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GRUPO IUSACELL SA DE CV
Form 6-K
March 04, 2004

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 February, 2004

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

(Translation of registrant's name into English)

Prol. Paseo de la Reforma
1236 Col. Santa Fe, Deleg.
Cuajimalpa
05438, 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 February 26, 2004

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.

Date: February 26, 2004

/s/ Jose Luis Riera K.

Name: Jose Luis Riera K.
Title: Attorney in fact

/s/ Fernando Cabrera G.

Name: Fernando Cabrera G.
Title: Attorney in fact

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[LOGO] lusacell

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Fourth Quarter and Year-end 2003 Results

Mexico City, February 26, 2004 - Grupo Iusacell, S.A. de C.V. (Iusacell or the Company) [BMV: CEL, NYSE: CEL] today announced unaudited results for the fourth quarter and year ended December 31, 2003(1).

Financial Results

Operational change: As disclosed in the previous quarter release, Iusacell reduced the period in which a prepaid customer can receive incoming calls but cannot make outgoing calls from 305 days to 90 days. During the fourth quarter of 2003, approximately 135,000 prepaid lines, which have not utilized Iusacell's network services in the above said 90-day period of time were turned-over. As of December 31, 2003 subscribers totaled approximately 1.3 million.

Revenue in the quarter increased 18% from the previous quarter to \$1,277 million, reflecting a more aggressive sales strategy and renewed product offerings. Revenues, however, decreased 4% from the year ago period as a result of a lower subscriber base and lower ARPUs. On a yearly basis, revenues decreased 18% to \$4,739 million from the \$5,747 million registered in 2002, primarily derived from lower subscriber base and lower ARPUs and the effect of accounting policy changes made in the third quarter of 2003, see "Changes in accounting policies."

Cost of sales in the fourth quarter of 2003 decreased 8% to \$855 million from the previous quarter, but increased 73% from the year ago period driven mainly by changes in accounting policies effective in the third quarter of 2003.

Operating expenses: sales and advertising expenses in the quarter increased 28% and 10% from the previous quarter and year ago period, respectively to \$427 million, primarily derived from a more aggressive campaign in the period and the utilization of specific advertising spaces previously contracted that otherwise would have been lost. On a yearly basis, sales and advertising of \$1,313 million in 2003, declined 8% from the \$1,419 million in 2002 due primarily to fewer gross subscriber additions. General and administrative expenses decreased 30% in the fourth quarter of 2003 from the previous quarter, but increased 154% from the year ago period, mainly reflecting the reversal of certain provisions in the fourth quarter of 2002. Other income in the fourth quarter reflects the sale and lease back of towers to American Tower Corporation in December 2003, see "Recent Developments-Tower sales and leaseback".

EBITDA(2) was mainly affected by lower revenues as well as increased costs during the quarter, ending with a negative \$73 million for the period, compared to negative \$401 million reported in the previous quarter and positive \$381 million reported in the year ago period.

On a yearly basis, EBITDA ended with positive \$372 million compared to \$1,861 million in 2002.

(1) Unless otherwise noted, all monetary figures are expressed in Mexican pesos and restated as of December 31, 2003 in accordance with Mexican

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GAAP. The symbols "\$" and "US\$" refer to Mexican pesos and U.S. dollars, respectively.

- (2) This press release contains a reference to EBITDA and provides the components of EBITDA on the face of the Consolidated Income Statement. EBITDA is used by management for comparisons to other companies within our industry as an alternative to GAAP measures and is used by investors and analysts in evaluating performance. EBITDA, which is earnings before interest, taxes, depreciation and amortization, is computed by adding back net interest expense, income and asset tax expense, depreciation expense and amortization expense to net income (loss) before minority interest and loss of subsidiaries as reported. As part of the exhibits filed with the SEC and BMV included in the Quarterly Financial Statements, the Company presented a reconciliation of EBITDA from net loss. EBITDA should be considered in addition to, but not as a substitute for other measures of financial performance reported in accordance with Mexican GAAP. EBITDA, as defined above, may not be comparable to similarly titled measures reported by other companies.

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Depreciation and amortization expenses of \$494 million in the fourth quarter of 2003 reflected the Company's decision adopted in the third quarter of 2003 of expensing the postpaid handsets related costs rather than amortizing them within the average life of the postpaid contracts. Fourth quarter 2002 depreciation and amortization expense is also affected by a benefit related to the extension of useful life of certain fixed assets incurred in that period.

