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GRUPO IUSACELL SA DE CV

Form 6-K

July 25, 2005

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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 July, 2005

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

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(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 July 22, 2005

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: July 22, 2005

/s/ Fernando Cabrera  
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Name: Fernando Cabrera  
Title: Attorney in fact

/s/ Jose Luis Riera  
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Name: Jose Luis Riera  
Title: Attorney in fact

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### GRUPO IUSACELL ANNOUNCES SECOND QUARTER 2005 RESULTS

MEXICO CITY, July 22 /PRNewswire-FirstCall/ -- Grupo Iusacell, S.A. de C.V. (NYSE: CEL) (BMV: CEL) (Iusacell or the Company) today reported its unaudited results for the second quarter 2005(1).

Grupo Iusacell recorded a 26.2% increase in net revenues, from Ps. 1,128 million in the second quarter of 2004 to Ps. 1,423 million in the second quarter of 2005. For the first six months, Iusacell recorded a 24.0% increase from Ps. 2,221 million in the first half of 2004 to Ps. 2,753 million in the first half of 2005.

Operating income before depreciation and amortization increased 50.2% to Ps. 300 million in the second quarter of 2005, in comparison with the Ps. 200 million recorded in the same period the year before. For the first six months, Iusacell recorded a 67.7% increase in operating income before depreciation and amortization from Ps. 338 million in the first half 2004 to Ps. 567 million in the first half of 2005.

#### Highlights:

Millions of Pesos (2), except percentages

|   | 2Q 2004 | 2Q 2005 | Change % | 6M 2004 | 6M 2005 | Change % |
|---|---------|---------|----------|---------|---------|----------|
|   | -----   | -----   | -----    | -----   | -----   | -----    |
| Net Revenue   | 1,128   | 1,423   | 26.2%    | 2,221   | 2,753   | 24.0%    |
| Total Cost  | 639     | 743     | 16.3%    | 1,348   | 1,401   | 4.0%     |
| Operating Expenses  | 289     | 380     | 31.3%    | 535     | 786     | 46.8%    |
| Operating Income<br>before Depreciation<br>and Amortization | 200     | 300     | 50.2%    | 338     | 567     | 67.7%    |
| Net Loss  | (984)   | (34)    | -96.6%   | (1,344) | (398)   | -70.4%   |

(1) Unless otherwise noted, all monetary figures are expressed in Mexican pesos as of June 30, 2005 in accordance to Mexican GAAP. The symbols "Ps" and "US\$" refer to Mexican pesos and U.S. dollars, respectively.

(2) Constant June 30, 2005 pesos.

**Revenues:** Revenues increased 26.2% to Ps. 1,423 million in the second quarter of 2005, from Ps. 1,128 million in the same period of 2004, driven mainly by an increase in service revenue as a result of a larger subscriber base, higher consumption per user and revenues derived from exchange of capacity services provided to Unefon. The Grupo Iusacell subscriber base at the end of the second quarter of 2005 was 1.62 million.

**Costs and Operating Expenses:** Total cost and operating expenses increased by 16.3% and 31.3% to Ps.743 million and Ps.380 million, respectively, compared to Ps. 639 million and Ps. 289 million for the same quarter last year. The increase in total cost is mainly due to higher interconnection cost and technical expenses, offset by a reduction in handset subsidies. The increase in operating expenses is primarily due to advertising costs related to the launching of new products and special promotions and the increase in personnel expenses and salaries due to the establishment of regional sales and customer service structures in line with our strategy of providing the best service to our

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clients.

Operating income before depreciation and amortization: Iusacell recorded an operating income before depreciation and amortization in the second quarter of 2005 of Ps. 300 million, representing a 50.2% increase compared to the Ps. 200 million recorded in the second quarter of 2004. This increase was primarily the result of the increase in revenues described above.

Net Loss: The net loss of Ps. 34 million recorded in the second quarter of 2005 represented a 96.6% decrease compared to the net loss of Ps. 984 million recorded in the same period the year before. This decrease was primarily due to a lower depreciation and amortization and a foreign exchange gain of Ps. 414 million.

CAPEX: Investments during the quarter were in order of US\$16 million, directed mainly toward expanding the coverage and capacity of Grupo Iusacell's 3-G network and EV-DO (Evolution Data Only) services.

