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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

The Financials

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Financial Statements

AMERICATEL CORPORATION

Santiago, Chile
December 31, 2005 and 2004

Individual Financial Statements

AMERICATEL CORPORATION

(Translation of financial statements originally issued in Spanish – See Note 3 b)

December 31, 2005 and 2004

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Report of Independent Auditors

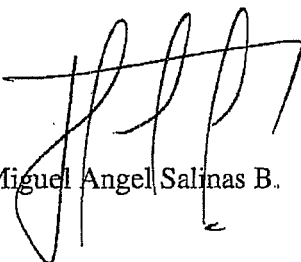
(Translation of a report originally issued in Spanish--See Note 3 b)

To the Shareholders and Directors of
Americatel Corporation

We have audited the accompanying balance sheets of Americatel Corporation (the "Company") as of December 31, 2005 and 2004 and the related statements of income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Americatel Corporation as of December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles in Chile.



Miguel Angel Salinas B.

Santiago, Chile
January 27, 2006

ERNST & YOUNG LTDA.

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AMERICATEL CORPORATION

Notes to the Financial Statements

December 31, 2005 and 2004

(In U.S. dollars)

(Translation of financial statements originally issued in Spanish--See Note 3 b)

Note 1 - Business Description

Americatel Corporation (the Company) was formed in Delaware on April 29, 1992. In 1996 the Company was the only subsidiary of Entel International B.V.I. Corporation ("Entel"). On July 22, 1997, the Company and Entel BVI signed a share purchase agreement (the "Agreement") with Seaquins Investments S.A. ("Seaquins") and Gadol, Inc. ("Gadol"). The effective date of the Agreement was May 30, 1997. In accordance with the Agreement, the Company distributed 54,911 shares, representing 10% of total common shares after distribution; these shares were then purchased by Seaquins. The full transaction amounted to US\$ 4,625,000. In addition, Gadol was guaranteed an initial option to purchase 6,872.64 new shares of the Company for US\$ 4,625,000 plus an interest factor of 10% per year, based on the number of days in the term of the option. During December 2000, Gadol fully exercised its option, giving 4,810.84 shares to Brundidge Investments, Ltd. and keeping 2,061.8 shares. As of December 31, 2004, Gadol, Brundidge Investments, Ltd. and Seaquins altogether owned and controlled 20% of all the Company's common shares. As of 2005, there has been no change in participation.

Note 2 - Financial Situation of the Company

As of December 31, 2004, the company had recurring operating losses and shareholders deficit. During 2005, the Company has had a current year operating profit and shareholders' deficit. In accordance with the corporation's business strategies, Management projects positive cash flows for the coming years, which will allow the Company to reverse the deficit accumulated to date. The Company's parent company, Entel S.A., has confirmed its financial backing for the achievement of its future plans.

Note 3 - Summary of Significant Accounting Policies

a) Accounting period

These financial statements correspond to the years ended December 31, 2005 and 2004.

AMERICATEL CORPORATION

Notes to the Financial Statements

December 31, 2005 and 2004

(In U.S. dollars)

(Translation of financial statements originally issued in Spanish--See Note 3 b)

Note 3 - Summary of Significant Accounting Policies (continued)

b) Basis of presentation

Since Americatel Corporation is a subsidiary of Entel International B.V.I. Corp., the individual financial statements have been prepared in accordance with generally accepted accounting principles in Chile ("Chilean GAAP"). Certain accounting practices applied by the Company that conform to Chilean GAAP may not conform to generally accepted accounting principles in the United States ("US GAAP") or International Financial Reporting Standards ("IFRS").

For the convenience of the reader, these financial statements and their accompanying notes have been translated from Spanish to English.

c) Intangibles

Intangibles consist mainly of brand licenses in different countries. The cost of these licenses is amortized using the straight-line method over the term of the respective license agreements over a period of 3 to 5 years.

d) Recognition of income

"Dial around" and "carrier-to-carrier", income is recognized on the basis of minutes processed and established rates. Other income from services is recognized when the service is provided according to contractual terms.

e) Allowance for doubtful accounts

Differentiated percentages are applied in order to calculate the allowance for doubtful accounts, taking into account age factors and eventual collection management costs, given the different customer statuses.

