

TELECOM ARGENTINA SA
Form 6-K
May 11, 2009
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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 May, 2009

Commission File Number: 001-13464

Telecom Argentina S.A.

(Translation of registrant's name into English)

Alicia Moreau de Justo, No. 50, 1107

Buenos Aires, Argentina

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If 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 dated May 7, 2008 entitled Telecom Argentina S.A. announces consolidated first quarter results for fiscal year 2009 (1Q09)

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FOR IMMEDIATE RELEASE

Market Cap: P\$7.3 billion

May 7, 2009

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**Telecom Argentina S.A. announces consolidated first
quarter results for fiscal year 2009 (1Q09)***

Consolidated Net Revenues amounted to P\$2,829 million (+14% vs. 1Q08); Mobile business in Argentina 16% vs. 1Q08; Internet +49% vs. 1Q08.

Mobile subscribers: 15.0 million (+19% vs. 1Q08); Broadband subscribers: 1.1 million (+27% vs. 1Q08); Fixed lines in service: 4.3 million (+2% vs. 1Q08).

Operating Profit Before Depreciation and Amortization (OPBDA) reached P\$917 million (+4% vs. 1Q08), 32.4% of Net Revenues. Growth was fueled by mobile services in Argentina.

Operating Profit amounted to P\$625 million (+17% vs. 1Q08), 22% of Net Revenues.

Net Income reached P\$329 million (+21% vs. 1Q08).

Investments (excluding materials) totaled P\$234 million.

Net Financial Debt (before NPV effect) reached P\$562 million (-P\$1,104 million vs. 1Q08). Net Financial Debt to OPBDA ratio declined from 0.5x as of the end of March 2008 to 0.2x as of the end of March 2009.

| | As of March 31 | | | |
|--|----------------|--------------|------------|------------|
| | 2009 | 2008 | Δ \$ | Δ % |
| Consolidated Net Revenues (in MM P\$) | 2.829 | 2.480 | 349 | 14% |
| Voice, Data & Internet | 979 | 863 | 116 | 13% |

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| | | | | |
|---|---------------|---------------|---------------|-------------|
| Mobile | 1.850 | 1.617 | 233 | 14% |
| Operating Profit before D&A (in MM P\$) | 917 | 879 | 38 | 4% |
| Operating Profit (in MM P\$) | 625 | 534 | 91 | 17% |
| Net Income (in MM P\$) | 329 | 272 | 57 | 21% |
| Shareholder s equity (in MM P\$) | 4.353 | 3.328 | 1.025 | 31% |
| Net Financial Debt - Before NPV effect (in MM P\$) | 562 | 1.666 | -1.104 | -66% |
| CAPEX (in MM P\$) | 234 | 248 | (14) | -6% |
| Lines in service (Fixed lines -in thousands) | 4.306 | 4.224 | 81 | 2% |
| Mobile customers (in thousands) | 15.002 | 12.575 | 2.427 | 19% |
| Personal (Argentina) | 13.171 | 10.882 | 2.289 | 21% |
| Núcleo (Paraguay) | 1.831 | 1.693 | 138 | 8% |
| Broadband customers (in thousands) | 1.068 | 841 | 228 | 27% |

* Non audited financial data

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Buenos Aires, May 7, 2009 Telecom Argentina (NYSE: TEO; BASE: TECO2), one of Argentina's leading telecommunications groups, announced today a Net Income of P\$329 million for the first quarter ended March 31, 2009 or +21% when compared to same period of the previous year.

| | 1Q09 | 1Q08 | Δ \$ | Δ % |
|---------------------------------|--------------|--------------|-------------|------------|
| Net Revenues (MMP\$) | 2,829 | 2,480 | 349 | 14% |
| Net Income (MMP\$) | 329 | 272 | 57 | 21% |
| Earnings per Share (P\$) | 0,33 | 0,28 | 0,06 | |
| Earnings per ADR (P\$) | 1,67 | 1,38 | 0,29 | |
| OPBDA * | 32% | 35% | | |
| Operating Profit * | 22% | 22% | | |
| Net Income* | 12% | 11% | | |

* As a percentage of Net Revenues

During 1Q09, Consolidated Net Revenues increased by 14% (+P\$349 million vs. 1Q08) to P\$2,829 million, mainly fueled by the Mobile and Broadband businesses. Moreover, operating profit increased by 17% (+P\$91 million vs. 1Q08) to P\$625 million.