Operating loss in the quarter increased from the \$116 million recorded last year to \$567 million in the current quarter driven primarily by the changes in accounting policies made in the third quarter 2003 and lower revenues, see "Changes in accounting policies".

Integral financing cost in the quarter ended with \$272 million, compared to \$410 million in the same quarter of 2002. The result was mainly driven by a lower foreign exchange loss resulting from the 2% depreciation of the peso against the U.S. dollar in the quarter. On a yearly basis, the integral financing cost ended with \$1,362 million, 13% lower than the 1,573 million reported in 2002, resulting mainly from a lower foreign exchange loss in the period.

Net loss in the quarter of \$1,318 million was the result of higher operating losses and lower revenues. This compares to a net loss of \$546 million in the year ago period. On a yearly basis, net loss of \$4,709 million compares to a net loss of \$2,167 million affected by accounting changes during the year and higher operating losses.

Changes in accounting policies: Please refer to the Company's Third Quarter 2003 Earnings Release - "Changes in accounting policies" for a detailed disclosure of the Company's main changes in accounting policies adopted during 2003.

Capital expenditures: Iusacell invested approximately US\$7.3 million in its regions during the fourth quarter of 2003 to expand coverage. During the year, the Company invested approximately US\$18.2 million. Despite these investments, Iusacell is still behind its investment program, which is crucial in order to face competition, ensuring capacity and coverage and offering a quality service.

Debt: As of December 31, 2003, including trade notes payable, debt totaled US\$810 million. All of the Company's debt is U.S. dollar-denominated.

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As previously communicated, the majority of the Company's financial debt is classified as current in the Balance Sheet presented herein, in accordance with Mexican GAAP.

Recent Developments

Tower sales and lease back: In December 2003, Iusacell's main operating subsidiary Grupo Iusacell Celular, S.A. de C.V. and certain of its subsidiaries (Iusacell Celular), entered a series of agreements with the Mexican subsidiary of American Tower Corporation (MATC) that, among other things, gives MATC the right to acquire up to 143 existing Iusacell Celular towers over the course of this year. Iusacell Celular will then lease the transferred towers back from MATC.

During the fourth quarter of 2003, Iusacell Celular sold and leased back 34 towers to MATC for approximately \$89 million in net income.

Exchange of New Common Shares at a Ratio of 20 to 1: On December, 2003, Iusacell effected the exchange of its Series A and Series V shares for new common, ordinary, registered shares with no par value at a ratio of 20 Series A and/or Series V shares to 1 new share. The Company did not issue fractional shares. Accordingly, fractions of new shares were paid at a price equal to the opening market price quoted on the Mexican Stock Exchange on October 17, 2003, of Ps.0.88 for each of the Series A or Series V shares, as determined on the October 17, 2003 shareholders' meeting.

The number of new shares issued and outstanding is 93,101,240 with a public float of approximately 25.4%. The Company's ticker on the Mexican Stock Exchange and the New York Stock Exchange remained unchanged.

Agreement with Mr. Elizondo: In 1998 Grupo Iusacell and Iusacell Celular entered into an agreement with Mr. Jose Ramon Elizondo Anaya in connection with Mr. Elizondo's participation in certain Iusacell's subsidiaries. The Agreement provided that Mr. Elizondo had the right to sell, and Grupo Iusacell had the obligation to purchase the shares of Mr. Elizondo, previous written notice from Mr. Elizondo. Such written notice was delivered by Mr. Elizondo to Grupo Iusacell on October 3, 2003.

On November 3, 2003, Mr. Elizondo, Grupo Iusacell and Iusacell Celular agreed to pay Mr. Elizondo a total

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amount of US\$ 11 million for his participation in certain Iusacell's subsidiaries. Total amount to be paid in several installments within a two year period.

Further information about the relationship between Iusacell and Mr. Elizondo can be found at the Company's 2002 Annual Report on form 20-F, filed with the Securities and Exchange Commission (www.sec.gov) and the Mexican Stock Exchange (www.bmv.com.mx).

Iusacell signed Operating and Distribution Agreements: Iusacell signed distribution agreements with Elektra, Coppel and other distributors to sell and promote Iusacell's wireless services and products under a commission frame. All operating agreements reached by the Company during the quarter are part of the normal course of business.

Under the distribution agreement, Elektra is positioning as the largest distributor of wireless services for Iusacell.

