

AMERICA MOVIL SA DE CV/
Form 20-F/A
July 23, 2004

As filed with the Securities and Exchange Commission on July 23, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 20-F/A

(Amendment No. 1)

**Annual Report Pursuant to Section 13
of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2003

**Commission file number for securities registered
pursuant to Section 12(b) of the Act: 0-32245**

**Commission file number for securities registered
pursuant to Section 12(g) of the Act: 1-16269**

AMÉRICA MÓVIL, S.A. DE C.V.

(exact name of registrant as specified in its charter)

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America Mobile

(translation of registrant's name into English)

United Mexican States

(jurisdiction of incorporation)

Lago Alberto 366, Colonia Anáhuac, 11320 México, D.F., México

(address of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

American Depositary Shares, each representing

20 Series L Shares, without par value

Series L Shares, without par value

Name of each exchange on which registered:

New York Stock Exchange

New York Stock Exchange

(for listing purposes only)

Securities registered pursuant to

Section 12(g) of the Act:

American Depositary Shares, each representing 20 Series A Shares, without par value

Series A Shares, without par value

The number of outstanding shares of each of the registrant's classes of capital or common stock as of December 31, 2003:

3,647 million

279 million

8,910 million

AA Shares

A Shares

L Shares

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

EXPLANATORY NOTE

This amended annual report on Form 20-F/A dated July 23, 2004 is being filed to:

(1) amend Item 18 Financial Statements to replace the accountants reports with respect to América Central Tel, S.A. for the years ended December 31, 2002 and 2001 and Telecom Americas Ltd. for the year ended December 31, 2001 and the 186-day period ended December 31, 2000 with reports that expressly state that the audits referred to therein were conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States); and

(2) add the inadvertently omitted page references in the cross reference, at the top of page 67 of the annual report on Form 20-F filed on June 30, 2004, which shall read See Item 18 Financial Statements and pages F-1 through F-87.

Other than the foregoing items and conforming changes related thereto, and the correction of certain minor typographical errors and omissions, no part of the annual report on Form 20-F filed on June 30, 2004 is being amended, and the filing of this amended annual report on Form 20-F/A should not be understood to mean that any other statements contained therein are true or complete as of any date subsequent to June 30, 2004.

Item 18. Financial Statements

See pages F-1 through F-87, incorporated herein by reference.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders of América Móvil, S.A. de C.V.

We have audited the accompanying consolidated balance sheets of América Móvil, S.A. de C.V. and subsidiaries as of December 31, 2002 and 2003 and the related consolidated statements of operations, changes in stockholders' equity and changes in financial position for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of América Central Tel, S.A. and subsidiaries, which statements collectively account for 10% of total assets at December 31, 2002, and 10% and 8% of total operating revenues for the years ended December 31, 2001 and 2002, respectively, of the related consolidated amounts, as well as the financial statements of Telecom Américas Ltd, in which the Company's equity in their net loss is stated at P. 3,660,197 in 2001. Those financial statements, presented in accordance with International Accounting Standards and accounting principles generally accepted in the United States of America, respectively, were examined by other independent auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the financial information utilized by Company's management (before conversion to accounting principles generally accepted in Mexico) of such subsidiary and investee in the consolidated financial statements of América Móvil, S.A. de C.V. and subsidiaries, is based solely on the reports of the other independent auditors.

We conducted our audits in accordance with auditing standards generally accepted in Mexico and in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts (including the Company's conversion of the financial statements of América Central Tel, S.A. and Telecom Américas Ltd, to accounting principles generally accepted in Mexico) and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other independent auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of América Móvil, S.A. de C.V. and subsidiaries at December 31, 2002 and 2003, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in Mexico, which differ in certain respects from those followed in the United States of America. (See Note 23).

Mancera, S.C.

A Member Practice of

Ernst & Young Global

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C.P.C. Francisco Alvarez del Campo

Mexico City, Mexico

February 23, 2004,

(except for Note 23 as to which the date is March 16, 2004)

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and

Shareholders of América Central Tel, S.A.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of América Central Tel, S.A. and subsidiaries at December 31, 2002 and 2001, and the results of their operations and their cash flows for the years then ended, in conformity with International Accounting Standards. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), which require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

As explained in Note 2 to the consolidated financial statements at December 31, 2002, the company prepared these consolidated financial statements for the first time in conformity with International Accounting Standards (IAS), and, as required by provisions issued by the Standing Committee on Interpretations of IAS, it restated both its financial statements and retained earnings as of December 31, 2001. As more fully explained in note 2 to the consolidated financial statements, the effect of the mentioned restatement was charged to retained earnings.

International Accounting Standards (IAS) vary in certain significant respects from accounting principles generally accepted in the United States. The application of the latter would have affected the determination of consolidated net income expressed in Guatemalan Quetzales for the years ended December 31, 2002 and 2001 and the determination of consolidated stockholders' equity and consolidated cash flows also expressed in Guatemalan Quetzales at December 31, 2002 and 2001 to the extent summarized in Note 17 to the consolidated financial statements.

February 20, 2003, except for Note 17, which is dated March 4, 2003.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003, except for earnings per share)

	Year ended December 31,			Million of U.S. dollars
	2001	2002	2003	
Operating revenues:				
Services:				
Usage charges	P. 28,223,945	P. 32,855,080	P. 48,849,771	\$ 4,348
Monthly rent	5,594,442	10,764,349	11,639,345	1,036
Long-distance	4,232,224	4,951,114	7,385,984	657
Other services	3,429,410	3,976,896	5,996,308	534
Sales of handsets and accessories	3,977,383	7,195,157	12,069,564	1,074
	<u>45,457,404</u>	<u>59,742,596</u>	<u>85,940,972</u>	<u>7,649</u>
Operating costs and expenses:				
Cost of sales	15,675,640	21,744,132	33,572,259	2,988
Cost of sales and services with related parties (Note 17)	3,821,476	3,637,594	3,902,024	347
Commercial, administrative and general	11,869,136	12,076,188	16,099,680	1,433
Commercial, administrative and general with related parties (Note 17)	363,824	657,215	529,053	47
Impairment of investments in affiliates (Note 10)	2,132,600	40,793		
Depreciation and amortization (Notes 7 to 10) (includes P. 3,690,186, P. 6,006,324 and P.10,295,050 for the years ended December 31 2001, 2002 and 2003, respectively not included in cost of sales)	4,920,248	8,606,263	13,877,861	1,235
	<u>38,782,924</u>	<u>46,762,185</u>	<u>67,980,877</u>	<u>6,050</u>
Operating income	<u>6,674,480</u>	<u>12,980,411</u>	<u>17,960,095</u>	<u>1,599</u>
Comprehensive financing (cost) income:				
Interest income	884,160	1,401,503	2,382,557	212
Interest expense	(1,138,433)	(2,439,159)	(3,780,072)	(336)
Interest (expense) income with related parties, net (Note 17)	(6,588)	(57,215)	4,706	
Exchange (loss) gain, net	(382,034)	(1,526,419)	1,354,786	121
Monetary (loss) gain	(817,611)	2,871,978	2,350,798	209
Other financing income (cost), net	795,609	(1,273,744)	(189,395)	(17)
	<u>(664,897)</u>	<u>(1,023,056)</u>	<u>2,123,380</u>	<u>189</u>