AMERICATEL CORPORATION

Notes to the Financial Statements

December 31, 2005 and 2004

(In U.S. dollars)

(Translation of financial statements originally issued in Spanish--See Note 3 b)

Note 3 - Summary of Significant Accounting Policies, continued

f) **Property, plant and equipment**

Property, plant and equipment are shown at their acquisition cost. Depreciation of property, plant and equipment is determined using the straight-line method based on the estimated useful lives of each type of asset. Disbursements for major repairs and improvements are capitalized. Repair and maintenance expenses are charged to income for the year.

g) **Current and deferred income taxes**

The Company determines the income tax provision in accordance with current legal regulations in the United States of America. Deferred income taxes for temporary differences, tax losses and other events are recorded under the terms established in the Technical Bulletins of the Chilean Association of Accountants.

h) **Cash and cash equivalents**

The Company has defined cash and cash equivalents as the balances in cash and banks.

Cash flows from operating activities include only income and disbursements derived from the regular transactions of the Company.

i) **Unearned income**

Unearned income corresponds to advances from customers for prepaid cards and is presented in accordance with the terms established in the Technical Bulletins of the Chilean Association of Accountants.

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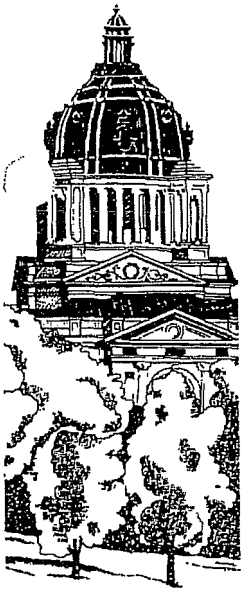
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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

The Certificate of Authority



South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

March 2, 1998

Mr. Jorge Asecio
Chief Executive Officer
Americatel Corporation
4045 N.W. 97th Avenue
Miami, FL 33178

RE: CERTIFICATE OF AUTHORITY - DOCKET TC98-013

Dear Mr. Asecio:

Please find enclosed your Certificate of Authority, effective as a South Dakota telecommunications company. This certificate shows that your company has been approved by the Public Utilities Commission (Commission) to provide intrastate telecommunications services in the state of South Dakota, effective March 28, 1998. Each company certified by the Commission is required to demonstrate sufficient technical, financial, and managerial capability to offer telecommunications services in South Dakota.

Administrative Rule 20:10:24:04 requires that each company submit the following information on May 1 of each year from the preceding calendar year:

- (1) A report on its revenues resulting from operations in this state, a balance sheet, an income statement, and a statement of any changes relating to the financial position of the telecommunications company relating to operations of the company in South Dakota. The report shall identify the locations where any working papers supporting the report can be reviewed;
- (2) A report identifying the exchanges, routes, or other geographic areas of this state where it is providing or expects to provide services. The report shall include the number and type of customers being served, if the company keeps such records.

Pursuant to SDCL Chapter 49-1A, on June 1 of each year, each company certified is required to file with the Commission, on forms provided by the Commission, the amount of its gross receipts derived from customers within South Dakota during the preceding calendar year. SDCL 49-1A-3 levies the annual intrastate Gross Receipts Tax. This tax of .0015 or \$250.00, whichever is greater, is due and payable on June 1 of each year.

Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5280
FAX (605)773-3225

Consumer Hotline
1-800-332-1782

TTY Through
relay South Dakota
1-800-877-1113

Internet
billb@puc.state.sd.us

♦
Jim Burg
Chairman
Pam Nelson
Vice-Chairman
Laska Schoenfelder
Commissioner

William Bullard Jr.
Executive Director

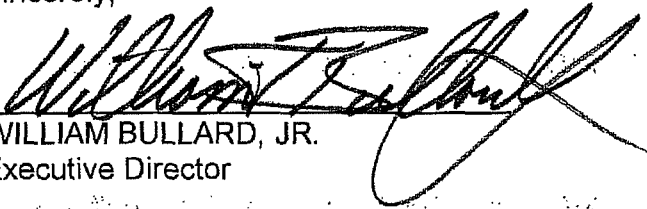
Edward R. Anderson
Harlan Best
Martin C. Bettmann
Charlie Bolle
Sue Cichos
Karen E. Cremer
Marlette Fischbach
Shirleen Fugitt
Lewis Hammond
Katie Hartford
Leni Healy
Cameron Hoseck
Dave Jacobson
Bob Knadle
Delaine Kolbo
Jeffrey P. Lorensen
Terry Norum
Gregory A. Rislov
Tammi Stangohr
Steven M. Wegman
Rolayne Ailts Wiest

♦

It is also very important for each company to keep the Commission updated on information relating to the company's address, phone and fax numbers, internet address, and contact people such as officers, CEOs, managers and customer service representatives. If ownership of the company is transferred, the Certificate of Authority must be returned to the Public Utilities Commission. The Certificate is NOT transferable.

All telecommunications companies should be familiar with the Administrative Rules applicable to the regulation of telecommunications services in South Dakota. If you do not have a copy of these rules, they can be obtained by checking the third box on the enclosed QUESTIONNAIRE and returning it to the Commission. You may also use the questionnaire to request the weekly listing of all telecommunications filings submitted with the Commission, and for requesting Agendas and Minutes of the Commission meetings. If you have any questions or concerns, please contact Delaine Kolbo at (605) 773-3705.

Sincerely,



WILLIAM BULLARD, JR.
Executive Director

Enc: [unclear]
cc: Mr. Walter P. Jacob
Mr. Colin D. Horst
Enc: [unclear]

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)
AMERICATEL CORPORATION FOR A)
CERTIFICATE OF AUTHORITY TO PROVIDE)
TELECOMMUNICATIONS SERVICES IN)
SOUTH DAKOTA)

ORDER GRANTING
CERTIFICATE OF
AUTHORITY

TC98-013

On January 28, 1998, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from Americatel Corporation (Americatel).

Americatel proposes to offer direct dialed, long distance, casual dial-around 10XXX service on a non-presubscribed basis, interstate and intrastate. A proposed tariff was filed by Americatel. The Commission has classified long distance service as fully competitive.

On January 29, 1998, the Commission electronically transmitted notice of the filing and the intervention deadline of February 13, 1998, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled February 24, 1998, meeting, the Commission considered Americatel's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that Americatel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that Americatel has met the legal requirements established for the granting of a certificate of authority. Americatel has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves Americatel's application for a certificate of authority, subject to the condition that Americatel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore

ORDERED, that Americatel's application for a certificate of authority is hereby granted, effective March 28, 1998, subject to the condition that Americatel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

FURTHER ORDERED, that Americatel shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 27th day of February, 1998.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u><i>Helaine Kalbs</i></u>
Date: <u>3/2/98</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company
Within The State Of South Dakota

Authority was Granted February 24, 1998, effective March 28, 1998
Docket No. TC98-013

This is to certify that

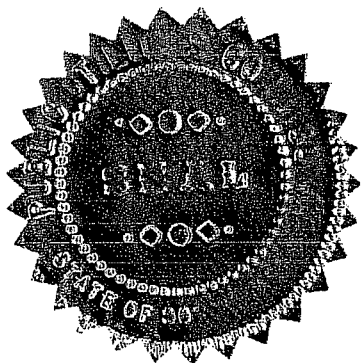
AMERICATEL CORPORATION

is authorized to provide telecommunications services in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 27th day of February, 1998.


SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:



James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner



The Letter and Bond

Law Offices

HOLLAND & KNIGHT LLP

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P.O. Drawer 810 (ZIP 32302-0810)
Tallahassee, Florida 32301

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FAX 850-224-8832
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November 21, 2000

Atlanta	Northern Virginia
Boston	Orlando
Bradenton	Providence
Chicago	San Francisco
Fort Lauderdale	St. Petersburg
Jacksonville	Tallahassee
Lakeland	Tampa
Melbourne	Washington, D.C.
Mexico City	West Palm Beach
Miami	Representative Offices:
New York	Buenos Aires

KAREN D. WALKER
850-426-5612

Internet Address:
kwalker@hklaw.com

VIA FAX

Heather K. Forney, CPA
Utility Analyst
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Re: TC00-137-In the Matter of the Application of Americatel Corporation,
d/b/a 10 123 Americatel and 1010 123 Americatel to Amend its
Certificate of Authority to Offer Prepaid Calling Cards

Dear Ms. Forney:

We represent Americatel Corporation, d/b/a 10 123 Americatel and 1010 123 Americatel ("Americatel"), which filed an application on September 21, 2000 to amend its certificate of authority to offer prepaid calling card service in South Dakota. By letter dated September 25, 2000 to D. Bruce May in our office, you informed us that you would be unable to recommend that the Commission grant Americatel authority to provide prepaid calling card service without Americatel first providing the Commission with a \$25,000 bond naming the South Dakota Public Utilities Commission and South Dakota Consumers as beneficiaries. You subsequently provided us with a form indemnity bond. By letter dated October 26, 2000, you requested that Americatel provide the Commission with the indemnity bond by November 23, 2000.

Americatel is currently still in the process of obtaining the indemnity bond. Americatel first approached a bank which would not issue the indemnity bond using the language in the form because of the general nature of the language. Americatel has now approached its insurance company about the bond. Accordingly, Americatel will not be able to provide the Commission with the

Heather K. Forney
November 21, 2000
Page 2

indemnity bond by November 23, 2000. However, Americatel does wish to provide prepaid calling card services in South Dakota. It just needs additional time to obtain the bond. Americatel respectfully requests that it be given an extension until December 6, 2000 to provide the Commission with an indemnity bond.

Thank you for your attention to this matter. Please let me know immediately if the requested extension is not acceptable, or if you have any questions.

Very truly yours,

HOLLAND & KNIGHT LLP



Karen D. Walker

cc: Denisse Becerra (via fax)
D. Bruce May
Connie Shivers

TAL1 #226905 v1

INDEMNITY BOND
To the
PEOPLE OF THE STATE OF SOUTH DAKOTA

Bond No. 21BSBAP3297

We, AMERICATEL CORPORATION the principal and applicant for a CERTIFICATE OF AUTHORITY to resell long distance telecommunications services within the State of South Dakota, and HARTFORD FIRE INSURANCE COMPANY as an admitted surety insurer, bind ourselves unto the Public Utilities Commission of the State of South Dakota and the consumers of South Dakota as Obligee, in the sum of \$25,000.00.

The conditions of this obligation are such that the principal, having been granted such CERTIFICATE OF AUTHORITY subject to the provision that said principal purchases this indemnity Bond, and if said principal shall in all respects fully and faithfully comply with all applicable provisions of South Dakota State Law, and reimburse customers of AMERICATEL CORPORATION for any prepayment or deposits they have made which may be unable or unwilling to return to said customers as a result of insolvency or other business failure, then this obligation shall be void, discharged and forever exonerated, otherwise to remain in full force and effect.

This bond shall take effect as of the date hereon and shall remain in force and effect until the surety is released from liability by the written order of the Public Utilities Commission, provided that the surety may cancel this Bond and be relieved of further liability hereunder by delivering thirty (30) days written notice to the Public Utilities Commission. Such cancellation shall not affect any liability incurred or accrued hereunder prior to the termination of said thirty (30) day period.

Dated this 12TH day of DECEMBER, 2000.

To be effective this 12TH day of DECEMBER, 2000.

HARTFORD FIRE INSURANCE COMPANY

By:

Vickie Williams
Vickie Williams, Attorney-In-Fact

Countersigned this 12th day of
December, 2000

By:

Jerome D. Reinke
Jerome D. Reinke, Resident Agent