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As part of the agreement with Elektra, Iusacell transferred the operation of its approximately 135 company-owned stores (CSI's) to Elektra, in an outsourcing-type of transaction in an effort to create an innovative concept of high-tech telecom and consumer products for the high-value segments.

The Coppel agreement was perfected under the same terms and conditions of the Elektra agreement.

Iusacell and Movilaccess reached an agreement by which, Movilaccess will maintain and manage the Company's call center operations. The agreement will reduce lease, rental and other costs in Iusacell associated with the call center operation. Iusacell's customer service will continue to have full empowerment over the call center under the new agreement.

Iusacell reached an agreement with Telcel on SMS: On October 9, 2003, the Federal Telecommunications Commission in Mexico (Cofetel) issued a resolution ordering Mexican mobile phone firms Iusacell and Telcel (a subsidiary of America Movil, S.A. de C.V.) to connect their short text messaging (SMS) networks.

On December 11, 2003, Iusacell announced an agreement under which all Iusacell's customers are able to send "ReK2" (the commercial brand name of its SMS services) to users of Telcel. With this practical and inexpensive service customers would be able to maintain communication in every Iusacell-covered city paying always the same for a text message sent to any of the referred destinies. What makes ReK2 so popular is that there is no roaming or long distance cost associated, making it very accessible.

Iusacell reached an agreement with Telefonica on SMS: On February 12, 2004, Iusacell and Telefonica Moviles Mexico (Telefonica) announced an agreement by which all customers of these companies will be able to send and received SMS among them.

The service became operative on February 15, 2004, and every customer is able to send or receive SMS without an activation procedure, forms to fill or any activation charge; customers can visit any Iusacell store, or CSI, to learn more details about this service and its use.

Legal suit from the 2004 Note holders: In January, 2004, Iusacell announced that its U.S. legal advisors have been advised by the legal counsels of some members of the informal committee of 2004 note holders, representing 31.8% of the total, that notice of a complaint with respect to a lawsuit filed by the latter against its subsidiary. The Company is currently in the process of responding the lawsuit.

Shareholders Meeting and Resolution: On October 17, 2003, the Company held a general ordinary and extraordinary shareholder's meeting by which its shareholders accepted a management proposal to exchange its Series "A" and Series "V" shares for a new common share class. See: Recent Developments "Exchange of New Common Shares at a Ratio of 20 to 1".

Shareholders also approved an amendment to the Company's by-laws, mainly to reflect the capital restructure. Shareholders also elected a new Board of Directors, which is now comprised of nine members instead of twelve. Additionally, Mr. Fernando Cabrera G. was appointed Secretary, non-member, of the Board of Directors.

The Board of Directors will perfect changes, most likely in the coming Shareholders' Meeting, to reflect the loss of Mr. Jose Ignacio Morales Elcoro, deceased on February 15, 2004.

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The following table presents the members of the Board of Directors as of October 17, 2003:

| Board of Directors | |
|-------------------------------|---|
| Ricardo B. Salinas Pliego | Chairman of the Board of Directors |
| Pedro Padilla Longoria | Vice Chairman of the Board of Directors |
| Gustavo Guzman Sepulveda | Director |
| o Jose Ignacio Morales Elcoro | Director |
| Luis J. Echarte Fernandez | Director |
| Joaquin Arrangoiz | Director |
| Hector Rojas Villanueva | Director |
| Marcelino Gomez Velasco | Director |
| Manuel Rodriguez de Castro | Director |

o Mr. Morales passed away on February 15, 2004

* * * * *

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. 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 twelve-month periods ended December 31, 2003 and 2002, and the Consolidated Balance Sheet of Grupo Iusacell, S.A. de C.V. and Grupo Iusacell Celular, S.A. de C.V. at December 31, 2003 and 2002. The financial statements of Grupo Iusacell Celular, S.A. de C.V. exclude the impact on results and financial position of the US\$350 million in 14.25% Senior Notes due 2006, certain microwave equipment and related purchase money indebtedness and the PCS business.