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Other income (loss), net	423,211	270,064	(1,044,944)	(93)
Income before income tax and employee profit sharing	6,432,794	12,227,419	19,038,531	1,695
Provisions for:				
Income tax (Note 19)	3,290,281	3,211,308	3,277,526	292
Employee profit sharing	209,677	202,304	247,938	22
	3,499,958	3,413,612	3,525,464	314
Income before equity in results of affiliates	2,932,836	8,813,807	15,513,067	1,381
Equity in net results of affiliates	(4,066,886)	(4,169,755)	(129,582)	(11)
Net (loss) income	P. (1,134,050)	P. 4,644,052	P. 15,383,485	\$ 1,370
Distribution of net (loss) income				
Majority interest	P. (910,023)	P. 4,783,697	P. 15,031,636	\$ 1,338
Minority interest	(224,027)	(139,645)	351,849	32
Net (loss) income	P. (1,134,050)	P. 4,644,052	P. 15,383,485	\$ 1,370
Weighted average of common shares outstanding (in million)	13,199	13,123	12,912	12,912
Net (loss) income earnings per share	P. (0.07)	P. 0.36	P. 1.16	\$ 0.10

See accompanying notes.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

	December 31,		
	2002	2003	2003
			Million of U.S. dollars
ASSETS			
Current assets:			
Cash and cash equivalents	P. 9,512,980	P. 9,287,162	\$ 826
Marketable securities (Note 3)	1,510,101	794,873	71
Accounts receivable, net (Note 4)	6,522,689	11,414,686	1,016
Related parties (Note 17)	609,398	647,805	58
Inventories, net (Note 5)	3,127,193	5,229,256	465
Prepaid expenses (Note 6)		184,797	16
Other current assets	925,554	1,994,831	178
Total current assets	22,207,915	29,553,410	2,630
Investments in affiliates and others (Note 10)	3,290,815	2,548,599	227
Plant, property and equipment, net (Note 7)	62,993,999	71,161,642	6,333
Prepaid expenses (Note 6)		2,696,527	240
Licenses, net (Note 8)	15,984,487	25,807,951	2,297
Trademarks (Note 9)	6,796,530	7,884,781	702
Goodwill, net (Note 10)	6,263,876	8,028,349	715
Other non current assets (Note 7)		2,297,288	205
Total assets	P. 117,537,622	P. 149,978,547	\$ 13,349
LIABILITIES AND STOCKHOLDERS EQUITY			
Current liabilities:			
Short-term debt and current portion of long-term debt (Note 14)	P. 10,637,007	P. 12,108,296	\$ 1,078
Accounts payable and accrued liabilities (Notes 12 and 13)	11,375,726	19,944,699	1,775
Taxes payable	1,921,075	2,978,044	265
Related parties (Note 17)	110,204	129,523	12
Deferred revenues	2,807,047	4,623,301	411
Total current liabilities	26,851,059	39,783,863	3,541
Long-term debt (Note 14)	37,399,435	37,204,549	3,311
Deferred taxes (Note 19)	2,140,691	3,648,855	325
Deferred credits	573	129,409	12
Total liabilities	66,391,758	80,766,676	7,189

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Stockholders' equity (Note 18):			
Capital stock	31,193,176	31,191,463	2,776
Retained earnings:			
Prior years	29,948,037	32,673,511	2,908
Net income for the year	4,783,697	15,031,636	1,338
	<u>34,731,734</u>	<u>47,705,147</u>	<u>4,246</u>
Other accumulated comprehensive loss items	(16,003,808)	(14,783,458)	(1,316)
Total majority stockholders' equity	49,921,102	64,113,152	5,706
Minority interest	1,224,762	5,098,719	454
Total stockholders' equity	<u>51,145,864</u>	<u>69,211,871</u>	<u>6,160</u>
Total liabilities and stockholders' equity	<u>P. 117,537,622</u>	<u>P. 149,978,547</u>	<u>\$ 13,349</u>

See accompanying notes.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

	Retained earnings				Other accumulated compre- hensive loss items	Total majority stockholders equity	Minority interest	Compre- hensive (loss) income	Total stock- holders equity
	Capital Stock	Reserve for pur- chase of Company s own shares	Legal Reserve	Unappropriated Total					
Balances at December 31, 2000	P. 31,223,515		P. 320,612	P. 41,461,633	P. 41,782,245	P. (296,469)	P. 72,709,291	P. 2,426,715	P. 75,136,006
Increase in legal reserve			90,963	(90,963)					
Increase in reserve for purchase of Company s own shares		P. 11,220,961		(11,220,961)					
Dividends paid				(622,314)	(622,314)		(622,314)		(622,314)
Cash purchase of Company s own shares	(22,756)	(7,499,159)		(7,499,159)			(7,521,915)		(7,521,915)
Comprehensive income:									
Net loss for the year				(910,023)	(910,023)		(910,023)	(224,027)	P. (1,134,050)
Other comprehensive income:									
Effect of translation of foreign entities						(377,675)	(377,675)	(377,675)	(377,675)
Results from holding nonmonetary assets						(2,214,161)	(2,214,161)	(2,214,161)	(2,214,161)
Current year deferred income tax on stockholders equity accounts						348,223	348,223	348,223	348,223
Comprehensive income								P. (3,377,663)	

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Minority interest								(1,380,845)	(1,380,845)
Balances at December 31, 2001	31,200,759	3,721,802	411,575	28,617,372	32,750,749	(2,540,082)	61,411,426	821,843	62,233,269
Dividends paid				(618,296)	(618,296)		(618,296)		(618,296)
Cash purchase of Company's own shares	(7,583)	(2,184,416)			(2,184,416)		(2,191,999)		(2,191,999)
Comprehensive income:									
Net income for the year				4,783,697	4,783,697		4,783,697	(139,645) P.	4,644,052
Other comprehensive income:									
Effect of translation of foreign entities						(15,060,115)	(15,060,115)		(15,060,115)
Results from holding nonmonetary assets						2,038,736	2,038,736		2,038,736
Current year deferred income tax on stockholders equity accounts						(442,347)	(442,347)		(442,347)
Comprehensive income:									P. (8,819,674)
Minority interest								542,564	542,564
Balances at December 31, 2002	31,193,176	1,537,386	411,575	32,782,773	34,731,734	(16,003,808)	49,921,102	1,224,762	51,145,864

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (Cont.)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

	Retained earnings				Other		Minority interest	Comprehensive (loss) income	Total stockholders equity
	Reserve for purchase of Company's own shares	Legal Reserve	Unappropriated	Total	accumulated comprehensive loss items	Total majority stockholders equity			
Capital Stock	shares								
Cumulative effect of adoption of a new accounting principle (Note 2w)			(112,074)	(112,074)		(112,074)	P.	(112,074)	(112,074)
Excess of the book value over price paid to acquire minority interests			(178,478)	(178,478)		(178,478)			(178,478)
Increase in reserve for purchase of Company's own shares	5,122,000		(5,122,000)						
Dividends paid			(793,915)	(793,915)		(793,915)			(793,915)
Cash purchase of Company's own shares	(1,713)	(973,756)		(973,756)		(975,469)			(975,469)
Comprehensive income:									
Net income for the year			15,031,636	15,031,636		15,031,636	351,849	15,383,485	15,383,485
Other comprehensive income:									
Effect of translation of foreign entities					6,991,002	6,991,002		6,991,002	6,991,002
Results from holding nonmonetary assets					(5,711,524)	(5,711,524)		(5,711,524)	(5,711,524)
					(59,128)	(59,128)		(59,128)	(59,128)

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Current year deferred income tax on stockholders equity accounts										
Comprehensive income:									P. 16,491,761	
Minority interest									3,522,108	3,522,108
Balances at December 31, 2003 (Note 18)	P. 31,191,463	P. 5,685,630	P. 411,575	P. 41,607,942	P. 47,705,147	P. (14,783,458)	P. 64,113,152	P. 5,098,719		P. 69,211,871