### Recent Events

#### Extraordinary meeting of Shareholders

The Extraordinary Shareholders' Meeting held on June 1, 2005 approved, by the vote of 96.70% of the Company's shares, the termination of the American Depositary Receipts (ADRs) program that the Company has in the United States, which ADRs are listed in the New York Stock Exchange (NYSE).

#### Trading of Iusacell ADRs on the NYSE to be suspended on or about September 19, 2005

The New York Stock Exchange is expected to suspend trading of the ADRs on or about September 19, 2005, which is the date when the ADR program will be terminated. ADR holders then will have 60 days to exchange their ADRs for shares that are traded on the BMV. Upon the expiration of the 60-day period, The Bank of New York, which is acting as ADR depository bank, will have the right to sell the shares underlying the ADRs that were not surrendered and distribute the proceeds of the sale to holders.

#### Debt restructuring

The Company continues negotiations with several of its creditors, seeking to obtain a comprehensive restructuring agreement as soon as possible.

#### About Iusacell

Grupo Iusacell, S.A. de C.V. (Iusacell, NYSE and BMV: CEL) is a wireless cellular and PCS service provider in Mexico with a national footprint. Independent of the negotiations towards the restructuring of its debt, Iusacell reinforces its commitment with customers, employees and suppliers and guarantees the highest quality standards in its daily operations offering 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 operates.

#### 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 six-month periods ended June 30, 2005, and the Consolidated Balance Sheet of

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Grupo Iusacell, S.A. de C.V. and Grupo Iusacell Celular, S.A. de C.V. at June 30, 2005.

### GRUPO IUSACELL CONSOLIDATED BALANCE SHEET COMPARISON OF SECOND QUARTER 2005 WITH SECOND QUARTER 2004 (figures in thousands of constant June 30, 2005 Pesos)

|  | 2Q04              |             | 2Q05              |             |
|--|-------------------|-------------|-------------------|-------------|
|  |                   |             |                   |             |
| <b>ASSETS</b>  |                   |             |                   |             |
| Current Assets   |                   |             |                   |             |
| Cash and marketable securities                                     | 3,320             | 0%          | 4,110             | 0%          |
| Accounts receivable, net   | 502,544           | 4%          | 378,185           | 4%          |
| Related parties  | 60,331            | 1%          | 93,080            | 1%          |
| Recoverable taxes and other  | 232,471           | 2%          | 572,370           | 5%          |
| Inventories  | 386,830           | 3%          | 96,786            | 1%          |
| <b>TOTAL CURRENT ASSETS</b>  | <b>1,185,496</b>  | <b>10%</b>  | <b>1,144,531</b>  | <b>11%</b>  |
| Property and equipment, net  | 7,492,008         | 64%         | 6,512,195         | 62%         |
| Excess of cost of investments in subsidiaries over book value, net | 1,918,891         | 16%         | 1,806,508         | 17%         |
| Other assets   | 1,129,767         | 10%         | 1,069,572         | 10%         |
| <b>TOTAL ASSETS</b>  | <b>11,726,162</b> | <b>100%</b> | <b>10,532,806</b> | <b>100%</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                        |                   |             |                   |             |
| Current  |                   |             |                   |             |
| Liabilities  |                   |             |                   |             |
| Accrued liabilities  | 2,071,254         | 18%         | 3,047,806         | 29%         |
| Related parties  | 38,362            | 0%          | 213,518           | 2%          |
| Accounts payable   | 512,615           | 4%          | 275,813           | 3%          |
| Short-term debt  | 9,500,553         | 81%         | 8,532,752         | 81%         |
| <b>TOTAL CURRENT LIABILITIES</b>                                   | <b>12,122,784</b> | <b>103%</b> | <b>12,069,889</b> | <b>115%</b> |
| Noncurrent liabilities   | 99,496            | 1%          | 24,354            | 0%          |
| <b>TOTAL LIABILITIES</b>   | <b>12,222,280</b> | <b>104%</b> | <b>12,094,243</b> | <b>115%</b> |
| Minority interest  | -60,936           | -1%         | -78,524           | -1%         |
| Shareholders' Equity   |                   |             |                   |             |