Consolidated Operating Revenues**Fixed Telephony (Voice, Data Transmission & Internet)**

During the first quarter of 2009, revenues generated by these services amounted to P\$979 million, +13% vs. 1Q08, where Internet revenues have grown the most in relative terms (+49% vs. 1Q08).

Voice

Total Revenues for this service reached P\$684 million in 1Q09 (+5% vs. 1Q08). The results of this line of business are still affected by frozen tariffs of regulated services.

Monthly Charges and Supplementary Services increased by P\$11 million, or 6% vs. 1Q08, to P\$207 million, as a consequence of a higher number of lines in service (+2%), which reached more than 4.3 million lines, and 14% increase in supplementary services.

Revenues generated by traffic (Local Measured Service, Domestic Long Distance and International Telephony) totaled P\$307 million, an increase of 5% vs. 1Q08, as a consequence of a slight decrease in volume in local traffic (-6% vs. 1Q08) and in national long distance traffic (-5% vs. 1Q08) affected by the mobile substitution. Otherwise, international traffic continued growing (+3% vs. 1Q08).

Interconnection revenues amounted to P\$109 million (+16% vs. 1Q08), mainly as a consequence of traffic originated in cellular lines but transported by and terminated in the Company's fixed-line network.

Other revenues reached P\$61 million (-10% vs. 1Q08). This evolution is principally the consequence of a decrease in Public Telephony revenues (-P\$8 million or -31% vs. 1Q08).

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Data Transmission and Internet

Data transmission revenues amounted to P\$60 million (+11% vs. 1Q08), generated by the offering of new solutions to the corporate market geared towards addressing internal necessities related to infrastructure. This has enhanced its position as an integrated provider of innovative ICT solutions (connectivity, housing and hosting).

Revenues related to Internet reached P\$235 million (+77 million or 49% vs. 1Q08), mainly due to the substantial expansion of broadband service, driven by better network coverage, commercial promotions and innovation of the service portfolio.

As of March 31, 2009, Telecom reached 1.1 million ADSL customers (+27% vs. 1Q08). Lines with these types of connections represent approximately 25% of Telecom's fixed-lines in service.

Data Transmission and Internet both increased their contribution to net consolidated revenues reaching 10% participation and representing 30% of the fixed telephony segment revenues.

Mobile Services

During the quarter, clients have significantly increased reaching 15 million subscribers as of the end of March 2009 representing an increase of 0.6 million since December 2008 and 2.4 million since March 2008.

During 1Q09, net revenues reached P\$1,850 million (+14% vs. 1Q08).

Telecom Personal in Argentina

As of the end of March 2009, Personal reached 13.2 million subscribers in Argentina (+2.3 million, or +21% vs. 1Q08) that allowed the Company to enhance its market position and strengthens its potential for future revenues growth. The strong increase in net additions (+0.6 million subscribers since December 2008) was sustained (vs. +0.2 million net additions in 1Q08).

Approximately 67% of the overall subscriber base is prepaid and 33% is postpaid (including cuentas claras plans).

Revenues totaled P\$1,757 million (+P\$247 million or +16% vs. 1Q08), sustained by the increase in overall voice traffic minutes by 22% vs. 1Q08 and in value-added services (VAS). The VAS increased 28% vs. 1Q08 and represented 31% of service revenues that reached P\$1,596 million (17% vs. 1Q08). In particular, SMS traffic rose to a monthly average of 990 million messages in 1Q08 to 2,470 million (+149% vs. 1Q08) preserving service quality levels.

As a consequence of traffic and the higher usage of value-added services, the Average Monthly Revenue per User (ARPU) was stable around P\$40 in 1Q09, the same level as 1Q08.

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Personal's contribution to consolidated margins has improved since 1Q08 despite its commercial activity centered in the expansion of its subscriber base and the retention efforts to the high-value segment.

Furthermore, the first Mobile WI-FI service with 3G technology was launched, as well as together with Microsoft and Gemalto, the SIM Messenger, allowing clients the access to Windows Live Messenger from their handsets, independently of which mobile device or plan they have. All these actions were focused on the strategy of enabling services to leverage the increase in VAS.

Telecom Personal in Paraguay

By the end of March 2009, Nucleo's subscriber base reached approximately 1.8 million customers (+8% vs. 1Q08). Prepaid and Postpaid customers represented 90% and 10%, respectively.

