

GRUPO IUSACELL SA DE CV

Form 6-K

November 01, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 or 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of ____October, 2006

GRUPO IUSACELL, S.A. de C.V.

(Translation of registrant's name into English)

Montes Urales 460
Col. Lomas de Chapultepec, Deleg. Miguel Hidalgo
11000, Mexico D.F.

(Address of principal executive office)

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

Form 20-F ☒ Form 40-F ☐

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g-3-2(b) under the Securities and Exchange Act of
1934.

Yes ☐ No ☒

Documents Furnished By the Registrant

1. Press Release of the Registrant dated October 26, 2006

GRUPO IUSACELL ANNOUNCES RECORD NET INCOME OF PS. 4,199 MILLION DURING THIRD
QUARTER 2006

- Stockholders' Equity of Ps. 704 million -
- EBITDA increases by 72% to Ps. 332 million -
- Convenio concursal signed with majority of creditors -

MEXICO CITY, Oct. 26 /PRNewswire-FirstCall/ -- Grupo Iusacell, S.A. de
C.V. (BMV: CEL), reported its financial results for the third quarter of 2006.

"We have had enormous accomplishments in the Company during the quarter,

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including historical maximums in revenues and EBITDA. We not only reached agreements with the majority of our creditors, but during the quarter we celebrated the convenio concursal of Grupo Iusacell that materialized the agreements reached with the majority of our creditors," commented Gustavo Guzman, CEO of Grupo Iusacell.

The Company reflected in its financial statements for the quarter the following accounting and financial effects derived from the convenio concursal:

- I. The cancellation of the debt originated by its US\$ 350 million notes due in 2006 (the "2006 Notes").
- II. The issuance of new notes in the principal amount of US\$ 175 million with a maturity date of 2013 (the "New Notes").
- III. The cancellation of all the past due interest for the 2006 Notes in the amount of approximately US\$ 183 million.

These cancellations affected a change on the Stockholders' Equity of the Company, which increased from a negative Ps. \$2,081 million in September 30, 2005 to Ps. 704 million in this quarter, as well as a decrease in the liabilities of the Company of Ps \$3,935 million.

Prior events in connection with the Grupo Iusacell Plan of Reorganization

- January 2006, Grupo Iusacell announces an agreement in principle with the majority of its creditors.
- April 2006, Grupo Iusacell launches an exchange offer for the 2006 Notes.
- June 2006, Grupo Iusacell concludes the exchange offer with a participation of approximately 90% of holders.
- June 2006, Grupo Iusacell announces its decision to implement a restructuring by the filing of a plan of reorganization (convenio concursal) (the "Plan of Reorganization") pursuant to the Mexican Business Reorganization Act (Ley de Concursos Mercantiles).
- August 2006, the Mexican courts declare a concurso mercantil for Grupo Iusacell, beginning the conciliation phase.
- August 2006, Grupo Iusacell executes its convenio concursal with approximately 90% of Grupo Iusacell's creditors, which the company expects, with the consent of the conciliator appointed by the Federal Institute Specializing in Concursos Mercantiles (Instituto Federal de Especialistas en Concursos Mercantiles -- IFECOM), to submit for approval to a Mexican judge (Juzgado Septimo de Distrito en Materia Civil del Primer Circuito).

Recent Events

Grupo Iusacell expects to execute soon its convenio concursal with creditors of Grupo Iusacell Celular, S.A. de C.V.

On October 11, 2006, Grupo Iusacell announced that the restructuring of the debt of its operating subsidiary, Grupo Iusacell Celular, S.A. de C.V. ("Iusacell Celular"), which includes US\$ 190 million of Tranche A Bank Loans ("Tranche A Loans"), US\$ 76 million of Tranche B Bank Loans ("Tranche B Loans") and US\$ 150 million of 10% Senior Notes due in 2004 (the "2004 Notes"), continues advancing within the framework established by its strategic plan, and

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that it anticipates that the restructuring agreement reached in principle with the majority of its creditors will be legally finalized soon.

As a result of the exchange offer and consent solicitation launched in May 2006 that expired on July 26, 2006, more than 82% of creditors confirmed their support of its Plan of Reorganization. Recently the levels of participation and support increased to 97% of creditors.