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|   |            |      |             |      |
|---|------------|------|-------------|------|
| Capital stock                                   | 7,853,269  | 67%  | 7,859,372   | 75%  |
| Capital contributions                           | 1,545,409  | 13%  | 1,545,409   | 15%  |
| Legal reserve                                   | 22,071     | 0%   | 22,071      | 0%   |
| Net income (loss)                               | -1,344,233 | -11% | -397,629    | -4%  |
| Accumulated earnings from prior years           | -8,740,639 | -75% | -10,741,077 | 102% |
| Excess from restatement of shareholders' equity | 228,941    | 2%   | 228,941     | 2%   |
| TOTAL SHAREHOLDERS' EQUITY                      | -435,182   | -4%  | -1,482,913  | -14% |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY      | 11,726,162 | 100% | 10,532,806  | 100% |

GRUPO IUSACELL CONSOLIDATED INCOME STATEMENT  
 COMPARISON OF SECOND QUARTER 2005 WITH SECOND QUARTER 2004  
 (figures in thousands of constant June 30, 2005 Pesos)

|   | 2Q04      |        | 2Q05      |        |
|---|-----------|--------|-----------|--------|
|   | -----     |        | -----     | -----  |
| REVENUE   |           |        |           |        |
| Service   | 1,182,919 | 104.8% | 1,520,714 | 106.8% |
| Commissions   | (54,618)  | -4.8%  | (97,325)  | -6.8%  |
| NET REVENUE   | 1,128,301 | 100.0% | 1,423,389 | 100.0% |
| Cost of services                                      | 461,592   | 40.9%  | 603,944   | 42.4%  |
| Handsets subsidy                                      | 177,672   | 15.7%  | 139,335   | 9.8%   |
| TOTAL COSTS   | 639,264   | 56.7%  | 743,279   | 52.2%  |
| GROSS PROFIT  | 489,037   | 43.3%  | 680,110   | 47.8%  |
| Sales & advertising expenses                          | 197,731   | 17.5%  | 258,688   | 18.2%  |
| General and administrative expenses                   | 91,330    | 8.1%   | 120,959   | 8.5%   |
| TOTAL OPERATING EXPENSES                              | 289,061   | 25.6%  | 379,647   | 26.7%  |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION | 199,976   | 17.7%  | 300,463   | 21.1%  |
| Depreciation and                                      |           |        |           |        |

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|                          |           |        |           |        |
|--------------------------|-----------|--------|-----------|--------|
| amortization             | 502,634   | 44.5%  | 387,511   | 27.2%  |
| OPERATING                |           |        |           |        |
| LOSS                     | (302,658) | -26.8% | (87,048)  | -6.1%  |
| (Profit) loss from fixed |           |        |           |        |
| assets sales             | 4,859     | 0.4%   | (7,150)   | -0.5%  |
| Other (income)           |           |        |           |        |
| expense                  | (8,155)   | -0.7%  | (2,175)   | -0.2%  |
| Interest                 |           |        |           |        |
| expense,                 |           |        |           |        |
| net                      | 259,003   | 23.0%  | 276,023   | 19.4%  |
| Foreign                  |           |        |           |        |
| exchange                 |           |        |           |        |
| loss (gain)              | 371,535   | 32.9%  | (413,507) | -29.1% |
| Gain from                |           |        |           |        |
| monetary                 |           |        |           |        |
| position                 | (896)     | -0.1%  | 47,756    | 3.4%   |
| INTEGRAL                 |           |        |           |        |
| FINANCING                |           |        |           |        |
| COST                     | 629,642   | 55.8%  | (89,728)  | -6.3%  |
| LOSS BEFORE              |           |        |           |        |
| TAXES                    | (929,004) | -82.3% | 12,005    | 0.8%   |
| Equity                   |           |        |           |        |
| participation            |           |        |           |        |
| in net loss              |           |        |           |        |
| (income) of              |           |        |           |        |
| subsidiaries             | 25        | 0.0%   | --        | 0.0%   |
| Taxes                    | 57,305    | 5.1%   | 42,941    | 3.0%   |
| LOSS BEFORE              |           |        |           |        |
| MINORITY                 |           |        |           |        |
| INTEREST                 | (986,334) | -87.4% | (30,936)  | -2.2%  |
| Minority                 |           |        |           |        |
| interest                 | 2,348     | 0.2%   | (2,651)   | -0.2%  |
| NET LOSS                 | (983,986) | -87.2% | (33,587)  | -2.4%  |