See accompanying notes.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

	Year ended December 31,			
	2001	2002	2003	2003
				Million of U.S. dollars
Operating activities:				
Net (loss) income	P. (1,134,050)	P. 4,644,052	P. 15,383,485	\$ 1,370
Add (deduct) items not requiring the use of resources:				
Depreciation	3,921,251	6,425,542	9,726,756	866
Amortization	998,997	2,180,721	4,151,105	369
Amortization of loss on sale and lease back			134,042	12
Amortization of prepaid expenses			75,428	7
Deferred income tax	(300,288)	(380,958)	80,235	7
Impairment in affiliates	2,132,600	40,793		
Equity in results of affiliates	4,066,886	4,169,755	129,582	11
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	191,477	(1,705,230)	(4,891,997)	(435)
Prepaid expenses	(48,053)	(234,534)	(3,015,366)	(268)
Inventories	321,057	618,315	(2,102,063)	(187)
Others			(3,554,066)	(318)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(2,125,157)	880,604	8,568,973	763
Related parties	(561,683)	986,409	(19,088)	(2)
Deferred revenues and credits	341,516	1,164,845	1,945,090	173
Taxes payable	1,005,105	618,017	2,425,770	216
Resources provided by operating activities	8,809,658	19,408,331	29,037,886	2,584
Financing activities:				
New loans	21,974,690	41,850,901	22,512,225	2,004
Repayment of loans	(6,648,718)	(15,433,454)	(19,959,537)	(1,776)
Decrease in capital stock and retained earnings due to purchase of Company's own shares	(7,521,915)	(2,191,999)	(975,469)	(87)
Cash dividends paid	(622,314)	(618,296)	(793,915)	(71)
Effect of inflation and exchange rate differences on debt	(700,393)	(1,983,089)	(1,276,286)	(114)
Resources provided by (used in) financing activities	6,481,350	21,624,063	(492,982)	(44)
Investing activities:				
Investment in plant, property and equipment	(12,164,153)	(25,485,394)	(22,359,571)	(1,991)
Investment in subsidiaries and affiliated companies	(16,486,290)	823,587	(2,112,067)	(188)

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Investment in marketable securities	(9,044,625)	9,368,493	715,228	64
Minority interest			3,343,630	298
Initial cash from companies acquired		1,561,893	871,378	78
Investments in trademarks		(6,796,530)	(1,807,928)	(161)
Investment in licenses	(290,710)	(13,768,788)	(7,421,392)	(661)
	<u>(37,985,778)</u>	<u>(34,296,739)</u>	<u>(28,770,722)</u>	<u>(2,561)</u>
Resources used in investing activities				
Net (decrease) increase in cash and cash equivalents	(22,694,770)	6,735,655	(225,818)	(21)
Cash and cash equivalents at beginning of the year	25,472,095	2,777,325	9,512,980	847
	<u>P. 2,777,325</u>	<u>P. 9,512,980</u>	<u>P. 9,287,162</u>	<u>\$ 826</u>
Cash and cash equivalents at end of the year				

See accompanying notes.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

1. Description of Business and Operations

América Móvil, S.A. de C.V. and subsidiaries (collectively, the Company or América Móvil) is the leading provider of wireless communications services in Latin America. The Company was established in September 2000 in a spin-off from Teléfonos de México, S.A. de C.V. (Telmex).

América Móvil has subsidiaries and equity investments in affiliated companies in the telecommunications sector in Mexico, Guatemala, Nicaragua, El Salvador, Ecuador, Brazil, Argentina, Colombia and the United States. In Mexico, through its subsidiary Radiomóvil Dipsa, S.A. de C.V. which operates under the trademark Telcel, América Móvil provides nationwide cellular telecommunications services.

At December 31, 2002 and 2003 América Móvil's equity interest in its principal subsidiaries and affiliated companies is as follows:

<u>Name of company</u>	<u>Location</u>	<u>Equity interest at December 31,</u>	
		<u>2002</u>	<u>2003</u>
Subsidiaries: (1)			
Sercotel, S.A. de C.V.	Mexico	100.0%	100.0%
Radiomóvil Dipsa, S.A. de C.V.	Mexico	100.0	100.0
TracFone Wireless, Inc.	USA	97.8	98.2
Telecom Américas, Ltd: (2)	Bermuda	96.5	97.5
ATL-Algar Telecom Leste, S.A.	Brazil	96.5	97.5
Americel, S.A.	Brazil	78.1	96.0
Telet, S.A.	Brazil	78.6	96.5
Tess, S.A.	Brazil	96.5	97.5
BSE, S.A.	Brazil		97.5
BCP, S.A.	Brazil		97.5
América Central Tel, S.A. (ACT): (3)	Guatemala	96.9	100.0
Telecomunicaciones de Guatemala, S.A. (TELGUA)	Guatemala	96.0	98.8
Newcotel, S.A.	Guatemala	96.0	98.8
Servicios de Comunicaciones Personales Inalámbricas, S.A., (Sercom)	Guatemala	96.0	98.8
Telglob, S.A.	Guatemala	96.0	98.8
Telefonía Publica de Guatemala, S.A. (Publitel)	Guatemala	96.0	98.8
Estel, LLC	Delaware		100.0
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V. (CTE) (4)	El Salvador		51.0
CTE Telecom Personal, S.A. de C.V. (Personal)	El Salvador		51.0
Cablenet, S.A. de C.V. (Cablenet)	El Salvador		51.0
Telecomoda, S.A. de C.V. (Telecomoda)	El Salvador		51.0

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Publicom, S.A. de C.V. (Publicom)	El Salvador		51.0
Comunicación Celular, S.A. (Comcel): (5)	Colombia	95.7	95.67
Occidente y Caribe Celular, S.A. (Occel)	Colombia	95.2	93.4
Celcaribe, S.A.	Colombia		94.0
Consortio Ecuatoriano de Telecomunicaciones, S.A. (Conecel)	Ecuador	80.6	100.0
Techtel-LMDS Comunicaciones Interactivas, S.A.	Argentina	60.0	60.0

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AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

Name of company	Location	Equity interest at December 31,	
		2002	2003
CTI Holdings, S.A. (6)	Argentina		92.0
CTI Compañía de Teléfonos del Interior, S.A., (CTI Interior)	Argentina		92.0
CTI PCS, S.A. (CTI PCS)	Argentina		92.0
Affiliates: (1)			
Organización Recuperadora de Cartera, S.A. de C.V.	Mexico	45.0	45.0
US Commercial Corporation, S.A. de C.V.	Mexico		29.7
Génesis Telecom., S.A.	Venezuela	25.0	25.0
Iberbanda, S.A.	Spain	18.6	17.8
Network Access Solutions	USA	2.0	2.0
CompUSA, Inc.	USA	49.0	

- (1) See Note 10 for a description of activity in subsidiaries and affiliates.
- (2) The name Telecom Américas as used hereinafter will refer collectively to the companies ATL, Americel, Telet, Tess, BSE and BCP.
- (3) Includes Nicaragua operations.
- (4) The name CTE as used hereinafter will refer collectively to the companies: CTE, Personal, Cablenet, Telecomoda and Multicom.
- (5) The name Comcel as used hereinafter will refer collectively to the companies: Comcel, Occel and Celcaribe.
- (6) The name CTI as used hereinafter will refer collectively to the companies: CTI Holdings, CTI Interior and CTI PCS.

América Móvil through its subsidiaries has licenses to install, operate and manage mobile telecommunications services in Mexico, Guatemala, Nicaragua, El Salvador, Ecuador, Colombia, Argentina and Brazil. These licenses will expire on various dates between the years 2008 and 2018.

Except as mentioned in the following paragraphs, the licenses granted to the Company do not require royalty payments to the respective governments.