GRUPO IUSACELL UNAUDITED CONSOLIDATED BALANCE SHEET
 COMPARISON OF FOURTH QUARTER 2003 WITH FOURTH QUARTER 2002
 (Figures in thousands of constant December 31, 2003 pesos)

| | 4Q03 | | 4Q02 | | Ch |
|--------------------------------|---------|------|---------|------|----|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and marketable securities | 5,814 | 0.0% | 166,404 | 1.1% | |
| Accounts receivable, net | 503,691 | 4.3% | 666,141 | 4.2% | |

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| | | | | |
|--|------------|--------|------------|--------|
| Recoverable taxes and other | 350,628 | 3.0% | 558,373 | 3.6% |
| Inventories | 255,995 | 2.2% | 37,119 | 0.2% |
| TOTAL CURRENT ASSETS | 1,116,128 | 9.4% | 1,428,037 | 9.1% |
| Property and equipment, net | 7,689,053 | 65.1% | 9,740,145 | 61.9% |
| Excess of cost of investments in subsidiaries over book value, net | 1,912,089 | 16.2% | 2,187,424 | 13.9% |
| Other assets | 1,096,089 | 9.3% | 2,368,904 | 15.1% |
| TOTAL ASSETS | 11,813,359 | 100.0% | 15,724,510 | 100.0% |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Current Liabilities | | | | |
| Accrued liabilities | 1,472,224 | 12.5% | 745,278 | 4.7% |
| Related parties | 89,739 | 0.8% | 188,611 | 1.2% |
| Accounts payable | 449,643 | 3.8% | 378,368 | 2.4% |
| Short-term debt | 8,897,196 | 75.3% | 211,021 | 1.3% |
| TOTAL CURRENT LIABILITIES | 10,908,802 | 92.3% | 1,523,278 | 9.7% |
| Non-current liabilities | 93,269 | 0.8% | 8,622,599 | 54.8% |
| TOTAL LIABILITIES | 11,002,071 | 93.1% | 10,145,877 | 64.5% |
| Minority interest | -48,538 | -0.4% | 10,065 | 0.1% |
| Shareholders' Equity | | | | |
| Capital stock | 7,424,177 | 62.8% | 7,424,177 | 47.2% |
| Legal reserve | 20,865 | 0.2% | 20,865 | 0.1% |
| Capital contributions | 1,460,937 | 12.4% | 1,460,937 | 9.3% |
| Net loss | -4,708,741 | -39.9% | -2,166,983 | -13.8% |
| Accumulated earnings from prior years | -3,553,840 | -30.1% | -1,386,857 | -8.8% |
| Excess from restatement of shareholders' equity | 216,428 | 1.8% | 216,428 | 1.4% |
| TOTAL SHAREHOLDERS' EQUITY | 859,826 | 7.3% | 5,568,568 | 35.4% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 11,813,359 | 100.0% | 15,724,510 | 100.0% |

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GRUPO IUSACELL UNAUDITED CONSOLIDATED INCOME STATEMENT
COMPARISON OF FOURTH QUARTER 2003 WITH FOURTH QUARTER 2002
(Figures in thousands of constant December 31, 2003 pesos)

| | 4Q03 | | 4Q02 | |
|---------------------------|-----------|--------|-----------|--------|
| REVENUE | | | | |
| Service | 977,409 | 76.6% | 1,231,517 | 93.0% |
| Equipment sales and other | 299,266 | 23.4% | 93,247 | 7.0% |
| TOTAL REVENUE | 1,276,675 | 100.0% | 1,324,764 | 100.0% |
| Cost of services | 402,664 | 31.5% | 402,594 | 30.4% |
| Other costs | 452,197 | 35.4% | 90,975 | 6.9% |

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| | | | | |
|--|------------|---------|----------|--------|
| TOTAL COSTS | 854,861 | 67.0% | 493,569 | 37.3% |
| GROSS MARGIN | 421,814 | 33.0% | 831,195 | 62.7% |
| Sales & Advertising expenses | 426,993 | 33.4% | 388,380 | 29.3% |
| General and administrative expenses | 156,121 | 12.2% | 61,408 | 4.6% |
| Other income | -88,556 | -6.9% | 0 | 0.0% |
| TOTAL OPERATING EXPENSES | 494,558 | 38.7% | 449,788 | 34.0% |
| EBITDA | -72,744 | -5.7% | 381,407 | 28.8% |
| Depreciation and amortization | 494,229 | 38.7% | 497,287 | 37.5% |
| OPERATING LOSS | -566,973 | -44.4% | -115,880 | -8.7% |
| Interest expense, net | 245,682 | 19.2% | 252,596 | 19.1% |
| Foreign exchange loss (gain) | 185,797 | 14.6% | 338,896 | 25.6% |
| Monetary gain | -159,810 | -12.5% | -181,424 | -13.7% |
| INTEGRAL FINANCING COST | 271,669 | 21.3% | 410,069 | 31.0% |
| LOSS BEFORE TAXES AND STATUTORY PROFIT SHARING COST | -838,642 | -65.7% | -525,948 | -39.7% |
| Equity in income (losses) of subsidiaries | -81 | 0.0% | 282 | 0.0% |
| Taxes | 40,517 | 3.2% | 27,029 | 2.0% |
| Intangible asset valuation | 439,880 | 34.5% | - | - |
| NET LOSS BEFORE MINORITY INTEREST | -1,318,958 | -103.3% | -553,259 | -41.8% |
| Minority interest | -1,236 | -0.1% | -7,600 | -0.6% |
| NET LOSS | -1,317,722 | -103.2% | -545,659 | -41.2% |

