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GRUPO IUSACELL SA DE CV
Form 6-K
October 28, 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 October, 2004

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 22, 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: September 22, 2004

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

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

[LOGO] lusacell

INVESTOR CONTACTS

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Third Quarter 2004 Results

Mexico City, October 22, 2004 - Grupo Iusacell, S.A. de C.V. (Iusacell or the Company) [BMV and NYSE: CEL] today reported results for the third quarter of 2004.

Third Quarter Results

A 17% increase in revenues, combined with lower operating expenses, allowed an increase in operating income before depreciation and amortization of Ps\$179 million, representing 13.7% of total revenues, reversing the negative operating income before depreciation and amortization of Ps\$414 million obtained in the same period last year.

Highlights:

In millions of pesos(1), except percentages

	3Q 2004	3Q 2003	Change %	9M 2004	9M 2003	C
Revenue	1,307	1,117	17%	3,940	3,571	
Total Cost	712	956	-26%	2,293	1,756	
Operating Expenses	416	575	-28%	1,047	1,356	-
Operating Income before depreciation & amortization	179	(414)	-	600	458	
Net Income (loss)	(288)	(2,631)	-	(1,598)	(3,497)	

(1) Constant September 30, 2004 pesos.

(1) Unless otherwise noted, all monetary figures are expressed in Mexican pesos as of September 30, 2004 in accordance to Mexican GAAP. The symbols "Ps\$" and "US\$" refer to Mexican pesos and U.S. dollars, respectively. .

Revenues: Revenues in the quarter increased 17% to Ps\$1,307 million, from Ps\$1,117 million in the same period of 2003, reflecting an increase in service

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revenue due mainly to an increase in air-time sales, a larger subscriber base and a higher consumption per user. At September 30, 2004, the Company had approximately 1.4 million subscribers.

Costs and Expenses: Total costs and operating expenses decreased by 26% and 28% to Ps\$712 million and Ps\$416 million, respectively, compared to Ps\$956 million and Ps\$575 million for the same quarter last year. The decrease in costs is mainly due to less acquisitions of terminals, and the decrease in expenses is primarily the result of strict budgetary controls.

Operating income before depreciation and amortization and Net Profit: The Company reported positive net operating income before depreciation and amortization of Ps\$179 million in comparison with negative operating income before depreciation and amortization of Ps\$414 million for the third quarter of 2003. Net loss for the quarter fell to Ps \$288 million compared to net loss of Ps\$2,631 million during the same period last year.

CAPEX: Investments during the quarter were in the order of US\$12 million, and went mainly toward expanding the coverage and capacity of the Iusacell 3-G network.

Recent Events

Launch of Push to Talk (PTT) in Region 8

Iusacell once again was at the forefront of communications services during the third quarter of this year, reinforcing its commitment to its clients by launching its RADIO PLUS service, better known as Push to Talk, or PTT, in the cities of Cancun and Merida. This new form of communications provides immediate, unlimited connections to all areas of Iusacell coverage under the radio modality, giving the user the ability to communicate directly with up to five people at a time at the touch of a button, and with no long distance or roaming charges. This service will soon be launched nationwide.

Iusacell signs agreement with Lucent to expand 3G Network.

In September 2004, Iusacell announced an agreement with Lucent Technologies, for the expansion of its third generation network, 3G CDMA. This extension of coverage and capacity will allow Iusacell to support an increase in traffic on its network, stemming from future growth of its subscriber base as well as an increase in data transmission generated by the introduction of its new high-speed "3-G Iusacell" services.

Extraordinary Meeting of Shareholders.

On September 23, 2004, the Company held an extraordinary shareholders' meeting, during which (i) the stock purchase plan for executive employees, approved by the Shareholders' Meeting on December 18, 1996, was cancelled and terminated; (ii) the creation of an option plan for corporate executives was approved and (iii) an increase in the capital stock of the company by means of an issuance of up to 6,517,086 shares was approved.

Towers sale and-lease-back

During the third quarter of 2004, the Company sold and leased back 22 towers to MATC for approximately Ps\$47 million. This amount was completely reinvested in the operation of the Company.

Debt restructuring

The Company continues to negotiate with several creditors in an attempt to reach an integral restructuring agreement in the shortest time possible.

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About Iusacell

Grupo Iusacell, S.A. de C.V. (Iusacell, NYSE and BMV: CEL) is a wireless cellular and PCS service provider in Mexico encompassing a total of approximately 92 million POPs, representing approximately 90% of the country's total population.

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 operate.

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 period ended September 30, 2004, 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, 2004.

