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GRUPO IUSACELL SA DE CV
Form 6-K
July 30, 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 July, 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 July 23, 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: July 26, 2004

/s/ Jose Luis Riera

Name: Jose Luis Riera
Title: Attorney in fact

/s/ Fernando Cabrera

Name: Fernando Cabrera
Title: Attorney in fact

[LOGO] IUSACELL
Pensamos en ti

Jose Luis Riera K.
Chief Financial Officer
5255-5109-5927

J. Victor Ferrer

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Finance Manager
5255-5109-5927
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Second Quarter 2004 Results

Mexico City, July 23, 2004 - Grupo Iusacell, S.A. de C.V. (Iusacell or the Company) [BMV and NYSE: CEL] today announced unaudited financial results for the second quarter ended June 30, 2004.

Financial Results

Revenue during the second quarter of 2004 decreased 4% from the previous quarter to P\$1,269 million due to lower handsets sales volume. Revenues for the quarter increased 7% compared to the second quarter in 2003 mainly due to higher handset sales volume, offset in part by a 3% decrease in service revenues due a reduction in our rates to contend in the highly competitive Mexican market. As of June 30, 2004, subscribers totaled approximately 1.3 million.

Cost of sales during the second quarter of 2004 decreased 18% from the previous quarter to P\$704 million due to lower handset sales volume. However, this item increased 101% from the second quarter in 2003 mainly driven by the change in our accounting policy adopted as of the third quarter of 2003 whereby we now expense the postpaid handset-related costs rather than amortize them over the average life of the postpaid contracts, and by higher costs related to higher traffic.

Operating expenses increased 55% during the second quarter of 2004 as compared to the first quarter of 2004, primarily due to other income of P\$95 million reflected in the first quarter of 2004 in connection to the sale of 46 towers to American Tower Corporation. The increase was also due, to a lesser extent, i) to an increase of 6% in sales and advertising expenses mainly driven by an increase in temporary sales employees ii) an increase of 26% in general and administrative expenses and iii) other loss related to sales of fixed assets of P\$5 million in the second quarter of 2004. Excluding the other income generated by the sales of towers in the first quarter of 2004, the increase of the operating expense would had been 11%.

Operating expenses decreased 5% in the second quarter of 2004 in comparison with the second quarter of 2003 mainly due to higher sales and advertising expenses of 3% and a reduction of 27% in administrative expenses as a result of the implementation of cost reduction measures.

Operating income before depreciation and amortization decreased 18% to P\$188 million from P\$228 million in the previous quarter and also decreased 58% from the second quarter in 2003, both decreases due to the reasons described above. Excluding the other income generated by the sale of towers in the first quarter of 2004 and the other loss from the sale of fixed assets during the second quarter of 2004, our operating income before depreciation and amortization would have increased 45% as compared to the previous quarter.

Depreciation and amortization decreased 25% in the second quarter of 2004 to P\$483 million compared with the second quarter of 2003 reflecting the Company's decision, adopted during the third quarter of 2003, of expensing the postpaid handset-related costs rather than amortizing them over the average life of the postpaid contracts.

Operating loss in the second quarter of 2004 increased 10% to P\$296 million compared to the previous quarter and increased 48% from the second quarter in 2003, both as a result of the factors described above.

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

Integral financing cost during the second quarter of 2004 increased to P\$605 million from P\$22 million reflected during the previous quarter and an integral financing gain of P\$19 million during the same quarter of 2003. This result was mainly driven by an exchange loss of P\$357 million caused by the effect on the Company's U.S. dollar-denominated indebtedness of the depreciation of the peso compared with the dollar, and a monetary gain of P\$1 million caused by the effect on our net monetary position of a inflation experienced, both during the second quarter of 2004.

Net loss during the quarter amounted to P\$946 million. This compares to a net loss of P\$346 million in the previous quarter and P\$130 million in the first quarter of 2003.