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GRUPO IUSACELL UNAUDITED CONSOLIDATED INCOME STATEMENT
COMPARISON OF TWELVE MONTHS 2003 WITH TWELVE MONTHS 2002
(Figures in thousands of constant December 31, 2003 pesos)

| | 12M 2003 | | 12M 2002 | |
|-------------------------------------|-----------|--------|-----------|--------|
| REVENUE | | | | |
| Service | 4,189,420 | 88.4% | 5,129,960 | 89.3% |
| Equipment sales and other | 549,106 | 11.6% | 616,968 | 10.7% |
| TOTAL REVENUE | 4,738,526 | 100.0% | 5,746,928 | 100.0% |
| Cost of services | 1,498,646 | 31.6% | 1,594,040 | 27.7% |
| Other costs | 1,058,631 | 22.3% | 507,519 | 8.8% |
| TOTAL COSTS | 2,557,277 | 54.0% | 2,101,559 | 36.6% |
| GROSS MARGIN | 2,181,249 | 46.0% | 3,645,369 | 63.4% |
| Sales & Advertising expenses | 1,312,537 | 27.7% | 1,419,300 | 24.7% |
| General and administrative expenses | 585,629 | 12.4% | 470,085 | 8.2% |

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| | | | | |
|--|------------|---------|------------|--------|
| Other income | -88,556 | -1.9% | -105,001 | -1.8% |
| TOTAL OPERATING EXPENSES | 1,809,610 | 38.2% | 1,784,384 | 31.0% |
| EBITDA | 371,639 | 7.8% | 1,860,985 | 32.4% |
| Depreciation and amortization | 2,057,775 | 43.4% | 2,336,498 | 40.7% |
| OPERATING LOSS | -1,686,136 | -35.6% | -475,513 | -8.3% |
| Other (income) expense | -69,605 | -1.5% | 0 | 0.0% |
| Interest expense, net | 968,116 | 20.4% | 935,898 | 16.3% |
| Foreign exchange loss (gain) | 744,512 | 15.7% | 1,069,640 | 18.6% |
| Monetary gain | -350,861 | -7.4% | -432,167 | -7.5% |
| INTEGRAL FINANCING COST | 1,361,767 | 28.7% | 1,573,372 | 27.4% |
| LOSS BEFORE TAXES AND STATUTORY PROFIT SHARING COST | -2,978,298 | -62.9% | -2,048,885 | -35.7% |
| Equity in income (losses) of subsidiaries | 17,544 | 0.4% | 10,129 | 0.2% |
| Taxes | 115,232 | 2.4% | 125,265 | 2.2% |
| Extraordinary items | 361,624 | 7.6% | - | 0.0% |
| Intangible assets valuation | 1,269,180 | 26.8% | - | - |
| NET LOSS BEFORE MINORITY INTEREST | -4,741,878 | -100.1% | -2,184,279 | -38.0% |
| Minority interest | -33,137 | -0.7% | -17,296 | -0.3% |
| NET LOSS | -4,708,741 | -99.4% | -2,166,983 | -37.7% |