Personal's controlled subsidiary generated revenues equivalent to P\$93 million during 1Q09 (-13% vs. 1Q08).

The global crisis affected the Paraguayan economy, where the lower level of activity and depreciation of its currency affected Nucleo's operations.

Consolidated Operating Costs

The Cost of Services Provided, Administrative Expenses and Selling Expenses totaled P\$2,204 million in 1Q09, which represents an increase of P\$258 million, or +13%, vs. 1Q08. This increase in costs is a consequence of the increase in revenues, inflationary effects on the costs structure, and higher expenses related to the competition in the Mobile and internet businesses.

The cost breakdown is as follows:

- Salaries and Social Security Contributions totaled P\$317million (+17% vs. 1Q08), affected by increases in salaries agreed in 2008 and social security imposed by law. Regarding personnel, the decrease in fixed segment (-379 employees vs. 1Q08) was compensated by the incorporation of 269 employees in the same period in the mobile segment. The total headcount at the end of 1Q09 reached 15.309 employees.
- Taxes reached P\$228 million (+15% vs. 1Q08), influenced mainly by higher rates in turnover taxes and higher volume of revenues.
- Network access costs (includes TLRD, Roaming, Interconnection, international settlement charges and lease of circuits) amounted to P\$365 million (+14% vs. 1Q08) generated by higher traffic between mobile operators that accompany the increase in revenues.

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- Agents, prepaid card commissions and other commissions were P\$240 million (+14% vs. 1Q08), mainly due to the increase in commissions paid to commercial agents and card distribution costs, as a higher volume of revenues was registered.

- Advertising amounted to P\$78 million (+7% vs. 1Q08) oriented towards supporting the commercial activity in mobile services and Internet, and to strengthen the brand position of the Telecom Group.

- Cost of handsets sold totaled P\$263 million (+31% vs. 1Q08) mainly due to an increase in net additions and in the number of upgraded terminals.

- Depreciation of Fixed and Intangible Assets reached P\$292 million (-15% vs. 1Q08). Fixed-line telephony totaled P\$189 million (-2% vs. 1Q08) and mobile services P\$103 million (-33% vs. 1Q08), as TDMA technology depreciation charges ended in March 2008.

- Others Costs (includes maintenance, materials and supplies, fees for services, bad debt expense, cost of directories publishing, transportation and freight, insurance, energy, water and others, rental expense and international and satellite connectivity) totaled P\$421 million (+28% vs. 1Q08). This increase was due to the inflationary effects on related services and higher contingencies for bad debt expenses.

Consolidated Financial and Holding Results

Financial and Holding Results resulted in a loss of P\$94 million, an increase of P\$34 million vs. 1Q08. This was due to the loss registered in foreign currency exchange (+P\$82 million vs. 1Q08), compensated to lower net interest (-P\$30 million vs. 1Q08) and the positive effect of holding results generated by inventories (+P\$19 million vs. 1Q08).

Consolidated Net Financial Debt

As of March 31, 2009, Net Financial Debt (Loans before the effect of NPV valuation, minus Cash, Cash Equivalents and Other credits from derivative Investments for Notes) amounted to P\$562 million, a reduction of P\$1,104 million as compared to March 2008 and P\$350 million when compared to December 2008.

During 1Q09, Personal purchased a nominal amount of US\$8.77 million Series 3 Notes due 2010. Furthermore, during April 2009 Telecom Argentina purchased Notes in an aggregate principal nominal amount of Euros 18.5 million of Telecom s Series A Euro Notes Due 2014 (equivalent to an outstanding amount of Euros 6.97 million). The Notes acquired were cancelled according to the terms and conditions of the Indenture.

On April 15, 2009, Telecom Argentina made, together with the corresponded interest payment, a principal mandatory payment of Notes in the amount of US\$ 40 million (US\$ 29 million in principal and US\$ 11 million in interests), with the excess cash as of December 31, 2008.

Nucleo has refinanced its debt, in local currency, with a maturity between 9 months and 2 years.

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Consolidated Capital Expenditures

During 1Q09, the Company invested P\$234 million (excluding materials), in fixed and intangible assets. This amount was allocated to Voice, Data and Internet businesses (P\$126 million) and mobile services (P\$108 million). In relative terms, capex reached 8% of the revenues.