As payment for the 800-megahertz (Band B) licenses awarded in Mexico, the Mexican Federal government receives a percentage of Telcel's gross annual revenues ranging from 5% to 10%.

Licenses awarded in Brazil, Colombia, Argentina and Ecuador generate the payment of contributions to their respective governments, based in some cases on revenues and in other cases on the number of channels in operation.

Telgua and CTE provide fixed-line telephone services.

TracFone Wireless, Inc. (TracFone) resells cellular airtime on a prepaid basis through retailers to customers who use telephones equipped with TracFone software. TracFone does not own a cellular infrastructure but purchases airtime from carriers throughout the United States. TracFone's revenues are also derived from the sale of cellular telephones and accessories. TracFone provides services throughout the United States, Puerto Rico and the Virgin Islands.

In December 2002, the Mexican Federal government awarded Telcel a license to install, operate and manage basic radiotelephone domestic and international long-distance and data transmission services in Mexico. The term of the license is for 15 years, which may be extended at the discretion of the government.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

In February 2003, Telecom Américas switched its original Band B cellular concessions, from a mobile cellular communications system (SMC) to mobile access system (PCS). This change will allow these companies to exercise an option to extend the life of the licenses for an additional 15 years, upon payment of a certain fee.

2. Significant Accounting Policies

The most important accounting policies and practices followed in the preparation of these financial statements are described below:

a) Consolidation

The consolidated financial statements include the accounts of América Móvil and those of the subsidiaries referred in Note 1. All of the companies operate in the telecommunications sector or provide services to companies operating in such sector.

All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements

Minority interest relates to the Company's foreign subsidiaries.

b) Revenue recognition

The Company's revenues include: usage charges, monthly rent, incoming interconnection, long-distance charges, value added services and proceeds from sales of handsets and accessories and charges for other services.

Revenues are generally recognized at the time services are provided. Those services are either under prepaid (calling cards) or under contract (post-paid) plans. In both cases, airtime revenues are recognized as a customer uses the airtime or when the card expires in the case of prepayments for unused airtime.

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Except for Mexico and Colombia, monthly basic rent under non-prepaid plans is billed based on the rates approved by the regulatory authorities in the respective countries. For Mexico and Colombia, basic monthly rent is billed one month in advance and recognized as revenues in the month the service is provided.

Revenues from interconnections, which consist of calls of other carriers that enter the Company's own cellular network (incoming interconnections), are recognized at the time the service is provided. Such services are billed based on rates previously agreed with the other carriers, which are regulated by the respective authorities.

Sales of handsets and accessories, which for the most part are made to authorized distributors, are recorded as revenue upon shipment, provided that there are no outstanding Company obligations and that collection of the resulting receivable is deemed probable by management. The cost of telephone equipment delivered to customers under non-prepaid plans is charged to income at the time the respective agreements are signed.

Telgua and CTE's revenues from telephone line installation fees are deferred and recognized over the expected period during which telephone services will be performed.

c) Cost of cellular telephone equipment

Costs related to cellular telephone equipment are charged to operations at the time the telephones are delivered to the distributor or customer.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

d) Interconnection costs

Interconnection costs represent the costs of calls of other carriers that enter the Company's own cellular network, the costs of link-ups between fixed and cellular networks, long distance charges and rent paid for use of infrastructure (links and ports), all of which are recognized as costs at the time the service is received.

e) Commissions paid to distributors

Commissions paid to distributors for activations are charged to income at the time of activation of new customers, which corresponds to the time the distributor is paid. Commissions for loyalty and activation volumes are accrued based on factors determined by the Company.

f) Recognition of the effects of inflation

The Company recognizes the effects of inflation on financial information as required by Mexican accounting Bulletin B-10, Accounting Recognition of the Effects of Inflation on Financial Information, issued by the Mexican Institute of Public Accountants (MIPA). Consequently, the amounts shown in the accompanying financial statements and in these notes are expressed in thousands of constant Mexican pesos as of December 31, 2003. Accordingly, the financial statements have been restated as follows:

Plant, property and equipment and construction in progress were restated as described in Note 7. Depreciation is computed on the restated value of telephone plant and equipment using the straight-line method based on the estimated useful lives of the related assets, starting the month after the assets are put into use.

Annual depreciation rates are as follows:

Telephone plant	10% to 33%
System performance monitoring equipment included in telephone plant	33%
Buildings	3%
Other assets	10 to 25

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In Mexico, inventories were restated based on factors derived from the Mexican National Consumer Price Index (NCPI) published by Banco de México. Due to the high turnover, it was estimated that inventories were presented at their replacement cost, which is not in excess of market value. Foreign subsidiaries recorded their inventories at replacement value, not in excess of market. Cost of sales represents estimated replacement cost at the time inventories were sold, restated in constant pesos at year-end.

Capital stock, retained earnings and other non-monetary assets were restated based on the NCPI.

Other accumulated comprehensive loss items include the deficit restatement of stockholders' equity, which consists of the accumulated monetary position gain determined at the time the provisions of Bulletin B-10 were first applied, which at December 31, 2003 aggregates P. 16,471, the result from holding non-monetary assets, which represents the net difference between restatement by the specific indexation method (see Note 7) and restatement based on the NCPI, deferred taxes allocated to equity, net of inflation and the effect of translation of foreign entities.

The net monetary position (loss) gain represents the effect of inflation on monetary assets and liabilities. The related amounts are included in the statements of operations under the caption Comprehensive financing (cost) income.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

Mexican accounting Bulletin B-12, *Statement of Changes in Financial Position*, issued by the MIPA specifies the appropriate presentation of the statement of changes in financial position based on financial statements restated in constant Mexican pesos in accordance with Bulletin B-10. Bulletin B-12 identifies the sources and applications of resources representing differences between beginning and ending financial statement balances in constant Mexican pesos. In accordance with this Bulletin, monetary and foreign exchange gains and losses are not treated as non-cash items in the determination of resources provided by operations.

g) Basis of translation of financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries and affiliates, located in Guatemala, Nicaragua, El Salvador, Ecuador, Colombia, Argentina, Brazil and the United States, which in the aggregate account for approximately 22%, 29% and 39% of the Company's total operating revenues in 2001, 2002 and 2003 and approximately 58% and 65% of the Company's total assets in 2002 and 2003, respectively, are translated into Mexican pesos in conformity with Mexican accounting Bulletin B-15 *Transactions in Foreign Currency and Translation of Financial Statements of Foreign Operations*, issued by the MIPA, as follows:

The financial statements as reported by the subsidiaries abroad were adjusted by management in Mexico to conform to Mexican GAAP, which includes, among other, the recognition of the effects of inflation as required by Mexican accounting Bulletin B-10 (as described above), using restatement factors of each country.

The financial information already restated to include inflationary effects, is translated to Mexican pesos as follows: 1) all balance sheet amounts, except for stockholders' equity accounts, were translated at the prevailing exchange rate at year-end; 2) stockholders' equity accounts were translated at the prevailing exchange rate at the time capital contributions were made and earnings were generated, 3) statement of operations accounts were translated at the exchange rate at the end of the reporting period.

Exchange rate differences and the monetary effect derived from intercompany monetary items were not eliminated in the consolidated statements of operations.

At December 31, 2001, 2002 and 2003, translation (loss) income aggregated P. (377,675), P. (15,060,115) and P. 6,991,002, respectively, and is included in stockholders' equity under the caption other accumulated comprehensive loss items, effect of translation of foreign entities.