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GRUPO IUSACELL CELULAR UNAUDITED CONSOLIDATED BALANCE SHEET
COMPARISON OF FOURTH QUARTER 2003 WITH FOURTH QUARTER 2002
(Figures in thousands of constant December 31, 2003 pesos)

| | 4Q03 | | 4Q02 | | Change |
|---|------------|--------|------------|--------|--------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and marketable securities | 4,157 | 0.0% | 154,397 | 1.1% | - |
| Accounts receivable, net | 498,790 | 4.8% | 663,533 | 4.8% | - |
| Related parties | - | 0.0% | 63,291 | 0.5% | - |
| Recoverable taxes and other | 353,542 | 3.4% | 463,747 | 3.4% | - |
| Inventories | 255,995 | 2.5% | 37,119 | 0.3% | 5 |
| TOTAL CURRENT ASSETS | 1,112,484 | 10.7% | 1,382,087 | 10.0% | - |
| Property and equipment, net | 6,906,450 | 66.4% | 8,893,303 | 64.5% | - |
| Excess of cost of investments in subsidiaries over book value, net | 1,726,208 | 16.6% | 1,989,364 | 14.4% | - |
| Other assets | 656,794 | 6.3% | 1,520,200 | 11.0% | - |
| TOTAL ASSETS | 10,401,936 | 100.0% | 13,784,954 | 100.0% | - |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |

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| | | | | | |
|---|------------|--------|------------|--------|----|
| Current Liabilities | | | | | |
| Accrued liabilities | 640,129 | 6.2% | 742,134 | 5.4% | - |
| Related parties | 22,645 | 0.2% | - | 0.0% | - |
| Accounts payable | 360,935 | 3.5% | 282,578 | 2.0% | - |
| Short-term debt | 4,667,429 | 44.9% | 130,258 | 0.9% | 34 |
| TOTAL CURRENT LIABILITIES | 5,691,138 | 54.7% | 1,154,970 | 8.4% | 3 |
| | | | | | |
| Non-current liabilities | 654 | 0.0% | 4,514,619 | 32.8% | -1 |
| TOTAL LIABILITIES | 5,691,792 | 54.7% | 5,669,589 | 41.1% | - |
| | | | | | |
| Minority interest | -77,921 | -0.7% | - | 0.0% | - |
| | | | | | |
| Shareholders' Equity | | | | | |
| Capital stock | 16,558,729 | 159.2% | 16,558,729 | 120.1% | - |
| Legal reserve | 29,485 | 0.3% | 29,485 | 0.2% | - |
| Capital contributions | 102,027 | 1.0% | 102,027 | 0.7% | - |
| Net loss | -3,327,300 | -32.0% | -1,103,171 | -8.0% | 2 |
| | | | | | |
| Accumulated earnings from prior years | -7,844,274 | -75.4% | -6,741,103 | -48.9% | - |
| Excess from restatement of shareholders' equity | -730,602 | -7.0% | -730,602 | -5.3% | - |
| TOTAL SHAREHOLDERS' EQUITY | 4,788,065 | 46.0% | 8,115,365 | 58.9% | - |
| | | | | | |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 10,401,936 | 100.0% | 13,784,954 | 100.0% | - |

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GRUPO IUSACELL CELULAR UNAUDITED CONSOLIDATED INCOME STATEMENT
COMPARISON OF FOURTH QUARTER 2003 WITH FOURTH QUARTER 2002
(Figures in thousands of constant December 31, 2003 pesos)

| | 4Q03 | | 4Q02 | | C 4Q03 |
|-------------------------------------|-----------|--------|-----------|--------|-----------|
| REVENUE | | | | | |
| Service | 986,332 | 76.8% | 1,245,147 | 93.1% | - |
| Equipment sales and other | 289,746 | 23.2% | 92,327 | 6.9% | 2 |
| TOTAL REVENUE | 1,285,078 | 100.0% | 1,337,474 | 100.0% | - |
| | | | | | |
| Cost of services | 427,991 | 33.3% | 452,527 | 33.8% | - |
| Other costs | 452,197 | 35.2% | 91,210 | 6.8% | 3 |
| TOTAL COSTS | 880,188 | 68.5% | 543,737 | 40.7% | - |
| GROSS MARGIN | 404,890 | 31.5% | 793,737 | 59.3% | - |
| | | | | | |
| Sales & Advertising expenses | 418,676 | 32.6% | 388,513 | 29.0% | - |
| General and administrative expenses | 160,345 | 12.5% | 35,344 | 2.6% | 3 |
| Other income | -85,984 | -6.7% | - | 0.0% | - |
| TOTAL OPERATING EXPENSES | 493,037 | 38.6% | 423,857 | 31.7% | - |
| EBITDA | -88,147 | -6.9% | 369,880 | 27.7% | - |

