) | (3) | (149) | (52) | 54% |
| Agent and Prepaid card commissions | (16) | (349) | | (365) | (110) | 43% |
| Cost of cellular handsets | | (655) | | (655) | (264) | 68% |
| Roaming and TLRD | | (379) | | (379) | (107) | 39% |
| Others | (131) | (154) | (2) | (287) | (63) | 28% |
| Operating (Loss)/Profit before D&A | 965 | 765 | 1 | 1,731 | 250 | 17% |
| <i>Operating (Loss)/Profit before D&A Margin</i> | <i>43%</i> | <i>26%</i> | <i>5%</i> | <i>33%</i> | | |
| Depreciation of fixed assets | (709) | (309) | | (1,018) | 82 | -7% |
| Amortization of intangible assets | (8) | (29) | | (37) | (3) | 9% |
| OPERATING RESULTS | 248 | 427 | 1 | 676 | 329 | 95% |
| EQUITY INCOME FROM RELATED COMPANIES | | 6 | | 6 | (1) | -14% |
| FINANCIAL AND HOLDING INCOME | (317) | (96) | 1 | (412) | (503) | -553% |
| OTHER EXPENSES, NET | (80) | (47) | (2) | (129) | (21) | 19% |
| DEBT RESTRUCTURING INCOME | | | | | (1,424) | -100% |
| INCOME FROM ORDINARY OPERATIONS | (149) | 290 | | 141 | (1,620) | -92% |
| Taxes on income | 44 | (7) | 1 | 38 | 172 | -128% |
| Minority interest | | (15) | | (15) | (11) | 275% |
| NET (LOSS)/INCOME | (105) | 268 | 1 | 164 | (1,459) | -90% |

Consolidated Income Statement by Activities**Nine month period - FY 2005**

(In million of Argentine pesos)

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| | | Activities | | |
|--|-----------------------------|-----------------------|---------------------------|----------------------------|
| | Voice, Data and Internet | Cellular Telephony | Publishing Directories | Consolidated Activities |
| NET REVENUES | 2,122 | 1,918 | 17 | 4,057 |
| Salaries and social security contributions | (412) | (83) | (9) | (504) |
| Taxes | (122) | (157) | (1) | (280) |
| Materials and supplies | (153) | (58) | (4) | (215) |
| Doubtful accounts | (4) | (15) | 1 | (18) |
| Interconnection cost | (107) | | | (107) |
| Settlement charges | (72) | | | (72) |
| Lease of lines and circuits | (22) | (12) | | (34) |
| Service fees | (57) | (50) | | (107) |
| Advertising | (29) | (66) | (2) | (97) |
| Agent and Prepaid card commissions | (13) | (242) | | (255) |
| Cost of cellular handsets | | (391) | | (391) |
| Roaming and TLRD | | (272) | | (272) |
| Others | (117) | (103) | (4) | (224) |
| Operating (Loss)/Profit before D&A | 1,014 | 469 | (2) | 1,481 |
| <i>Operating (Loss)/Profit before D&A Margin</i> | <i>48%</i> | <i>24%</i> | <i>-12%</i> | <i>37%</i> |
| Depreciation of fixed assets | (821) | (278) | (1) | (1,100) |
| Amortization of intangible assets | (7) | (27) | | (34) |
| OPERATING RESULTS | 186 | 164 | (3) | 347 |
| EQUITY INCOME FROM RELATED COMPANIES | 7 | | | 7 |
| FINANCIAL AND HOLDING INCOME | 172 | (82) | 1 | 91 |
| OTHER EXPENSES, NET | (82) | (24) | (2) | (108) |
| DEBT RESTRUCTURING INCOME | 1,424 | | | 1,424 |
| INCOME FROM ORDINARY OPERATIONS | 1,707 | 58 | (4) | 1,761 |
| Taxes on income | (172) | 37 | 1 | (134) |
| Minority interest | | (4) | | (4) |
| NET (LOSS)/INCOME | 1,535 | 91 | (3) | 1,623 |

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Unconsolidated Information

NINE MONTH PERIOD AND THIRD QUARTER - FISCAL YEAR 2006

(In millions of Argentine pesos)