The Company's financial statements at December 31, 2001 and 2002, were restated to constant Mexican pesos with purchasing power at December 31, 2003 based on the annual rate of inflation in Mexico. The effects of inflation and variances in exchange rates were not material.

h) Cash, cash equivalents and marketable securities

Cash and cash equivalents are represented principally by bank deposits and highly liquid investments with maturities of three months or less; and marketable securities are represented by equity securities and foreign government bonds held for trading purposes. Both are valued at market.

i) Allowance for doubtful accounts

Doubtful accounts are provided for based on the operating conditions of each subsidiary. Accounts are provided for when they are between 90 and 120 days old.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

j) Licenses

Licenses to operate wireless telecommunications networks are amortized using the straight-line method over the term of the license. The licenses to operate wireless mobile (PCS) in Mexico, Guatemala, Ecuador, Colombia, Brazil and Argentina are being amortized over periods ranging from 15 to 20 years.

k) Trademarks

Trademarks were recorded at their market values at the date acquired, as determined by independent expert using the discounted cash-flow techniques and are amortized using the straight-line method over their estimated useful lives. Trademarks relate principally to subsidiaries over which the Company acquired control in 2002 and 2003. (See Note 9)

l) Equity investments in affiliates

The investment in shares of affiliates in which the Company has significant influence and holds an equity interest of 10% or more is accounted for using the equity method. This accounting method consists basically of recognizing the investor's equity interest in the results of operations and the stockholders equity of the investees at the time such results are determined. (See Note 10)

m) Goodwill

Goodwill represents the excess of cost over the fair value of the net assets of subsidiaries and affiliates acquired and is amortized using the straight-line method over a ten-year period.

n) Foreign exchange gains or losses

Transactions in foreign currencies are recorded at the prevailing exchange rate at the time of the related transactions. Foreign currency denominated assets and liabilities are translated at the prevailing exchange rate at the balance sheet date. Exchange rate differences are charged

or credited directly to income of the year.

o) Employee benefits obligations

The cost of seniority premiums, where applicable, is recognized during the years of service of employees based on actuarial computations made by independent actuaries using the projected unit -credit method and financial hypotheses net of inflation, as required by Mexican accounting Bulletin D-3, *Labor Obligations* issued by the MIPA (See Note 12). Termination payments are charged to income in the year in which the decision to dismiss an employee is made.

p) Income tax and employee profit sharing

Bulletin D-4, *Accounting for Income Tax, Asset Tax and Employee Profit Sharing*, issued by the MIPA, requires that deferred taxes be determined on virtually all temporary differences in balance sheet accounts for financial and tax reporting purposes, using the enacted income tax rate at the time the financial statements are issued. Accordingly, the provision for income tax includes both the current year tax and the deferred portion. See Note 19 for additional information.

In conformity with Bulletin D-4, deferred employee profit sharing is recognized only on temporary differences that are considered to be non-recurring and that have a known turnaround time.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

q) Advertising

All advertising costs are expensed as incurred. Advertising expense amounted to approximately, P. 1,892,861, P. 1,544,918 and P. 2,627,498, for the years ended December 31, 2001, 2002 and 2003, respectively.

r) Comprehensive income (loss)

In conformity with Bulletin B-4, *Comprehensive Income*, issued by the MIPA, comprehensive income (loss) in América Móvil consists of current year net income or loss shown in the statement of operations plus the current year result from holding non-monetary assets, the effects of translation of foreign entities, minority interest and the effect of deferred taxes applied directly to stockholders' equity.

s) Earnings per share

The Company determined earnings per share by dividing net income by the average weighted number of shares issued and outstanding during the period, as specified in Mexican accounting Bulletin B-14, *Earnings per share*, issued by the MIPA. To determine the weighted average number of shares issued and outstanding in 2001, 2002 and 2003, the number of shares held by the Company have been excluded from the computation.

t) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the amounts reported in the financial statements and in the accompanying notes. Actual results could differ from these estimates.

u) Concentration of risk

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The Company invests a portion of its surplus cash in deposits in financial institutions with strong credit ratings and has established guidelines relating to diversification and maturities to maintain safety and liquidity. The Company has not experienced any important losses in its marketable securities. América Móvil does not believe it has significant concentrations of credit risks in its accounts receivable, because the Company's customer base is geographically diverse, thus spreading the trade credit risk.

The Company operates internationally; consequently, it is exposed to market risks for fluctuations in exchange rates.

Approximately 67%, 56% and 34% of the Company's aggregate interconnection expenditures in its cellular network for the years ended December 31, 2001, 2002 and 2003, respectively, represented services rendered from one supplier; approximately 85%, 75% and 75% of the aggregate cost of telephone equipment for such periods represented purchases from three suppliers; and approximately 90%, 90% and 65% of telephone plant purchases were made from two suppliers.

If any of these suppliers fails to provide the company with services or equipment on a timely and cost effective basis, the Company business and results of operations could be adversely affected.

v) **Financial instruments**

The Company follows the requirements of Bulletin C-2, *Financial Instruments*, issued by the MIPA, which, establishes the rules to be observed by issuers of and investors in financial instruments when valuing, presenting

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

and disclosing these instruments in their financial information. Bulletin C-2 requires that financial instruments (derivatives) be recognized as assets and liabilities and that the determined gains and losses on such instruments be credited and charged, respectively, to income.

With the aim of reducing its financing costs, the Company uses derivatives such as interest-rate swaps and cross currency swaps. Those instruments have been recorded at their market value, and changes in the market value have been taken to income.

w) **Recent pronouncements**

Intangible Assets.- Effective January 1, 2003, the Company adopted the requirements of Mexican accounting Bulletin C-8, *Intangible Assets* issued by the MIPA, which, among other things, specifies that project development costs are to be capitalized if they meet certain established requirements with respect to their recognition as assets. Pre-operating costs are to be recognized as an expense of the period and intangible assets with indefinite useful lives are not to be amortized, but instead evaluated annually for impairment. Unamortized balances of pre-operating expenses capitalized in terms of the previous Bulletin C-8 are to be amortized as specified in such bulletin. The adoption of these new rules did not have any effect on the Company's financial statements.

Liabilities, Provisions, Contingent Assets and Liabilities and Commitments.- Effective January 1, 2003, the Company also adopted the requirements of Mexican accounting Bulletin C-9, *Liabilities, Provisions, Contingent Assets and Liabilities and Commitments*, issued by the MIPA which is more precise in defining provisions, accrued liabilities and contingent liabilities, and it contains new requirements with respect to the recording of provisions, the use of the present value and the early retirement of debt securities or their replacement by a new issues. Bulletin C-9 also specifies the rules for the valuation, presentation and disclosure of liabilities and provisions.

As a result of the application of Bulletin C-9, the Company recorded a provision at present value of P. 155,830 for costs related to retirement of assets. The amount of such provision was estimated using prevailing prices in each country in which, the Company operates. The initial effect of the application of this new accounting pronouncement represented an adjustment of P. 112,074 to the balance of retained earnings at the beginning of the year.

Rates used to discount the provision to present value were computed by each subsidiary considering, among other factors, the economic situation of their respective countries (country risk), cost of debt and free rate risk.

Accounting for the Impairment or Disposal of Long-Lived Assets.- In March 2003, the MIPA issued Bulletin C-15, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the observance of which is compulsory for fiscal years beginning on or after January 1, 2004.

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Bulletin C-15 defines the rules for the computation and recognition of asset impairment losses and their reversal, as well as for the presentation and disclosure of both assets whose values have been impaired and of discontinued operations. The Company early adopted this new Bulletin in 2003. Adoption of this guideline did not affect the Company's earnings or financial position.

x) Convenience translation

U.S dollar amounts as of December 31, 2003 shown in the financial statements have been included solely for the convenience of the reader and are translated from pesos with purchasing power as of December 31, 2003,

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AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)**

as a matter of mathematical computation only, at an exchange rate of P.11.24 to US\$ 1.00, the December 31, 2003 exchange rate. Such translations should not be construed as a representation that the peso amounts have been or could be converted into U.S. dollars at this or any other rate.

y) Reclassifications

Some amounts shown in the 2001 and 2002 financial statements have been reclassified for uniformity of presentation with 2003.