The Iusacell Celular restructuring consists of an exchange of any and all of its (a) Tranche A Loans for new senior floating rate first lien notes due 2011 accruing interest at three-month LIBOR plus 4.00% and (b) Tranche B Loans and its 2004 Notes for its new 10% senior subordinated second lien notes due 2012, on the terms and conditions that were previously announced.

Grupo Iusacell looks for consolidation of operations with Unefon

On September 6, 2006, Grupo Iusacell announced that its board of directors authorized the company to explore the consolidation of operations with Unefon (BMV: UNEFON), a mobile telephony operator for the mass market in Mexico and a subsidiary of Unefon Holdings. Grupo Iusacell and Unefon are companies controlled by Ricardo B. Salinas, and are the only two wireless communications service providers with CDMA technology in Mexico, which allows for optimizing the efficiency of the cellular telephony network.

Grupo Iusacell and Unefon have solid competitive advantages, and have developed optimal attributes for the market segments in which they participate, which translates into better services at lower prices. Grupo Iusacell has 2 million subscribers and Unefon 1.3 million, both nationwide.

Grupo Iusacell executes its convenio concursal with creditors

On August 28, 2006, Grupo Iusacell announced that it executed the convenio concursal by a group of creditors representing approximately 90% of Grupo Iusacell's total debt, which the company expects, with the consent of the conciliator appointed by the Federal Institute Specializing in Concursos Mercantiles (Instituto Federal de Especialistas en Concursos Mercantiles -- IFECOM), to submit for approval to a Mexican judge (Juzgado Septimo de Distrito en Materia Civil del Primer Circuito). Among other things, upon the court's approval of that submission, Grupo Iusacell's restructuring process will have been completed.

The convenio concursal among Grupo Iusacell and its creditors was executed in accordance with its previously announced restructuring agreement, which will consist of the exchange of its 2006 Notes for an aggregate principal amount of US\$175 million of New Notes that will bear interest at an annual rate of 10% (with semi-annual interest payments in arrears, including the option for Iusacell to capitalize up to 40% of each interest payment). The restructuring agreement also includes the cancellation of any default interest due and payable under the 2006 Notes.

Iusacell announced the restructuring of its subsidiaries Iusacell Infraestructura and Infraestructura Mexico

On July 14, 2006, Grupo Iusacell announced that its subsidiary Iusacell Infraestructura S.A. de C.V. ("Iusacell Infraestructura") concluded the successful restructuring of its debt with the signing of the corresponding restructuring documentation.

Before the restructuring, Iusacell Infraestructura owed to BNP Paribas (Oslo Branch) debt in an outstanding principal amount of US\$ 26.6 million. This debt consisted of: (1) a senior amortizing term facility in an outstanding principal amount of US\$ 23.2 million, guaranteed by the Export Import Bank of Norway and

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due in 2007 and (2) a refaccionario loan in an outstanding principal amount of US\$ 3.4 million due in 2004.

On July 19, 2006, Iusacell Infraestructura de Mexico, S.A. de C.V. ("Infraestructura Mexico") a subsidiary of Grupo Iusacell, concluded the successful restructuring of its debt with the signing of the corresponding restructuring documentation.

Before the restructuring, Infraestructura Mexico owed to Harris S.A de C.V, debt in an outstanding principal amount of US\$ 4.3 million. This debt consisted of: (1) Tranche 2D in an outstanding principal amount of US\$ 4.0 million (the "Tranche 2D"), and (2) Tranche 2E in an outstanding principal amount of US\$ 0.3 million (the "Tranche 2E").

The terms of the restructuring signed are as follows:

Tranche 2D

A new principal amount owed under Tranche 2D of US\$ 3.2 million due in 2010 that bear interest at a fix rate of 8% per annum. Interest shall be payable quarterly, commencing March 31, 2007, and sixteen principal repayments shall be made quarterly under the following schedule:

- * 20% payable in calendar 2007, commencing March 31, 2007.
- * 30% s payable in calendar 2008.
- * 25% payable in calendar 2009, and
- * 25% payable in calendar 2010.

Tranche 2E

Iusacell shall pay Tranche 2E, US\$ 0.3 million in full on the effective date of the Restructuring Agreement.

Results for Third Quarter 2006

Revenues

Net revenues in the third quarter of 2006 increased by 20% to Ps. \$1,913 million, as compared to Ps \$1,589 million during the same period 2005. This increase is primarily as a result of growth in postpaid revenues as well as higher revenues from value added services and an increase in the subscriber base.