Capital expenditures: Iusacell invested approximately US\$11 million during this quarter to expand coverage throughout its regions.

Recent Developments

Iusacell launched 3rd Generation (3G) services: On July 14, 2004, Iusacell launched 3G Services; a 3G CDMA third-generation technology that offers a wide range of multimedia applications that enables subscribers to use their mobile phones as a communication tool that complements their lifestyles. Iusacell is the first mobile telephone company in Mexico to offer full coverage using third generation technology.

Iusacell also integrated QUALCOMM'S BREW solution to its system, thus allowing subscribers to surf and download a variety of applications, such as e-mail, ring tones, screen savers, games, and photo transmission, through its mobile telephones. Iusacell plans to offer video transmission features under this technology soon.

Debt Restructuring: As part of the Company's ongoing debt restructuring process, the Company hired in March 2004 the services of Hill Street Capital LLC, as its financial advisor. Hill Street Capital LLC is an investment banking firm established in New York, with experience providing advice and assistance in the execution of financial strategy, merger and acquisitions, restructurings and raising of debt and equity.

The Company, represented by its financial advisor, has held discussions with a group of its creditors aiming to reach a comprehensive restructuring agreement in the shortest possible period. However, the Company can not predict if, when or how such an agreement would be reached. Given its difficult financial situation, the Company does not plan to service the great majority of its financial indebtedness until a comprehensive restructuring agreement with its creditors has been reached.

While the Company works with its advisors towards a comprehensive debt restructuring plan, it continues with its normal daily operations, offering quality products and services that satisfy the need of its customers, with a constant commitment to renew and launch new products and state-of-the-art technology services.

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About Iusacell

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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 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 period ended June 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 June 30, 2004.

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

	2Q '04		
<hr/>			
ASSETS			
Current Assets			
Cash and marketable securities	3,189	0.0%	12
Accounts receivable, net	482,782	4.3%	50
Related Parties	57,959	0.5%	
Recoverable taxes and other	223,329	2.0%	66
Inventories	371,618	3.3%	5
TOTAL CURRENT ASSETS	1,138,877	10.1%	1,35
Property and equipment, net	7,197,393	63.9%	9,02
Excess of cost of investments in subsidiaries over book value, net	1,843,432	16.4%	2,07
Other assets	1,085,340	9.6%	2,24
TOTAL ASSETS	11,265,042	100.0%	14,70
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued liabilities	1,990,461	17.7%	95
Related parties	36,853	0.3%	
Accounts payable	492,457	4.4%	20
Short-term debt	9,126,954	81.0%	8,47

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TOTAL CURRENT LIABILITIES	11,646,725	103.4%	9,63
Non-current liabilities	95,583	0.8%	26
TOTAL LIABILITIES	11,742,308	104.2%	9,89
Minority interest	-58,540	-0.5%	
Shareholders' Equity			
Capital stock	7,538,780	66.9%	7,53
Legal reserve	21,187	0.2%	2
Capital contributions	1,483,522	13.2%	1,48
Net loss	-1,291,372	-11.5%	-85
Accumulated earnings from prior years	-8,390,616	-74.5%	-3,60
Excess from restatement of shareholders' equity	219,773	2.0%	21
TOTAL SHAREHOLDERS' EQUITY	-418,726	-3.7%	4,80
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,265,042	100.0%	14,70

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

	2Q '04		
REVENUE			
Service	1,094,439	86.2%	1,1
Equipment sales and other	174,480	13.8%	
TOTAL REVENUE	1,268,919	100.0%	1,1
Cost of services	432,540	34.1%	3
Other costs	271,118	21.4%	
TOTAL COSTS	703,658	55.5%	3
GROSS MARGIN	565,261	44.5%	8
Sales & Advertising expenses	285,248	22.5%	2
General and administrative expenses	87,794	6.9%	1
Other income	4,592	0.4%	
TOTAL OPERATING EXPENSES	377,634	29.8%	3
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	187,627	14.8%	4
Depreciation and amortization	483,264	38.1%	6
OPERATING LOSS	-295,637	-23.3%	-1
Other (income) expenses	-7,834	-0.6%	-
Interest expense, net	249,014	19.6%	2