3. Marketable Securities

A summary of marketable securities as of December 31, 2002 and 2003 is as follows:

	2002		2003	
	Cost	Fair Value	Cost	Fair Value
Government bonds	P. 1,214,202	P. 1,297,051	P. 355,439	P. 371,221
Equity securities	481,700	213,050	469,674	423,652
	P. 1,695,902	P. 1,510,101	P. 825,113	P. 794,873

At December 31, 2001, 2002 and 2003, net unrealized gains (losses) on marketable securities were P. 411,210, P. (185,801) and P. (30,240), respectively. Net realized gains were P. 274,198, P. 299,771 and P. 487,244, in 2001, 2002 and 2003, respectively.

4. Accounts Receivable

Accounts receivable consists of the following:

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	<u>2002</u>	<u>2003</u>
Subscribers	P. 3,114,416	P. 8,746,157
Retailers	2,602,069	1,571,312
Cellular operators for interconnections	407,027	949,935
Recoverable taxes	361,366	1,178,713
Other	478,446	848,984
	<u>6,963,324</u>	<u>13,295,101</u>
Less: Allowance for doubtful accounts	(440,635)	(1,880,415)
Total	<u>P. 6,522,689</u>	<u>P. 11,414,686</u>

Activity in the allowance for doubtful accounts for the years ended December 31, 2001, 2002 and 2003 was as follows:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Opening balance as of December 31	P. (373,970)	P. (156,789)	P. (440,635)
Increases charged to costs and expenses	(154,063)	(668,723)	(855,969)
Effect of acquired companies			(1,252,315)
Decreases to reserve for write-offs	371,244	384,877	668,504
Ending balance	<u>P. (156,789)</u>	<u>P. (440,635)</u>	<u>P. (1,880,415)</u>

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)****5. Inventories**

Inventories consist of the following:

	<u>2002</u>	<u>2003</u>
Cellular telephones and accessories	P. 3,160,505	P. 5,427,107
Less:		
Reserve for obsolete inventory	(33,312)	(197,851)
Net	<u>P. 3,127,193</u>	<u>P. 5,229,256</u>

6. Prepaid Expenses

In September 2003, Telcel entered into an agreement with Operadora Unefon, S.A. de C.V., whereby the latter agrees to provide Telcel exclusive and uninterrupted access to a nationwide wireless network using the 1850-1865 MHz / 1930-1945 MHz (Band A) radio spectrum, for a 16-year period. Under the terms of the agreement, Telcel paid in advance a total consideration of P. 2,925 million (US\$ 267.7 million) that represented the present value of the amounts due over the term of the contract and which is being amortized using the straight-line method over a 16-year period.

Current portion of prepaid expenses amounts to P.184,797 and long-term portion of prepaid expense amounts to P.2,696,527.

7. Plant, Property and Equipment

a) Plant, property and equipment consist of the following:

2002

2003

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Telephone plant and equipment	P. 67,846,718	P. 83,725,347
Land and buildings	7,030,549	7,050,009
Other assets	12,017,029	14,832,107
	<hr/>	<hr/>
	86,894,296	105,607,463
Accumulated depreciation	(28,921,225)	(40,909,625)
	<hr/>	<hr/>
Net	57,973,071	64,697,838
Construction in progress and advances to equipment suppliers	4,011,815	5,557,136
Inventories for use in construction of the telephone plant	1,009,113	906,668
	<hr/>	<hr/>
Total	P. 62,993,999	P. 71,161,642
	<hr/>	<hr/>

b) Included in plant, property and equipment are the following assets held under capital leases:

	<u>2002</u>	<u>2003</u>
Assets under capital leases	P. 45,082	P. 1,022,071
Accumulated depreciation	(44,033)	(60,853)
	<hr/>	<hr/>
	P. 1,049	P. 961,218
	<hr/>	<hr/>

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

c) In 2003, Telcel entered into a three year P. 950 million sale and lease back agreement of a portion of its telephone plant with an unrelated party. This transaction gave rise to a loss of approximately P. 2,784 million, which in conformity with Mexican accounting Bulletin D-5, *Leases*, issued by the MIPA, was deferred and is being amortized based on the remaining useful life of the asset. The Company recorded the telephone plant under the sale and leaseback agreement as a capital lease and the corresponding liabilities are represented by minimum future payments (see Note 16). Derived from the transaction mentioned above, the Company also recorded a deferred tax liability of approximately P. 889 million.

Current portion of the deferred charge amounts to P. 397,250 and was included under the caption other current assets and long-term portion of the deferred charge amounts to P. 2,297,288.

d) Depreciation expense for the years ended December 31, 2001, 2002 and 2003 was P. 3,921,251, P. 6,425,542 and P. 9,726,756, respectively.

e) Through December 31, 1996, items comprising the telephone plant in Mexico were restated based on the acquisition date and cost, applying the factor derived from the specific indexes determined by the Company and validated by an independent appraiser registered with the Mexican National Banking and Securities Commission (CNBV) .

Effective January 1, 1997, Bulletin B-10 eliminated the use of appraisals to present telephone plant, property and equipment in the financial statements. At December 31, 2002 and 2003 this caption was restated as follows:

The December 31, 1996 appraisal value of the imported telephone plant, as well as the cost of subsequent additions to such plant, were restated based on the rate of inflation in the respective country of origin and the prevailing exchange rate at the balance sheet date (specific indexation factors).

The appraised value of land, buildings and other fixed assets of domestic origin at December 31, 1996, and the cost of subsequent additions to such assets were restated based on the NCPI.

At December 31, 2003, approximately 89% of the value of the telephone plant, property and equipment (74% in 2002) has been restated using specific indexation factors.

f) Following are the plant, property and equipment amounts at December 31, 2002 and 2003, restated on the basis of the 2003 NCPI (starting with the appraised values at December 31, 1996), to meet NBSC disclosure requirements with respect to the restatement of fixed assets based on

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specific indexation factors:

	2002	2003
Telephone plant and equipment	P. 69,698,860	P. 93,511,069
Land and buildings	6,261,525	6,242,065
Other assets	12,045,286	14,785,466
	<u>88,005,671</u>	<u>114,538,600</u>
Accumulated depreciation	(28,887,367)	(44,109,760)
Net	59,118,304	70,428,840
Construction in progress and advances to equipment suppliers	4,011,815	5,557,136
Inventories for use in construction of the telephone plant	1,009,113	906,668
Total	<u>P. 64,139,232</u>	<u>P. 76,892,644</u>

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AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

8. Licenses

As of December 31, 2002 and 2003 licenses are as follows:

	2002	2003
	<u> </u>	<u> </u>
Investment:		
Opening balance as of December 31	P. 2,719,221	P. 16,488,010
Effect of acquired companies	13,768,789	8,142,931
Effect of translation of foreign entities		5,204,148
Cancellation		(1,479,999)
Other increases		758,460
	<u> </u>	<u> </u>
	16,488,010	29,113,550
	<u> </u>	<u> </u>
Amortization:		
Opening balance as of December 31		(503,523)
Amortization of the year	(503,523)	(2,333,703)
Effect of translation of foreign entities		(468,373)
	<u> </u>	<u> </u>
	(503,523)	(3,305,599)
	<u> </u>	<u> </u>
Ending balance, net	P. 15,984,487	P. 25,807,951
	<u> </u>	<u> </u>

Amortization expense for the year ended December 31, 2001 was P. 306,118.