Iusacell ended the third quarter 2006 with approximately 2.0 million subscribers, an increase of 19% as compared to the third quarter 2005.

Cost and Expenses

The total cost during the quarter increased by 23% to Ps. \$1,125 million, as compared to Ps \$915 million in the third quarter 2005. Operating expenses decreased by 5% to Ps. \$455 million, as compared to Ps \$481 million in the same period 2005.

The increase in the total cost mainly reflects the increase in (i) handset subsidy, (ii) cost related to value added services, and (iii) technical expenses.

The decrease in the operating expenses during the quarter reflects the result of the efforts and strategy for the control of expenses of the Company.

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Operating income before depreciation and amortization

Iusacell's operating income before depreciation and amortization for the third quarter of 2006 was Ps. \$332 million, an increase of 72%, as compared to Ps. \$193 million during the same period the year before.

Net Income

Iusacell had a net income of Ps \$4,199 million during the third quarter of 2006, as compared to a net loss of Ps \$449 million registered in the same period of 2005. The net income is mainly impelled by the gain registered as a result of the decrease of the debt and cancellation of past due interest of the 2006 Notes.

Capital Expenditures

During the third quarter of 2006, the Company made investments of approximately US\$ 22 million, primarily for the acquisition of cellular equipment related to the expansion of coverage and capacity of Iusacell 3-G network and EV-DO services (Evolution Data Only).

About Iusacell

Grupo Iusacell, S.A. de C.V. (Iusacell, BMV: CEL) is a wireless cellular and PCS service provider in Mexico with a national footprint. Iusacell offers more and better voice communication and data services through state-of-the-art technology, such as its new 3G network, throughout all of the regions in which it operate. In addition to our core mobile telephony services, we also provide a wide range of other telecommunications services, including long distance, wireless local telephony and data transmission services. Additional information is available at www.iusacell.com. Grupo Iusacell it's a company of Grupo Salinas, for additional information please visit: www.gruposalinas.com

Legal Disclaimer

Grupo Iusacell, S.A. de C.V. quarterly reports and all other written materials may from time to time contain statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. A discussion of factors that may affect future results is contained in our filings with the Securities and Exchange Commission.

Attached are the Consolidated Income Statements of each of Grupo Iusacell, S.A. de C.V. and Grupo Iusacell Celular, S.A. de C.V. for the three-month and nine-month periods ended September 30, 2006, and the Consolidated Balance Sheet of Grupo Iusacell, S.A. de C.V. and Grupo Iusacell Celular, S.A. de C.V. at September 30, 2006.

GRUPO IUSACELL, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
MILLIONS OF MEXICAN PESOS OF SEPTEMBER 30, 2006 PURCHASING POWER

3Q05

3Q06

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Gross Revenues	1,680	106%	2,019	106%	340
Commissions	(90)	(6)%	(106)	(6)%	(16)
Net Revenues	1,589	100%	1,913	100%	324
Cost of services	734	46%	799	42%	64
Handsets Subsidy	181	11%	327	17%	146
Total Cost	915	58%	1,125	59%	210
Gross Profit	674	42%	788	41%	113
Selling, General & Administrative Expenses	481	30%	455	24%	(25)
EBITDA	193	12%	332	17%	139
Depreciation and Amortization	382	24%	376	20%	(6)
(Loss) income from sale of fixed assets and other expenses	(19)	(1)%	3	0%	23
Debt extinguishment	--	0%	3,935	206%	3,935
Comprehensive Financing Cost					
Interest Expense - Net	(284)	(18)%	(275)	(14)%	9
Exchange (loss) gain	(20)	(1)%	382	20%	402
Gain from net monetary position	79	5%	193	10%	115
	(225)	(14)%	301	16%	525
(Loss) Income Before Taxes	(433)	(27)%	4,196	219%	4,628
Tax Provision	(14)	(1)%	1	0%	15
Minority Interest	(3)	(0)%	2	0%	5
Net (Loss) Income	(449)	(28)%	4,199	219%	4,648

PER SHARE INFORMATION

Weighted Average of Outstanding Shares (000)	93,425	93,425	--
Quarter Earnings (Losses) per Share (Pesos)	(4.81)	44.95	49.76