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| | | | | | |
|---|------------|--------|----------|--------|---|
| Depreciation and amortization | 457,308 | 35.6% | 466,424 | 34.9% | |
| OPERATING LOSS | -545,455 | -42.4% | -96,544 | -7.2% | 4 |
| Interest expense, net | 89,703 | 7.0% | 108,841 | 8.1% | - |
| Foreign exchange loss (gain) | 93,997 | 7.3% | 134,685 | 10.1% | - |
| Monetary gain | -75,009 | -5.8% | -91,757 | -6.9% | - |
| INTEGRAL FINANCING COST | 108,691 | 8.5% | 151,769 | 11.3% | - |
| INCOME (LOSS) BEFORE TAXES AND STATUTORY PROFIT SHARING COST | -654,146 | -50.9% | -248,313 | -18.6% | 1 |
| Equity in losses of subsidiaries | 581 | 0.0% | 282 | 0.0% | 1 |
| Taxes | 35,574 | 2.8% | 27,029 | 2.0% | |
| Intangible assets valuation | 439,880 | 34.2% | - | - | |
| NET LOSS BEFORE MINORITY INTEREST | -1,130,181 | -87.9% | -275,624 | -20.6% | 3 |
| Minority interest | -541 | 0.0% | -5,459 | -0.4% | |
| NET LOSS | -1,129,640 | -87.9% | -270,165 | -20.2% | 3 |

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GRUPO IUSACELL CELULAR UNAUDITED CONSOLIDATED INCOME STATEMENT
COMPARISON OF TWELVE MONTHS 2003 WITH TWELVE MONTHS 2002
(Figures in thousands of constant December 31, 2003 pesos)

| | 12M 2003 | | 12M 2002 | |
|-------------------------------------|------------|--------|-----------|--------|
| REVENUE | | | | |
| Service | 4,217,280 | 88.5% | 5,188,345 | 89.4% |
| Equipment sales and other | 545,897 | 11.5% | 615,439 | 10.6% |
| TOTAL REVENUE | 4,763,177 | 100.0% | 5,803,784 | 100.0% |
| Cost of services | 1,530,784 | 32.1% | 1,611,219 | 27.8% |
| Other costs | 1,058,631 | 22.2% | 507,241 | 8.7% |
| TOTAL COSTS | 2,589,415 | 54.4% | 2,118,460 | 36.5% |
| GROSS MARGIN | 2,173,762 | 45.6% | 3,685,324 | 63.5% |
| Sales & Advertising expenses | 1,304,375 | 27.4% | 1,418,905 | 24.4% |
| General and administrative expenses | 568,399 | 11.9% | 435,669 | 7.5% |
| Other income | -85,984 | -1.8% | -95,257 | -1.6% |
| TOTAL OPERATING EXPENSES | 1,786,790 | 37.5% | 1,759,317 | 30.3% |
| EBITDA | 386,972 | 8.1% | 1,926,007 | 33.2% |
| Depreciation and amortization | 1,953,687 | 41.0% | 2,206,050 | 38.0% |
| OPERATING LOSS | -1,566,715 | -32.9% | -280,043 | -4.8% |
| Other (income) expense | -87,176 | -1.8% | - | 0.0% |
| Interest expense, net | 359,615 | 7.5% | 399,966 | 6.9% |
| Foreign exchange loss (gain) | 386,835 | 8.1% | 527,331 | 9.1% |

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| | | | | |
|---|------------|--------|------------|--------|
| Monetary gain | -165,633 | -3.5% | -229,414 | -4.0% |
| INTEGRAL FINANCING COST | 580,817 | 12.2% | 697,883 | 12.0% |
| INCOME (LOSS) BEFORE TAXES AND STATUTORY PROFIT SHARING COST | -2,060,356 | -43.4% | -977,926 | -16.8% |
| Equity in losses of subsidiaries | 17,544 | 0.4% | 10,129 | 0.2% |
| Taxes | 103,854 | 2.2% | 125,265 | 2.2% |
| Extraordinary items | 116,663 | 2.4% | - | 0.0% |
| Intangible assets valuation | 1,046,847 | 22.0% | - | 0.0% |
| NET LOSS BEFORE MINORITY INTEREST | -3,345,264 | -70.2% | -1,113,320 | -19.2% |
| Minority interest | -17,964 | -0.4% | -10,149 | -0.2% |
| NET LOSS | -3,327,300 | -69.9% | -1,103,171 | -19.0% |