9. Trademarks

As of December 31, 2002 and 2003 trademarks are as follows:

2002

2003

Investment:		
Opening balance as of December 31		P. 6,796,530
Effect of acquired companies	P. 6,796,530	1,807,928
	<u>6,796,530</u>	<u>8,604,458</u>
Amortization:		
Opening balance as of December 31		
Amortization of the year		(719,677)
		<u>(719,677)</u>
Ending balance, net	P. 6,796,530	<u>P. 7,884,781</u>

10. Investments

An analysis at December 31, 2002 and 2003 is as follows:

	<u>2002</u>	<u>2003</u>
Investments in:		
Affiliates	P. 2,910,623	P. 2,192,355
Other investments	380,192	356,244
	<u>P. 3,290,815</u>	<u>P. 2,548,599</u>
Total		

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)****I. Investments in affiliates**

An analysis of equity investments in affiliated companies at December 31, 2002 and 2003, and a brief description of major acquisitions is as follows:

	<u>2002</u>	<u>2003</u>
CompUSA, Inc.	P. 2,434,589	
Organización Recuperadora de Cartera S.A. de C.V. (ORCA)	476,034	P. 425,355
US Commercial Corporation, S.A. de C.V.		1,767,000
	<u> </u>	<u> </u>
Total	P. 2,910,623	P. 2,192,355
	<u> </u>	<u> </u>

CompUSA

In December 2003, the Company exchanged its 49% equity interest in CompUSA for a 29.69% equity interest in U.S. Commercial Corp, S.A. de C.V., (USCO). The Company received an additional P. 180 million on the exchange.

At the time of the sale, the affiliate's book value was P. 2,226,016, and based on the amounts of the transaction described in the preceding paragraph, a loss of P. 279,016, was included as part of the caption other income (loss), net.

In January 2004, the Company changed the classification of its investment in USCO from equity investee to available for sale.

The Company's equity in the net loss of CompUSA at December 31, 2002 includes an impairment on its goodwill of P.2,137,216, which is included under equity in net results of affiliates in the statement of operations.

SBC International Puerto Rico

In January 2002, the Company sold its 50% equity interest in SBC International Puerto Rico, Inc. to SBC International, Inc. (SBCI) in US\$ 106 million in cash and its 11.9% equity interest in Telecom Américas. A gain of P. 11,218 was recognized as a result of this transaction, which is, included under the caption other income (loss), net in the statement of operations.

Empresas Cablevisión

In April 2002, the Company sold its 49% equity interest in Empresas Cablevisión, S.A. de C.V. and subsidiaries in a public offering through the Mexican Stock Exchange for P. 2,065,974 , realizing a gain of P. 1,334,070 on the sale, which is included under the caption other income (loss), net in the statement of operations.

Other

At December 31, 2001 and 2002, the Company charged P. 2,132,600 and P. 40,793, respectively, to results of operations for the impairment in the value of non-strategic affiliates ARBROS Communications, Inc, Iberbanda, Network Access and Armillaire in 2001 and Eurotec, S.A. in 2002.

The equity in the 2001 net loss of Telecom Américas includes an impairment to the value of this company's subsidiaries in the amount of P. 1,283,910, which is presented under equity in net results of affiliates in the statement of operations.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

II. Investments in subsidiaries

An analysis of the Company most important equity investments in subsidiaries is as follows:

As explained in detail in subsequent paragraphs, during 2003 and 2002, the Company made several acquisitions. The results of operations of the acquired entities were incorporated into the Company's financial statements in the month following the acquisition date.

2003 Acquisitions

All of the Company acquisitions were recorded using the purchase method. The purchase prices of net acquired assets were allocated based on their estimated market values, as follows:

Historical amounts at acquisition date in thousands of US Dollars

	<u>Celcaribe</u>	<u>BSE</u>	<u>CTE</u>	<u>CTI</u>	<u>BCP</u>	<u>Total</u>
Current Assets	\$ 13,795	\$ 36,550	\$ 168,503	\$ 110,469	\$ 114,829	\$ 444,146
Fixed assets	17,696	112,714	409,011	93,331	152,713	785,465
Licences	82,205	101,602	23,640	55,271	494,417	757,135
Trademarks			93,666	90,336		184,002
Other assets			25,055	2,859	5,792	33,706
Less:						
Current liabilities	13,408	38,980	173,420	71,186	106,947	403,941
Long term debt		2,000	51,250	40,298	17,435	110,983
Fair value of net assets acquired	<u>\$ 100,288</u>	<u>\$ 209,886</u>	<u>\$ 495,205</u>	<u>\$ 240,782</u>	<u>\$ 643,369</u>	<u>\$ 1,689,530</u>
% participation acquired	<u>98.08%</u>	<u>97.55%</u>	<u>51.00%</u>	<u>92.00%</u>	<u>100.00%</u>	
Net assets acquired	98,362	204,744	252,055	221,519	643,369	1,420,049
Amount paid	98,362	204,744	417,000	221,519	643,369	1,584,994
Goodwill generated	\$	\$	\$ 164,945	\$	\$	\$ 164,945

Through appraisals made by independent experts, the Company determined the fair value of Trademarks. The Company made estimations in order to determine the fair value of licenses, based on market values of licenses with similar characteristics.

a) CELCARIBE (Colombia)

In February 2003, the Company, through Comcel, acquired from Millicom Cellular International a 98.08% equity interest in Celcaribe, S.A. for approximately US\$ 98.3 million. As a result, América Móvil has expanded its capacity to provide services throughout Colombia. Celcaribe provides in addition to cellular services, data transmission, internet and short-message services.

b) BSE (Brazil)

In May 2003, the Company, through Telecom Américas, acquired from BellSouth Corporation and Verbier a 89.45% equity interest in BSE, S.A., for approximately US\$ 180 million. Through additional capitalization in May 2003, of approximately US\$25 million the Company increased its equity interest in BSE to 97.55%. BSE provides cellular telecommunications services to approximately one million subscribers in the Ceará, Piauí, Ríó Grande do Norte, Paraiba, Pernambuco and Alagoas states in Brazil.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

c) CTE (El Salvador)

In October 2003, América Móvil acquired from France Telecom and other investors a 51% equity interest in Compañía de Telecomunicaciones de El Salvador (CTE), for approximately US\$ 417 million. CTE provides fixed mobile and other telecommunications services in El Salvador and has approximately 700 thousand fixed line subscribers and 166 thousand cellular subscribers.

d) CTI (Argentina)

As a result of the October 2003 debt restructuring agreement in CTI Holdings, S.A. (CTI), the controlling company of CTI PCS, S.A. (CTI PCS) and CTI Compañía de Teléfonos del Interior, S.A. (Interior), América Móvil acquired a 64% equity interest in such companies. In November 2003, América Móvil increased such equity interest to 92% by purchasing additional shares from various minority stockholders. The total purchase price was US\$ 221.5 million. The remaining 8% interest in CTI is owned by Techint Compañía Técnica Internacional S.A.C.I., or Techint Group, which, has the right to require the Company to purchase all of their interest in CTI for US\$17.1 million at any time during the two years following the completion of the restructuring of CTI 's unsecured indebtedness. América Móvil has the right to require the Techint Group to sell their interest in CTI at any time during such period for US\$18.8 million. CTI provides nationwide PCS wireless services in Argentina.