GRUPO IUSACELL, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
MILLIONS OF MEXICAN PESOS OF SEPTEMBER 30, 2006 PURCHASING POWER

9M05

9M06

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Gross Revenues	4,765	107%	5,929	106%	1,
Commissions	(298)	(7) %	(315)	(6) %	
Net Revenues	4,467	100%	5,614	100%	1,
Cost of services	1,974	44%	2,395	43%	
Handsets Subsidy	406	9%	969	17%	
Total Cost	2,380	53%	3,364	60%	
Gross Profit	2,088	47%	2,250	40%	
Selling, General & Administrative Expenses	1,302	29%	1,337	24%	
EBITDA	786	18%	913	16%	
Depreciation and Amortization	1,189	27%	1,160	21%	
(Loss) income from sale of fixed assets and other expenses	(44)	(1) %	171	3%	
Debt extinguishment	--	0%	3,935	70%	3,
Comprehensive Financing Cost					
Interest Expense - Net	(849)	(19) %	(876)	(16) %	
Exchange (loss) gain	392	9%	(383)	(7) %	(
Gain from net monetary position	115	3%	221	4%	
	(341)	(8) %	(1,038)	(18) %	(
(Loss) Income Before Taxes	(788)	(18) %	2,821	50%	3,
Tax Provision	(73)	(2) %	0	0%	
Minority Interest	(4)	(0) %	5	0%	
Net (Loss) Income	(865)	(19) %	2,826	50%	3,
Last Twelve Months EBITDA	760		1,187		
Last Twelve Months Net (Loss) Income	(1,246)		2,972		4,
PER SHARE INFORMATION					
Weighted Average of Outstanding Shares (000)	93,425		93,425		
LTM Earnings (Losses) per Share (Pesos)	(13.34)		31.81		45

GRUPO IUSACELL, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MILLIONS OF MEXICAN PESOS OF SEPTEMBER 30, 2006

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PURCHASING POWER

	As of September 30 of				Ch
	2005		2006		
Cash and cash equivalents	13	0%	46	0%	33
Customers	388	4%	529	5%	141
Other accounts receivable	--	0%	278	3%	278
Advanced payments and other receivables	351	3%	240	2%	(111)
Unamortized handset subsidy	452	4%	441	4%	(12)
Inventories	15	0%	51	0%	36
Current assets	1,219	11%	1,584	14%	365
Fixed assets	6,616	61%	5,755	52%	(861)
Goodwill	1,892	17%	1,892	17%	--
Other assets	1,086	10%	1,804	16%	717
TOTAL ASSETS	10,814	100%	11,035	100%	221
Short-term debt	8,846	82%	4,586	42%	(4,260)
Accrued interests	2,249	21%	927	8%	(1,322)
Short-term liabilities with financial cost	11,095	103%	5,512	50%	(5,583)
Suppliers	454	4%	399	4%	(55)
Unaccrued air time	116	1%	119	1%	3
Accumulated expenses and other payables	1,229	11%	1,197	11%	(31)
Short-term liabilities without financial cost	1,799	17%	1,716	16%	(84)
Short-term liabilities	12,894	119%	7,228	65%	(5,666)
Long-term debt	1	0%	2,230	20%	2,229
Long-term liabilities with financial cost	1	0%	2,230	20%	2,229
Advances from customers	--	0%	873	8%	873
Deferred credits	--	0%	873	8%	873
TOTAL LIABILITIES	12,896	119%	10,331	94%	(2,565)
STOCKHOLDERS' EQUITY	(2,081)	(19)%	704	6%	2,786
LIABILITIES + EQUITY	10,814	100%	11,035	100%	221

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GRUPO IUSACELL CELULAR, S.A. DE C.V. AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENTS MILLIONS OF MEXICAN PESOS OF SEPTEMBER 30, 2006 PURCHASING POWER