8- **Balance Sheet**

| | Sep-30 | Dec-31 | | |
|--|--------------|--------------|--------------|-------------|
| | 2006 | 2005 | Δ\$ | Δ% |
| Cash, equivalents and investments | 656 | 558 | 98 | 18% |
| Trade receivables | 343 | 349 | (6) | -2% |
| Other current assets | 60 | 36 | 24 | 67% |
| TOTAL CURRENT ASSETS | 1,059 | 943 | 116 | 12% |
| Other Trade receivables | 237 | 169 | 68 | 40% |
| Fixed & Intangible assets | 4,206 | 4,601 | (395) | -9% |
| Investments | 858 | 829 | 29 | 3% |
| Other non-current assets | 19 | 21 | (2) | -10% |
| TOTAL NON-CURRENT ASSETS | 5,320 | 5,620 | (300) | -5% |
| TOTAL ASSETS | 6,379 | 6,563 | (184) | -3% |
| Accounts payable | 449 | 399 | 50 | 13% |
| Loans | 880 | 819 | 61 | 7% |
| Reserves | 69 | 54 | 15 | 28% |
| Other current liabilities | 193 | 193 | | 0% |
| TOTAL CURRENT LIABILITIES | 1,591 | 1,465 | 126 | 9% |
| Loans | 2,349 | 2,802 | (453) | -16% |
| Compensation and social benefits payable | 30 | 30 | | 0% |
| Others liabilities | 213 | 258 | (45) | -17% |
| Reserves | 153 | 141 | 12 | 9% |
| TOTAL NON-CURRENT LIABILITIES | 2,745 | 3,231 | (486) | -15% |
| TOTAL LIABILITIES | 4,336 | 4,696 | (360) | -8% |
| Shareholders equity | 2,043 | 1,867 | 176 | 9% |
| TOTAL LIABILITIES AND EQUITY | 6,379 | 6,563 | (184) | -3% |

9- **Income Statement****Nine - Month Comparison**

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| | 30-Sep | | Δ\$ | Δ% |
|---|--------------|--------------|----------------|-------------|
| | 2006 | 2005 | | |
| Net revenues | 2,495 | 2,292 | 203 | 9% |
| Cost of services provided | (1,439) | (1,435) | (4) | 0% |
| GROSS PROFIT | 1,056 | 857 | 199 | 23% |
| Administrative expenses | (122) | (105) | (17) | -16% |
| Selling expenses | (449) | (399) | (50) | -13% |
| OPERATING (LOSS)/PROFIT | 485 | 353 | 132 | 37% |
| Equity income from related companies | 21 | (82) | 103 | 126% |
| Financial & holding results | (318) | 177 | (495) | -280% |
| Other incomes & expenses | (68) | (77) | 9 | 12% |
| Debt Restructuring Results | | 1,424 | (1,424) | |
| RESULTS FROM ORDINARY OPERATIONS | 120 | 1,795 | (1,675) | -93% |
| Taxes on income | 44 | (172) | 216 | -126% |
| NET (LOSS)/INCOME | 164 | 1,623 | (1,459) | -90% |
| Operating (Loss)/Profit before D&A | 1,201 | 1,181 | 20 | 2% |
| <i>As a % of Net Revenues</i> | <i>48%</i> | <i>52%</i> | | |

10- Income Statement

Three -Month Comparison

| | 30-Sep | | Δ\$ | Δ% |
|---|------------|--------------|----------------|-------------|
| | 2006 | 2005 | | |
| Net revenues | 854 | 793 | 61 | 8% |
| Cost of services provided | (484) | (498) | 14 | 3% |
| GROSS PROFIT | 370 | 295 | 75 | 25% |
| Administrative expenses | (43) | (29) | (14) | -48% |
| Selling expenses | (159) | (136) | (23) | -17% |
| OPERATING (LOSS)/PROFIT | 168 | 130 | 38 | 29% |
| Equity income from related companies | 29 | (40) | 69 | 173% |
| Financial & holding results | (93) | (159) | 66 | 42% |
| Other incomes & expenses | (25) | (43) | 18 | 42% |
| Debt Restructuring Results | | 1,439 | (1,439) | |
| RESULTS FROM ORDINARY OPERATIONS | 79 | 1,327 | (1,248) | -94% |
| Taxes on income | (14) | (162) | 148 | |
| NET (LOSS)/INCOME | 65 | 1,165 | (1,100) | -94% |

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| | | | | |
|------------------------------------|-----|-----|-----|-----|
| Operating (Loss)/Profit before D&A | 404 | 410 | (6) | -1% |
| <i>As a % of Net Revenues</i> | 47% | 52% | | |

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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 13, 2006

By: /s/ Gerardo Werthein
Name: Gerardo Werthein
Title: Vice-President