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Foreign exchange loss (gain)	356,883	28.1%	-2
Monetary correction	-997	-0.1%	-
INTEGRAL FINANCING COST	604,900	47.7%	-
INCOME (LOSS) BEFORE TAXES AND STATUTORY PROFIT SHARING COST	-892,703	-70.4%	-1
Part (Income) loss Subsidiaries	24	0.0%	
Taxes	55,096	4.3%	
NET LOSS BEFORE MINORITY INTEREST	-947,823	-74.7%	-
Minority interest	-2,255	-0.2%	
NET LOSS	-945,568	-74.5%	-1

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

		2Q' 04	
ASSETS			
Current Assets			
Cash and marketable securities	3,072	0.0%	
Accounts receivable, net	478,557	4.8%	
Related parties	211,329	2.1%	
Recoverable taxes and other	177,473	1.8%	
Inventories	371,618	3.7%	
TOTAL CURRENT ASSETS	1,242,049	12.4%	1,
Property and equipment, net	6,448,593	64.5%	8,
Excess of cost of investments in subsidiaries over book value, net	1,660,544	16.6%	1,
Other assets	650,156	6.5%	1,
TOTAL ASSETS	10,001,342	100.0%	12,
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accrued liabilities	788,776	7.9%	
Related parties	36,810	0.4%	
Accounts payable	419,041	4.2%	
Short-term debt	4,787,959	47.9%	4,
TOTAL CURRENT LIABILITIES	6,032,586	60.3%	5,
Non-current liabilities	576	0.0%	
TOTAL LIABILITIES	6,033,162	60.3%	5,
Minority interest	-58,540	-0.6%	
Shareholders' Equity			
Capital stock	16,815,389	168.1%	16,
Legal reserve	29,942	0.3%	

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Capital contributions	103,608	1.0%	
Net loss	-835,560	-8.4%	-
Accumulated earnings from prior years	-11,344,733	-113.4%	-7,
Excess from restatement of shareholders' equity	-741,926	-7.4%	-
TOTAL SHAREHOLDERS' EQUITY	4,026,720	40.3%	7,
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,001,342	100.0%	12,

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

	2Q '04		2Q
REVENUE			
Service	1,112,098	86.5%	1,139
Equipment sales and other	174,229	13.5%	64
TOTAL REVENUE	1,286,327	100.0%	1,204
Cost of services	467,744	36.4%	324
Other costs	271,118	21.1%	24
TOTAL COSTS	738,862	57.4%	349
GROSS MARGIN	547,465	42.6%	855
Sales & Advertising expenses	282,825	22.0%	277
General and administrative expenses	83,008	6.5%	118
Other income	4,573	0.4%	
TOTAL OPERATING EXPENSES	370,406	28.8%	395
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	177,059	13.8%	459
Depreciation and amortization	444,498	34.6%	598
OPERATING LOSS	-267,439	-20.8%	-138
Other (income) expenses	-7,834	-0.6%	-90
Interest expense, net	90,922	7.1%	97
Foreign exchange loss (gain)	178,837	13.9%	-113
Monetary gain	-881	-0.1%	-12
INTEGRAL FINANCING COST	268,878	20.9%	-28
INCOME (LOSS) BEFORE TAXES AND STATUTORY PROFIT SHARING COST	-528,483	-41.1%	-20
Equity in losses of subsidiaries	24	0.0%	
Taxes	49,693	3.9%	20
NET LOSS BEFORE MINORITY INTEREST	-578,200	-44.9%	-41

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Minority interest	-2,255	-0.2%	
NET LOSS	-575,945	-44.8%	-40