Main capex projects are related to the expansion of broadband services and to the upgrade of the network for next generation services (NGN), the improvement of the network (capacity, coverage and 3G), and the launch of new and innovative value-added services.

Other Initiatives

During the period, Telecom Argentina was selected by *Banco Patagonia* to update its communication services in voice and data. The solution includes a data net transmission in MPLS to interconnect four central buildings of the bank, offices and call center positions.

Otherwise, Telecom Argentina continued enhancing its leader position in the country with world class data center solutions through the incorporation of an intelligent platform to improve network security.

Recent relevant Matters

The Ordinary Shareholder's Meeting of Telecom Personal approved last March 31, 2009, a dividend payment of P\$730 million.

Moreover, the Court of Appeals in Commercial Matters N°2 resolved to provisionally suspend the Ordinary and Extraordinary Telecom Argentina Shareholders meeting scheduled to be held on April 28, 2009.

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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 March 31, 2009, 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 uncertainties that could significantly affect the Company's expected results. The risks and uncertainties include, but are not limited to, the impact

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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)

Enrique Garrido

Presidente

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| | Mar-31 2009 | Dec-31 2008 | Δ \$ | Δ % |
|--------------------------------------|----------------|----------------|-------------|------------|
| Cash, equivalents and investments | 1.552 | 1.125 | 427 | 38% |
| Trade receivables | 975 | 1.009 | (34) | -3% |
| Other current assets | 491 | 458 | 33 | 7% |
| TOTAL CURRENT ASSETS | 3.018 | 2.592 | 426 | 16% |
| Fixed & Intangible assets | 6.932 | 6.960 | (28) | 0% |
| Other non-current assets | 76 | 97 | (21) | -22% |
| TOTAL NON-CURRENT ASSETS | 7.008 | 7.057 | (49) | -1% |
| TOTAL ASSETS | 10.026 | 9.649 | 377 | 4% |
| Accounts payable | 1.603 | 1.769 | (166) | -9% |
| Loans | 1.440 | 1.355 | 85 | 6% |
| Reserves | 34 | 36 | (2) | -6% |
| Other current liabilities | 1.022 | 901 | 121 | 13% |
| TOTAL CURRENT LIABILITIES | 4.099 | 4.061 | 38 | 1% |
| Accounts payable | 28 | 27 | 1 | 4% |
| Loans | 710 | 688 | 22 | 3% |
| Reserves | 286 | 319 | (33) | -10% |
| Other non-current liabilities | 478 | 453 | 25 | 6% |
| TOTAL NON-CURRENT LIABILITIES | 1.502 | 1.487 | 15 | 1% |
| TOTAL LIABILITIES | 5.601 | 5.548 | 53 | 1% |
| Minority Interest | 72 | 81 | (9) | -11% |
| Shareholders equity | 4.353 | 4.020 | 333 | 8% |
| TOTAL LIABILITIES AND EQUITY | 10.026 | 9.649 | 377 | 4% |

2- Consolidated Loans

Δ \$ Δ %

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| | Mar-31 2009 | Dec-31 2008 | | |
|---|----------------|----------------|--------------|-------------|
| Corporate Bonds | 1.289 | 1.255 | 34 | 3% |
| Banks and others | 86 | 89 | (3) | -3% |
| Accrued interest | 58 | 20 | 38 | 190% |
| Derivatives | 22 | | 22 | |
| TOTAL CURRENT LOANS | 1.455 | 1.364 | 91 | 7% |
| Corporate Bonds | 710 | 688 | 22 | 3% |
| TOTAL NON-CURRENT LOANS | 710 | 688 | 22 | 3% |
| TOTAL LOANS (without NPV effect) | 2.165 | 2.052 | 113 | 6% |
| Derivatives valuation effect for notes (Other Current Credits) | 43 | 9 | 34 | 378% |
| Cash and cash equivalents | 1.560 | 1.131 | 429 | 38% |
| NET FINANCIAL DEBT (without NPV effect) | 562 | 912 | (350) | -38% |