GRUPO IUSACELL CELULAR CONSOLIDATED INCOME STATEMENT  
 COMPARISON OF FIRST SIX MONTHS 2005 WITH FIRST SIX MONTHS 2004  
 (figures in thousands of constant June 30, 2005 Pesos)

|             | 6M04      |        | 6M05      |        |
|-------------|-----------|--------|-----------|--------|
|             | -----     |        | -----     |        |
| REVENUE     |           |        |           |        |
| Service     | 2,381,332 | 107.2% | 2,951,873 | 107.2% |
| Commissions | (160,452) | -7.2%  | (198,443) | -7.2%  |
| NET REVENUE | 2,220,880 | 100.0% | 2,753,430 | 100.0% |
| Cost of     |           |        |           |        |
| services    | 919,480   | 41.4%  | 1,185,706 | 43.1%  |
| Handsets    |           |        |           |        |

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|   |             |        |           |        |
|---|-------------|--------|-----------|--------|
| subsidy   | 428,266     | 19.3%  | 215,300   | 7.8%   |
| TOTAL COSTS   | 1,347,746   | 60.7%  | 1,401,006 | 50.9%  |
| GROSS PROFIT  | 873,134     | 39.3%  | 1,352,424 | 49.1%  |
| Sales & advertising expenses                              | 371,037     | 16.7%  | 539,167   | 19.6%  |
| General and administrative expenses                       | 164,043     | 7.4%   | 246,383   | 8.9%   |
| TOTAL OPERATING EXPENSES                                  | 535,080     | 24.1%  | 785,550   | 28.5%  |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION     | 338,054     | 15.2%  | 566,874   | 20.6%  |
| Depreciation and amortization                             | 1,019,047   | 45.9%  | 771,660   | 28.0%  |
| OPERATING LOSS  | (680,993)   | -30.7% | (204,786) | -7.4%  |
| (Profit) loss from fixed assets sales                     | (94,115)    | -4.2%  | (6,981)   | -0.3%  |
| Other (income) expense                                    | (8,155)     | -0.4%  | 30,150    | 1.1%   |
| Interest expense, net                                     | 515,099     | 23.2%  | 540,806   | 19.6%  |
| Foreign exchange loss (gain)                              | 317,103     | 14.3%  | (393,822) | -14.3% |
| Gain from monetary position                               | (179,761)   | -8.1%  | (35,171)  | -1.3%  |
| INTEGRAL FINANCING COST                                   | 652,441     | 29.4%  | 111,813   | 4.1%   |
| LOSS BEFORE TAXES   | (1,231,164) | -55.4% | (339,768) | -12.3% |
| Equity participation in net loss (income) of subsidiaries | 50          | 0.0%   | --        | .0%    |
| Taxes   | 115,077     | 5.2%   | 56,589    | 2.1%   |
| LOSS BEFORE MINORITY INTEREST                             | (1,346,291) | -60.6% | (396,357) | -14.4% |
| Minority interest   | 2,058       | 0.1%   | (1,272)   | 0.0%   |
| NET LOSS  | (1,344,233) | -60.5% | (397,629) | -14.4% |

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GRUPO IUSACELL CELULAR CONSOLIDATED BALANCE SHEET  
 COMPARISON OF SECOND QUARTER 2005 WITH SECOND QUARTER 2004  
 (figures in thousands of constant June 30, 2005 Pesos)