GRUPO IUSACELL CONSOLIDATED BALANCE SHEET
 COMPARISON OF THIRD QUARTER 2004 WITH THIRD QUARTER 2004
 (Figures in thousands of constant September 30, 2004 pesos)

	3Q04		3Q03		Change 3Q04 /3Q03
ASSETS					
Current Assets					
Cash and marketable securities	2,241	0.0%	74,562	0.6%	-97.0%
Accounts receivable, net	460,563	4.2%	562,689	4.3%	-18.1%
Related Parties	103,034	0.9%	0	0.0%	0%
Recoverable taxes and other	178,688	1.6%	451,296	3.4%	-60.4%
Inventories	282,288	2.6%	82,339	0.6%	242.8%
TOTAL CURRENT ASSETS	1,026,814	9.4%	1,170,886	8.9%	-12.3%
Property and equipment, net	7,032,830	64.2%	8,699,942	66.2%	-19.2%
Excess of cost of investments in subsidiaries over book value, net	1,823,210	16.6%	2,050,559	15.6%	-11.1%
Other assets	1,075,462	9.8%	1,214,343	9.2%	-11.4%
TOTAL ASSETS	10,958,316	100.0%	13,135,730	100.0%	-16.6%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accrued liabilities	2,214,718	20.2%	1,115,659	8.5%	98.5%
Related parties	56,688	0.5%	33,712	0.3%	68.2%

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Accounts payable	396,936	3.6%	530,931	4.0%	-25.2%
Short-term debt	9,016,036	82.3%	8,980,880	68.4%	0.4%
TOTAL CURRENT LIABILITIES	11,684,378	106.6%	10,661,182	81.2%	9.6%
Non-current liabilities	49,512	0.5%	276,782	2.1%	-82.1%
TOTAL LIABILITIES	11,733,890	107.1%	10,937,964	83.3%	7.3%
Minority interest	-63,470	-0.6%	-47,682	-0.4%	33.1%
Shareholders' Equity					
Capital stock	7,656,817	69.9%	7,656,817	58.3%	0.0%
Legal reserve	21,519	0.2%	21,519	0.2%	0.0%
Capital contributions	1,506,750	13.7%	1,506,750	11.5%	0.0%
Net loss	-1,598,415	-14.6%	-3,497,458	-26.6%	-54.3%
Accumulated earnings from prior years	-8,521,989	-77.8%	-3,665,394	-27.9%	-132.5%
Excess from restatement of shareholders' equity	223,214	2.0%	223,214	1.7%	0.0%
TOTAL SHAREHOLDERS' EQUITY	-712,104	-6.5%	2,245,448	17.1%	-131.7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,958,316	100.0%	13,135,730	100.0%	-16.6%

GRUPO IUSACELL CONSOLIDATED INCOME STATEMENT
COMPARISON OF THIRD QUARTER 2004 WITH THIRD QUARTER 2004
(Figures in thousands of constant September 30, 2004 pesos)

	3Q04		3Q03		3Q04
REVENUE					
Service	1,216,133	93.1%	1,000,085	89.5%	
Equipment sales and other	90,809	6.9%	117,324	10.5%	
TOTAL REVENUE	1,306,942	100.0%	1,117,409	100.0%	
Cost of services	479,304	36.7%	409,749	36.7%	
Other costs	232,477	17.8%	546,543	48.9%	
TOTAL COSTS	711,781	54.5%	956,292	85.6%	
GROSS MARGIN	595,161	45.5%	161,117	14.4%	
Sales & Advertising expenses	338,186	25.9%	344,383	30.8%	
General and administrative expenses	124,796	9.5%	230,721	20.6%	
Other (income) expenses	-46,887	-3.6%	0	0.0%	
TOTAL OPERATING EXPENSES	416,095	31.8%	575,104	51.5%	
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	179,066	13.7%	-413,987	-37.0%	
Depreciation and amortization	487,846	37.3%	298,497	26.7%	
OPERATING LOSS	-308,780	-23.6%	-712,484	-63.8%	
Other (income) expense	2,392	0.2%	519,325	46.5%	

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Interest expense, net	277,510	21.2%	251,349	22.5%
Foreign exchange loss (gain)	-151,103	-11.6%	524,552	46.9%
Monetary gain	-159,953	-12.2%	-86,318	-7.7%
INTEGRAL FINANCING COST	-33,546	-2.6%	689,583	61.7%
LOSS BEFORE TAXES AND STATUTORY PROFIT SHARING COST	-277,626	-21.2%	-1,921,392	-172.0%
Equity in income (losses) of subsidiaries	23	0.0%	308	0.0%
Taxes	55,564	4.3%	226,040	20.2%
Extraordinary items	-45,363	-3.5%	345,251	30.9%
Intangible assets valuation	0	0.0%	164,007	14.7%
NET LOSS BEFORE MINORITY INTEREST	-287,850	-22.0%	-2,656,998	-237.8%
Minority interest	-49	0.0%	-26,209	-2.3%
NET LOSS	-287,801	-22.0%	-2,630,789	-235.4%

GRUPO IUSACELL CELULAR CONSOLIDATED BALANCE SHEET
COMPARISON OF THIRD QUARTER 2004 WITH THIRD QUARTER 2003
(Figures in thousands of constant September 30, 2004 pesos)