Table of Contents**3- Consolidated Income Statement****Three Months Comparison**

| | Mar-31 2009 | Mar-31 2008 | Δ \$ | Δ % |
|--|----------------|----------------|-------------|-------------|
| Net revenues | 2.829 | 2.480 | 349 | 14% |
| Cost of services provided | (1.439) | (1.302) | (137) | 11% |
| GROSS PROFIT | 1.390 | 1.178 | 212 | 18% |
| Administrative expenses | (94) | (84) | (10) | 12% |
| Selling expenses | (671) | (560) | (111) | 20% |
| OPERATING PROFIT | 625 | 534 | 91 | 17% |
| Financial and holding results | (94) | (60) | (34) | 57% |
| Other expenses, net | | (47) | 47 | -100% |
| RESULTS FROM ORDINARY OPERATIONS | 531 | 427 | 104 | 24% |
| Taxes on income | (201) | (149) | (52) | 35% |
| Minority interest | (1) | (6) | 5 | -83% |
| NET INCOME BEFORE DISCONTINUED OPERATIONS | 329 | 272 | 57 | 21% |
| NET INCOME | 329 | 272 | 57 | 21% |
| OPERATING (LOSS)/PROFIT BEFORE D & A | 917 | 879 | 38 | 4% |
| <i>As a % of Net Revenues</i> | <i>32,4%</i> | <i>35,4%</i> | | |
| | Mar-31 2009 | Mar-31 2008 | Δ \$ | Δ % |
| <u>Financial and Holding results</u> | | | | |
| <u>Financial results generated by assets</u> | | | | |
| Interest on short term investments | 25 | 26 | (1) | -4% |
| Foreign currency exchange gains | 49 | 13 | 36 | 277% |
| Holding results generated by inventories | 12 | (7) | 19 | -271% |
| Other financial results | 4 | | 4 | |
| <u>Total Financial results generated by assets</u> | 90 | 32 | 58 | 181% |
| <u>Financial results generated by liabilities</u> | | | | |
| Interest | (39) | (70) | 31 | -44% |
| Foreign currency exchange losses | (142) | (24) | (118) | 492% |
| Others | (3) | 2 | (5) | -250% |
| <u>Total Financial results generated by liabilities</u> | (184) | (92) | (92) | 100% |

| | | | | |
|--|-------------|-------------|-------------|------------|
| TOTAL FINANCIAL AND HOLDING RESULTS | (94) | (60) | (34) | 57% |
|--|-------------|-------------|-------------|------------|

4- Consolidated Revenues Breakdown

Three Months Comparison

| | Mar-31 2009 | Mar-31 2008 | Δ \$ | Δ % |
|---|----------------|----------------|-------------|-------------|
| Fixed Telephony | 609 | 585 | 24 | 4% |
| Measured service Local | 112 | 109 | 3 | 3% |
| Measured service DLD | 120 | 118 | 2 | 2% |
| Monthly charges | 207 | 196 | 11 | 6% |
| Public telephones | 18 | 26 | (8) | -31% |
| Interconnection | 109 | 94 | 15 | 16% |
| Others | 43 | 42 | 1 | 2% |
| International Telephony | 75 | 66 | 9 | 14% |
| Data transmission & Internet | 295 | 212 | 83 | 39% |
| Data | 60 | 54 | 6 | 11% |
| Internet | 235 | 158 | 77 | 49% |
| Measured service | 13 | 13 | | 0% |
| Monthly charges | 221 | 144 | 77 | 53% |
| Modems | 1 | 1 | | 0% |
| Mobile Telephony | 1.850 | 1.617 | 233 | 14% |
| Telecom Personal | 1.757 | 1.510 | 247 | 16% |
| Monthly fee and measured service | 399 | 322 | 77 | 24% |
| Pre-paid card | 259 | 216 | 43 | 20% |
| Calling Party Pays | 136 | 134 | 2 | 1% |
| TLRD * | 193 | 184 | 9 | 5% |
| VAS | 502 | 392 | 110 | 28% |
| Handset sales | 161 | 149 | 12 | 8% |
| Others | 107 | 113 | (6) | -5% |
| Núcleo | 93 | 107 | (14) | -13% |
| Monthly fee and measured service | 15 | 16 | (1) | -6% |
| Pre-paid card | 47 | 55 | (8) | -15% |
| Calling Party Pays | 3 | 8 | (5) | -63% |
| TLRD * | 9 | 14 | (5) | -36% |
| VAS | 6 | 5 | 1 | 20% |
| Handset sales | 2 | 2 | | 0% |
| Others | 11 | 7 | 4 | 57% |
| TOTAL NET REVENUES | 2.829 | 2.480 | 349 | 14% |