|  | 2004              |             | 2005             |             |
|--|-------------------|-------------|------------------|-------------|
|  | -----             |             | -----            | -----       |
| <b>ASSETS</b>  |                   |             |                  |             |
| Current Assets   |                   |             |                  |             |
| Cash and marketable securities                                     | 3,198             | 0%          | 2,465            | 0%          |
| Accounts receivable, net   | 498,146           | 5%          | 377,378          | 4%          |
| Related parties  | 219,979           | 2%          | 337,150          | 4%          |
| Recoverable taxes and other  | 184,738           | 2%          | 519,452          | 6%          |
| Inventories  | 386,830           | 4%          | 96,786           | 1%          |
| <b>TOTAL CURRENT ASSETS</b>  | <b>1,292,891</b>  | <b>12%</b>  | <b>1,333,231</b> | <b>14%</b>  |
| Property and equipment, net  | 6,712,557         | 64%         | 5,998,481        | 64%         |
| Excess of cost of investments in subsidiaries over book value, net | 1,728,516         | 17%         | 1,622,050        | 17%         |
| Other assets   | 676,769           | 7%          | 423,506          | 5%          |
| <b>TOTAL ASSETS</b>  | <b>10,410,733</b> | <b>100%</b> | <b>9,377,269</b> | <b>100%</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                        |                   |             |                  |             |
| Current Liabilities  |                   |             |                  |             |
| Accrued liabilities  | 817,259           | 8%          | 1,319,795        | 14%         |
| Related parties  | 38,317            | 0%          | 214,762          | 2%          |
| Accounts payable   | 436,193           | 4%          | 249,179          | 3%          |
| Short-term debt  | 4,983,948         | 48%         | 4,476,243        | 48%         |
| <b>TOTAL CURRENT LIABILITIES</b>                                   | <b>6,275,717</b>  | <b>60%</b>  | <b>6,259,979</b> | <b>67%</b>  |
| Noncurrent liabilities   | 600               | 0%          | 479              | 0%          |
| <b>TOTAL LIABILITIES</b>   | <b>6,276,317</b>  | <b>60%</b>  | <b>6,260,458</b> | <b>67%</b>  |



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|   |             |       |             |       |
|---|-------------|-------|-------------|-------|
| Minority interest                               | -60,936     | -1%   | -78,524     | -1%   |
| Shareholders' Equity                            |             |       |             |       |
| Capital stock                                   | 17,516,863  | 168%  | 17,516,863  | 187%  |
| Capital contribution                            | 107,930     | 1%    | 107,930     | 1%    |
| Legal reserve                                   | 31,191      | 0%    | 31,191      | 0%    |
| Net income (loss)                               | -869,763    | -8%   | -281,507    | -3%   |
| Accumulated earnings from prior years           | -11,817,993 | -114% | -13,406,266 | -143% |
| Excess from restatement of shareholders' equity | -772,876    | -7%   | -772,876    | -8%   |
| TOTAL SHAREHOLDERS' EQUITY                      | 4,195,352   | 40%   | 3,195,335   | 34%   |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY      | 10,410,733  | 100%  | 9,377,269   | 100%  |

GRUPO IUSACELL CELULAR CONSOLIDATED INCOME STATEMENT  
 COMPARISON OF SECOND QUARTER 2005 WITH SECOND QUARTER 2004  
 (figures in thousands of constant June 30, 2005 Pesos)

|                              | 2Q04      |        | 2Q05      |        |
|------------------------------|-----------|--------|-----------|--------|
|                              | -----     |        | -----     | -----  |
| REVENUE                      |           |        |           |        |
| Service                      | 1,201,008 | 104.8% | 1,581,651 | 106.6% |
| Commissions                  | (54,618)  | -4.8%  | (97,325)  | -6.6%  |
| NET REVENUE                  | 1,146,390 | 100.0% | 1,484,326 | 100.0% |
| Cost of services             | 498,233   | 43.5%  | 613,114   | 41.3%  |
| Handsets subsidy             | 177,672   | 15.5%  | 139,335   | 9.4%   |
| TOTAL COSTS                  | 675,905   | 59.0%  | 752,449   | 50.7%  |
| GROSS PROFIT                 | 470,484   | 41.0%  | 731,876   | 49.3%  |
| Sales & advertising expenses | 195,208   | 17.0%  | 258,681   | 17.4%  |
| General and administrative   |           |        |           |        |