	3Q05		3Q06		
Gross Revenues	1,716	106%	2,103	105%	
Commissions	(90)	(6)%	(106)	(5)%	
Net Revenues	1,625	100%	1,996	100%	
Cost of services	750	46%	856	43%	
Handsets Subsidy	181	11%	327	16%	
Total Cost	931	57%	1,182	59%	
Gross Profit	694	43%	814	41%	
Selling, General & Administrative Expenses	470	29%	450	23%	
EBITDA	224	14%	364	18%	
Depreciation and Amortization	345	21%	337	17%	
(Loss) income from sale of fixed assets and other expenses	(11)	(1)%	(69)	(3)%	
Comprehensive Financing Cost					
Interest Expense - Net	(136)	(8)%	(174)	(9)%	
Exchange (loss) gain	(12)	(1)%	155	8%	
Gain from net monetary position	13	1%	79	4%	
	(135)	(8)%	59	3%	
(Loss) Income Before Taxes	(266)	(16)%	18	1%	
Tax Provision	(14)	(1)%	(126)	(6)%	
Minority Interest	(3)	(0)%	2	0%	
Net (Loss) Income	(283)	(17)%	(107)	(5)%	

GRUPO IUSACELL CELULAR, S.A. DE C.V. AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENTS MILLIONS OF MEXICAN PESOS OF SEPTEMBER 30, 2006 PURCHASING POWER

	9M05		9M06		
Gross Revenues	4,888	106%	6,154	105%	1,

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Commissions	(298)	(6)%	(315)	(5)%	
Net Revenues	4,590	100%	5,839	100%	1,
Cost of services	2,145	47%	2,579	44%	
Handsets Subsidy	406	9%	969	17%	
Total Cost	2,551	56%	3,547	61%	
Gross Profit	2,040	44%	2,291	39%	
Selling, General & Administrative Expenses	1,278	28%	1,312	22%	
EBITDA	761	17%	979	17%	
Depreciation and Amortization	1,074	23%	1,044	18%	
(Loss) income from sale of fixed assets and other expenses	(35)	(1)%	95	2%	
Comprehensive Financing Cost					
Interest Expense - Net	(377)	(8)%	(474)	(8)%	
Exchange (loss) gain	190	4%	(206)	(4)%	(
Gain from net monetary position	35	1%	91	2%	
	(152)	(3)%	(589)	(10)%	(
(Loss) Income Before Taxes	(500)	(11)%	(559)	(10)%	
Tax Provision	(73)	(2)%	(239)	(4)%	(
Minority Interest	(4)	(0)%	5	0%	
Net (Loss) Income	(577)	(13)%	(793)	(14)%	(

GRUPO IUSACELL CELULAR, S.A. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MILLIONS OF MEXICAN PESOS OF SEPTEMBER 30, 2006
PURCHASING POWER

	As of September 30 of				Cha
	2005		2006		
Cash and cash equivalents	2	0%	42	0%	40
Customers	389	4%	538	5%	149
Other accounts receivable	276	3%	823	8%	547
Advanced payments and other receivables	300	3%	165	2%	(135)

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Unamortized handset subsidy	452	5%	441	4%	(12)
Inventories	15	0%	51	1%	36
Current assets	1,433	15%	2,059	21%	626
Fixed assets	6,088	63%	4,929	50%	(1,159)
Goodwill	1,699	18%	1,699	17%	--
Other assets	425	4%	1,173	12%	748
TOTAL ASSETS	9,645	100%	9,860	100%	215
Short-term debt	4,641	48%	4,568	46%	(73)
Accrued interests	526	5%	754	8%	228
Short-term liabilities with financial cost	5,166	54%	5,321	54%	155
Suppliers	402	4%	152	2%	(250)
Unaccrued air time	116	1%	119	1%	3
Accumulated expenses and other payables	974	10%	1,313	13%	339
Short-term liabilities without financial cost	1,493	15%	1,584	16%	92
Short-term liabilities	6,659	69%	6,906	70%	247
Long-term debt	0	0%	--	0%	(0)
Long-term liabilities with financial cost	0	0%	--	0%	(0)
Advances from customers	--	0%	796	8%	796
Deferred credits	--	0%	796	8%	796
TOTAL LIABILITIES	6,659	69%	7,701	78%	1,042
STOCKHOLDERS' EQUITY	2,986	31%	2,159	22%	(827)
LIABILITIES + EQUITY	9,645	100%	9,860	100%	215

SOURCE Grupo Iusacell, S.A. de C.V.

-0- 10/26/2006

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/Web site: <http://www.iusacell.com> /

SIGNATURES

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

GRUPO IUSACELL, S.A. DE C.V.

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Date: October 26, 2006

/s/ Fernando Cabrera

Name: Fernando Cabrera
Title: Attorney in fact

/s/ Jose Luis Riera

Name: Jose Luis Riera
Title: Attorney in fact