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

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(In million of Argentine pesos)

| | Segments | | | Variation vs 1Q08 | |
|---|-----------------------------|-----------------------|--------------|-------------------|--------------|
| | Voice, Data and Internet | Cellular Telephony | Consolidated | Δ \$ | Δ % |
| NET REVENUES | 979 | 1.850 | 2.829 | 349 | 14% |
| Salaries and social security contributions | (246) | (71) | (317) | (47) | 17% |
| Taxes | (59) | (169) | (228) | (29) | 15% |
| Materials and supplies | (94) | (42) | (136) | (17) | 14% |
| Doubtful accounts | (13) | (26) | (39) | (27) | 225% |
| Interconnection cost | (43) | | (43) | (4) | 10% |
| Settlement charges | (47) | | (47) | (14) | 42% |
| Lease of lines and circuits | (20) | (23) | (43) | (14) | 48% |
| Service fees | (47) | (59) | (106) | (18) | 20% |
| Advertising | (28) | (50) | (78) | (5) | 7% |
| Agent, Prepaid card commissions and other commissions | (21) | (219) | (240) | (30) | 14% |
| Cost of voice, data and cellular handsets | (9) | (254) | (263) | (62) | 31% |
| Roaming and TLRD | | (232) | (232) | (13) | 6% |
| Others | (74) | (66) | (140) | (31) | 28% |
| Operating Profit before D&A | 278 | 639 | 917 | 38 | 4% |
| Depreciation of fixed assets | (185) | (102) | (287) | 53 | -16% |
| Amortization of intangible assets | (4) | (1) | (5) | | 0% |
| OPERATING RESULTS | 89 | 536 | 625 | 91 | 17% |
| FINANCIAL AND HOLDING INCOME | (50) | (44) | (94) | (34) | 57% |
| OTHER EXPENSES, NET | 20 | (20) | | 47 | -100% |
| INCOME FROM ORDINARY OPERATIONS | 59 | 472 | 531 | 104 | 24% |
| Taxes on income | (91) | (110) | (201) | (52) | 35% |
| Minority interest | | (1) | (1) | 5 | -83% |
| NET INCOME BEFORE DISCONTINUED OPERATIONS | (32) | 361 | 329 | 57 | 21% |
| RESULTS FROM DISCONTINUED OPERATIONS | | | | | |
| NET INCOME | (32) | 361 | 329 | 57 | 21% |

6- Consolidated Income Statement by segments**Three Month Period - Fiscal Year 2008**

(In million of Argentine pesos)

| | Segments | | |
|---------------------|-----------------------------|-----------------------|--------------|
| | Voice, Data and Internet | Cellular Telephony | Consolidated |
| NET REVENUES | 863 | 1.617 | 2.480 |

| | | | |
|---|-------------|-------------|-------------|
| Salaries and social security contributions | (207) | (63) | (270) |
| Taxes | (60) | (139) | (199) |
| Materials and supplies | (79) | (40) | (119) |
| Doubtful accounts | 1 | (13) | (12) |
| Interconnection cost | (39) | | (39) |
| Settlement charges | (33) | | (33) |
| Lease of lines and circuits | (15) | (14) | (29) |
| Service fees | (42) | (46) | (88) |
| Advertising | (13) | (60) | (73) |
| Agent, Prepaid card commissions and other commissions | (21) | (189) | (210) |
| Cost of voice, data and cellular handsets | (12) | (189) | (201) |
| Roaming and TLRD | | (219) | (219) |
| Others | (55) | (54) | (109) |
| Operating Profit before D&A | 288 | 591 | 879 |
| Depreciation of fixed assets | (188) | (152) | (340) |
| Amortization of intangible assets | (4) | (1) | (5) |
| OPERATING RESULTS | 96 | 438 | 534 |
| FINANCIAL AND HOLDING INCOME | (47) | (13) | (60) |
| Other expenses, Net | (35) | (12) | (47) |
| INCOME FROM ORDINARY OPERATIONS | 14 | 413 | 427 |
| Taxes on income | (47) | (102) | (149) |
| Minority interest | | (6) | (6) |
| NET INCOME BEFORE DISCONTINUED OPERATIONS | (33) | 305 | 272 |
| RESULTS FROM DISCONTINUED OPERATIONS | | | |
| NET INCOME | (33) | 305 | 272 |