	3Q04		3Q03		Change 3Q04 /3Q03
ASSETS					
Current Assets					
Cash and marketable securities	1,710	0.0%	20,752	0.2%	-91.8
Accounts receivable, net	467,728	4.8%	523,478	4.5%	-10.6
Related parties	321,287	3.3%	105,474	0.9%	204.6
Recoverable taxes and other	125,902	1.3%	452,301	3.9%	-72.2
Inventories	282,153	2.9%	82,339	0.7%	242.7
TOTAL CURRENT ASSETS	1,198,780	12.2%	1,184,344	10.2%	1.2
Property and equipment, net	6,296,540	64.2%	7,871,817	67.5%	-20.0
Excess of cost of investments in subsidiaries over book value, net	1,640,424	16.7%	1,855,985	15.9%	-11.6
Other assets	669,187	6.8%	743,465	6.4%	-10.0
TOTAL ASSETS	9,804,931	100.0%	11,655,611	100.0%	-15.9
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accrued liabilities	894,942	9.1%	437,423	3.8%	104.6
Related parties	56,688	0.6%	33,712	0.3%	68.2
Accounts payable	366,834	3.7%	411,298	3.5%	-10.8
Short-term debt	4,729,772	48.2%	4,805,267	41.2%	-1.6
TOTAL CURRENT LIABILITIES	6,048,236	61.7%	5,687,700	48.8%	6.3
Non-current liabilities	501	0.0%	2,362	0.0%	-78.8
TOTAL LIABILITIES	6,048,737	61.7%	5,690,062	48.8%	6.3

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Minority interest	-63,470	-0.6%	-137,997	0.0%	-54.0
Shareholders' Equity					
Capital stock	17,078,673	174.2%	17,078,673	146.5%	0.0
Legal reserve	30,411	0.3%	30,411	0.3%	0.0
Capital contributions	105,231	1.1%	105,231	0.9%	0.0
Net loss	-1,118,746	-11.4%	-2,266,642	-19.4%	-50.6
Accumulated earnings from prior years	-11,522,362	-117.5%	-8,090,584	-69.4%	42.4
Excess from restatement of shareholders' equity	-753,543	-7.7%	-753,543	-6.5%	0.0
TOTAL SHAREHOLDERS' EQUITY	3,819,664	39.0%	6,103,546	52.4%	-37.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,804,931	100.0%	11,655,611	100.0%	-15.9

GRUPO IUSACELL CELULAR CONSOLIDATED INCOME STATEMENT
 COMPARISON OF THIRD QUARTER 2004 WITH THIRD QUARTER 2003
 (Figures in thousands of constant September 30, 2004 pesos)

	3Q04		3Q03		Ch
REVENUE					
Service	1,254,535	93.3%	1,006,768	89.6%	
Equipment sales and other	90,430	6.7%	117,346	10.4%	
TOTAL REVENUE	1,344,965	100.0%	1,124,114	100.0%	
Cost of services	498,918	37.1%	417,234	37.1%	
Other costs	232,477	17.3%	546,543	48.6%	
TOTAL COSTS	731,395	54.4%	963,777	85.7%	
GROSS MARGIN	613,570	45.6%	160,337	14.3%	
Sales & Advertising expenses	337,968	25.1%	344,543	30.7%	
General and administrative expenses	117,941	8.8%	217,484	19.3%	
Other (income) expenses	-45,510	-3.4%	0	0.0%	
TOTAL OPERATING EXPENSES	410,399	30.5%	562,027	50.0%	
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	203,171	15.1%	-401,690	-35.7%	
Depreciation and amortization	448,570	33.4%	319,687	28.4%	
OPERATING LOSS	-245,399	-18.2%	-721,377	-64.2%	
Other (income) expense	5,109	0.4%	204,600	18.2%	
Interest expense, net	122,645	9.1%	92,921	8.3%	
Foreign exchange loss (gain)	-76,581	-5.7%	259,711	23.1%	
Monetary gain	-75,926	-5.6%	-38,130	-3.4%	
INTEGRAL FINANCING COST	-29,862	-2.2%	314,502	28.0%	
INCOME (LOSS) BEFORE TAXES AND					

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STATUTORY PROFIT SHARING COST	-220,646	-16.4%	-1,240,479	-110.4%
Equity in losses of subsidiaries	23	0.0%	-294	0.0%
Taxes	50,115	3.7%	190,640	17.0%
Extraordinary items	0	0.0%	211,006	18.8%
Intangible assets valuation	0	0.0%	164,007	14.6%
NET LOSS BEFORE				
MINORITY INTEREST	-270,784	-20.1%	-1,805,838	-160.6%
Minority interest	-49	0.0%	-16,019	-1.4%
NET LOSS	-270,735	-20.1%	-1,789,819	-159.2%