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|   |           |        |           |        |
|---|-----------|--------|-----------|--------|
| expenses  | 86,352    | 7.5%   | 113,546   | 7.6%   |
| TOTAL OPERATING EXPENSES                                  | 281,560   | 24.6%  | 372,227   | 25.1%  |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION     | 188,924   | 16.5%  | 359,649   | 24.2%  |
| Depreciation and amortization                             | 462,314   | 40.3%  | 350,242   | 23.6%  |
| OPERATING LOSS (Profit) loss from fixed assets sales      | (273,390) | -23.8% | 9,407     | 0.6%   |
| Other (income) expense                                    | 4,817     | 0.4%   | (7,150)   | -0.5%  |
| Interest expense, net                                     | (8,156)   | -0.7%  | (2,149)   | -0.1%  |
| Foreign exchange loss (gain)                              | 94,568    | 8.2%   | 120,465   | 8.1%   |
| Gain from monetary position                               | 186,174   | 16.2%  | (202,484) | -13.6% |
| INTEGRAL FINANCING COST                                   | (850)     | -0.1%  | 14,213    | 1.0%   |
| LOSS BEFORE TAXES   | 279,892   | 24.4%  | (67,806)  | -4.6%  |
| Equity participation in net loss (income) of subsidiaries | (549,943) | -48.0% | 86,512    | 5.8%   |
| Taxes   | 25        | 0.0%   | --        | .0%    |
| LOSS BEFORE MINORITY INTEREST                             | 51,686    | 4.5%   | 42,796    | 2.9%   |
| Minority interest   | (601,654) | -52.5% | 43,716    | 2.9%   |
| NET INCOME (LOSS)   | 2,348     | 0.2%   | (2,651)   | -0.2%  |
|   | (599,306) | -52.3% | 41,065    | 2.8%   |

GRUPO IUSACELL CELULAR CONSOLIDATED INCOME STATEMENT  
 COMPARISON OF SIX MONTHS 2005 WITH SIX MONTHS 2004  
 (figures in thousands of constant June 30, 2005 Pesos)

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|   | 6M04      |        | 6M05      |        |
|---|-----------|--------|-----------|--------|
|   |           |        |           |        |
| REVENUE   |           |        |           |        |
| Service   | 2,439,833 | 107.0% | 3,035,212 | 107.0% |
| Commissions   | (160,452) | -7.0%  | (198,443) | -7.0%  |
| NET REVENUE   | 2,279,381 | 100.0% | 2,836,769 | 100.0% |
| Cost of services                                      | 962,692   | 42.2%  | 1,334,269 | 47.0%  |
| Handsets subsidy                                      | 428,266   | 18.8%  | 215,300   | 7.6%   |
| TOTAL COSTS   | 1,390,958 | 61.0%  | 1,549,569 | 54.6%  |
| GROSS PROFIT  | 888,423   | 39.0%  | 1,287,199 | 45.4%  |
| Sales & advertising expenses                          | 368,066   | 16.1%  | 538,878   | 19.0%  |
| General and administrative expenses                   | 155,752   | 6.8%   | 234,467   | 8.3%   |
| TOTAL OPERATING EXPENSES                              | 523,818   | 23.0%  | 773,345   | 27.3%  |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION | 364,605   | 16.0%  | 513,854   | 18.1%  |
| Depreciation and amortization                         | 938,483   | 41.2%  | 697,902   | 24.6%  |
| OPERATING LOSS  | (573,878) | -25.2% | (184,048) | -6.5%  |
| (Profit) loss from fixed assets sales                 | (66,621)  | -2.9%  | (6,981)   | -0.2%  |
| Other (income) expense                                | (8,156)   | -0.4%  | 30,179    | 1.1%   |
| Interest expense, net                                 | 190,057   | 8.3%   | 230,360   | 8.1%   |
| Foreign exchange loss (gain)                          | 165,135   | 7.2%   | (193,010) | -6.8%  |
| Gain from monetary position                           | (86,325)  | -3.8%  | (20,638)  | -0.7%  |
| INTEGRAL FINANCING COST                               | 268,867   | 11.8%  | 16,712    | 0.6%   |
| LOSS BEFORE TAXES                                     | (767,968) | -33.7% | (223,958) | -7.9%  |
| Equity participation                                  |           |        |           |        |

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|  |           |        |           |       |
|--|-----------|--------|-----------|-------|
| in net loss<br>(income) of<br>subsidiaries | 50        | 0.0%   | --        | 0.0%  |
| Taxes                                      | 103,803   | 4.6%   | 56,277    | 2.0%  |
| LOSS BEFORE<br>MINORITY<br>INTEREST        | (871,821) | -38.2% | (280,235) | -9.9% |
| Minority<br>interest                       | 2,058     | 0.1%   | (1,272)   | 0.0%  |
| NET LOSS                                   | (869,763) | -38.2% | (281,507) | -9.9% |

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