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

Table of Contents**TELECOM ARGENTINA S.A.****Unconsolidated Information****FIRST QUARTER - FISCAL YEAR 2009****(In millions of Argentine pesos)****7- Balance Sheet**

| | Mar-31 2009 | Dec-31 2008 | Δ \$ | Δ % |
|--|----------------|----------------|--------------|-------------|
| Cash, equivalents and investments | 728 | 571 | 157 | 27% |
| Trade receivables | 518 | 487 | 31 | 6% |
| Other current assets | 856 | 83 | 773 | 931% |
| TOTAL CURRENT ASSETS | 2.102 | 1.141 | 961 | 84% |
| Other Trade receivables | 39 | 55 | (16) | -29% |
| Fixed & Intangible assets | 4.157 | 4.069 | 88 | 2% |
| Investments | 1.172 | 1.825 | (653) | -36% |
| Other non-current assets | 3 | 3 | | 0% |
| TOTAL NON-CURRENT ASSETS | 5.371 | 5.952 | (581) | -10% |
| TOTAL ASSETS | 7.473 | 7.093 | 380 | 5% |
| Accounts payable | 750 | 813 | (63) | -8% |
| Loans | 1.335 | 1.263 | 72 | 6% |
| Reserves | 22 | 25 | (3) | -12% |
| Other current liabilities | 325 | 290 | 35 | 12% |
| TOTAL CURRENT LIABILITIES | 2.432 | 2.391 | 41 | 2% |
| Accounts payable | 28 | 27 | 1 | 4% |
| Compensation and social benefits payable | 79 | 82 | (3) | -4% |
| Taxes Payable | 240 | 212 | 28 | 13% |
| Others liabilities | 132 | 116 | 16 | 14% |
| Reserves | 209 | 245 | (36) | -15% |
| TOTAL NON-CURRENT LIABILITIES | 688 | 682 | 6 | 1% |
| TOTAL LIABILITIES | 3.120 | 3.073 | 47 | 2% |
| Shareholders equity | 4.353 | 4.020 | 333 | 8% |
| TOTAL LIABILITIES AND EQUITY | 7.473 | 7.093 | 380 | 5% |

8- Income Statement**Three Months Comparison**

| | Mar-31 2009 | Mar-31 2008 | Δ \$ | Δ % |
|--|----------------|----------------|-------------|------------|
| Net revenues | 1.142 | 996 | 146 | 15% |
| Cost of services provided | (604) | (535) | (69) | -13% |
| GROSS PROFIT | 538 | 461 | 77 | 17% |
| Administrative expenses | (63) | (51) | (12) | -24% |
| Selling expenses | (227) | (183) | (44) | -24% |
| OPERATING PROFIT | 248 | 227 | 21 | 9% |
| Equity income from related companies | 201 | 173 | 28 | 16% |
| Financial & holding results | (50) | (46) | (4) | -9% |
| Other incomes & expenses net | 20 | (35) | 55 | 157% |
| RESULTS FROM ORDINARY OPERATIONS | 419 | 319 | 100 | 31% |
| Taxes on income | (90) | (47) | (43) | 91% |
| NET INCOME BEFORE DISCONTINUED OPERATIONS | 329 | 272 | 57 | 21% |
| RESULTS FROM DISCONTINUED OPERATIONS | | | | |
| NET INCOME | 329 | 272 | 57 | 21% |
| Operating Profit before D&A | 436 | 418 | 18 | 4% |
| <i>As a % of Net Revenues</i> | 38,2% | 42,0% | | |
| | Mar-31 2009 | Mar-31 2008 | Δ \$ | Δ % |
| <u>Financial and Holding results</u> | | | | |
| <u>Financial results generated by assets</u> | | | | |
| Interest on short term investments | 10 | 19 | (9) | -47% |
| Foreign currency exchange gains | 25 | 10 | 15 | 150% |
| Other financial results | 1 | | 1 | |
| <u>Total Financial results generated by assets</u> | 36 | 29 | 7 | 24% |
| <u>Financial results generated by liabilities</u> | | | | |
| Interest | (20) | (49) | 29 | -59% |
| Others | (66) | (26) | (40) | 154% |
| <u>Total Financial results generated by liabilities</u> | (86) | (75) | (11) | 15% |
| <u>TOTAL FINANCIAL AND HOLDING RESULTS</u> | (50) | (46) | (4) | 9% |

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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: May 8, 2009

By: /s/ Enrique Garrido
Name: Enrique Garrido
Title: Chairman of the Board of Directors