At the time of the acquisition, CTI had US\$263 million in principal amount of senior notes due 2008, which were in default. These notes are subject to an out-of-court reorganization agreement (*acuerdo preventivo extrajudicial*, or APE) in Argentina, which was approved by the court in December 2003. Pursuant to this agreement, the notes will be cancelled in exchange for an aggregate cash payment of approximately US\$37.1 million. The judgment approving the APE has been challenged by a creditor of one of CTI 's operating subsidiaries. The Company believes the appeal has no merit. In February 2004, the judge allowed the appeal to proceed but did not suspend the effect of his order approving the APE. Accordingly, The Company decided to make payment under the APE, and expects to make this payment on March 1, 2004. If the appeal were successful, CTI 's obligations under the notes would be reinstated. As of the date of this report only US\$43.5 million in principal amount of the notes remain outstanding in the hands of third parties.

e) BCP (Brazil)

In November 2003, the Company, through Telecom Américas acquired from certain lenders to BCP, which had acquired the shares formerly held by affiliates of Bell South Corporation, the Safra Family and local minority investors, a 100% equity interest in BCP, S.A., for approximately US\$ 643.3 million. BCP provides cellular telecommunications services to approximately 1.7 million subscribers in the Sao Paulo metropolitan area.

f) ENITEL (Nicaragua)

On December 17, 2003, the Nicaraguan government accepted América Móvil's public bid to purchase 49% of the shares of Empresa Nicaragüense de Telecomunicaciones, S.A. (ENITEL) for a total purchase price of US\$ 49.6 million. The closing date was January 2004. ENITEL is the sole provider of fixed telephone services in Nicaragua and has approximately 200 thousand phone lines. ENITEL also provides cellular telephone services to 120 thousand fixed-wire lines.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

2002 Acquisitions

a) Telecom Américas (Brazil)

Telecom Américas was incorporated in November of 2000, as a joint venture among América Móvil, Bell Canada International (BCI) and SBC Internacional Inc. (SBCI), as a vehicle that would serve the three parties in their expansion in Latin America, with approximately the following equity interests: América Móvil, 44.3%; BCI, 44.3%, and SBCI, 11.4%.

At December 31, 2001, as a result of a series of transactions involving the cancellation of contributions payable to Telecom Américas and additional capitalizations by the shareholders, the ownership interest was as follows: América Móvil, 45.5%; BCI, 41.7%, and SBCI, 12.8%.

In February of 2002, Telecom Américas was reorganized to maintain investments in cellular companies solely in Brazil. According to an agreement executed for this purpose, América Móvil transferred to Telecom Américas its 41% equity interest in ATL plus US\$ 80 million in cash; Telecom Américas transferred its 77.1% and 60% equity interest in Comcel and Techtel respectively to América Móvil; its 76% equity interest in Canbras to BCI; and its 59% equity interest in Genesis equally to América Móvil and BCI. BCI, SBCI and América Móvil's equity interest in Telecom Américas did not change as a result of the restructuring.

In April 2002, Telecom Américas issued to a financial investor 1,844 convertible preferred shares with no voting rights, which at that date represented 6.9% of the capital stock of Telecom Américas. The preferred shares may be converted to common shares at any time at the option of the holder. Preferred shares have no voting rights, or right to representation in the board of directors. As of 2006, the holders will have the right to sell half the preferred shares back to Telecom Américas for US\$ 150 million plus interest at a nominal rate and, likewise, as of 2006, the Company will have the right to purchase half of the shares at the same price.

In May of 2002, América Móvil acquired BCI's 39.1% equity interest for approximately US\$ 370 million, and in June of 2002, it acquired SBCI's 11.9% equity interests for approximately US\$ 173 million.

As a result of the aforementioned transactions, at December 31, 2002, América Móvil's equity interest in Telecom Américas increased to 96% approximately from 45% at December 31, 2001.

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At December 31, 2003, as a result of additional capitalizations by the shareholders, América Móvil's ownership interest in Telecom Américas was 97.55%.

At December 31, 2003, Telecom Américas's cellular holdings in Brazil include: ATL, Tess, Telet, Americel, BSE and BCP band B cellular operators in the states of Rio de Janeiro, Sao Paulo, Rio Grande do Sul and various states in the northern part of Brazil. During the fourth of quarter 2003, América Móvil launched its new Claro brand throughout Brazil.

b) Comcel (Colombia)

Comunicación Celular S.A. (Comcel) and Occidente y Caribe Celular S.A. (Ocel) provide wireless telecommunications service in Colombia's eastern and western regions, respectively. América Móvil acquired its investment in Comcel and Ocel in 2002 as a result of the restructuring of Telecom Américas and increased its interest to the present levels through a series of capitalized investments made in 2002 and 2003. The Company currently holds a 95.67% equity interest in Comcel and a 93.4% equity investment in Ocel.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

At December 31, 2003, Comcel's cellular holdings in Colombia include: Comcel, Ocel and Celcaribe band B cellular operators.

c) Techtel LMDS Comunicaciones Interactivas (Argentina)

América Móvil holds a 60% equity interest in Telcel Wireless Argentina, LLC (Telcel Argentina), which, in turn, wholly owns Techtel, a company that provides video and data transfer, as well as value added telecommunications services. América Móvil acquired its equity interest in Techtel in 2002 as a result of the restructuring of Telecom Américas.

Other acquisitions

During 2003, América Móvil invested approximately US\$ 77 million (US\$ 154 million in 2002) to acquire minority interests in Conecel (Ecuador) and ACT (Guatemala). As a result, the Company increased its equity interest in these subsidiaries to 100%, from 80.6% and 96.9%, respectively.

Other minor acquisitions made by the Company in 2002 aggregated approximately P. 353,498.

The results of operations of the companies acquired in 2001, 2002 and 2003 have been included in the Company's financial statements from the month following the date of acquisition through the end of the period presented.

The Company is not obligated to make any further payments or provide any form of additional or contingent consideration related to these acquisitions, other than those already disclosed.

The following consolidated pro forma financial data for the years ended December 31, 2001, 2002 and 2003 have not been audited and are based on the Company's historical financial statements, adjusted to give effect to (i) the series of acquisitions mentioned in the preceding paragraphs; and (ii) certain accounting adjustments related to the amortization of goodwill and licenses, a reduction in interest income derived from the decrease in cash as a result of the previously-mentioned purchases and adjustments to depreciation of the net fixed assets of the acquired companies.

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The pro forma adjustments assume that the purchases were made at the beginning of the acquisition year and the immediately preceding year and are based upon available information and other assumptions that management considers reasonable.

The pro forma financial information is not intended to indicate what the effect on the Company would have been had the transactions in question actually occurred, nor are they intended to predict the Company's results of operations.

Unaudited pro forma consolidated			
América Móvil			
for the years ended December 31,			
	2001	2002	2003
Operating revenues	P. 70,569,931	P. 75,602,854	P. 97,201,553
Net (loss) income	(12,016,422)	(7,241,816)	17,416,198
(Loss) earnings per share (in Mexican Pesos)	(0.91)	(0.55)	1.35

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AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

III. Goodwill

An analysis of goodwill at December 31, 2002 and 2003 is as follows:

	<u>2002</u>	<u>2003</u>
Investment:		
Opening balance as of December 31	P. 5,683,069	P. 9,242,062
Effect of acquired companies	3,104,433	1,853,322
Effects of translation of foreign entities	635,662	1,503,222
Cancellations	(181,102)	
	<u>9,242,062</u>	<u>12,598,606</u>
Amortization:		
Opening balance as of December 31	(1,143,693)	(2,978,186)
Amortization of the year	(1,677,198)	(1,097,725)
Effects of translation of foreign entities	(157,295)	(494,346)
	<u>(2,978,186)</u>	<u>(4,570,257)</u>
Ending balance, net	<u>P. 6,263,876</u>	<u>P. 8,028,349</u>

Amortization expense for the year ended December 31, 2001 was P. 692,879.

11. Financial Instruments

To hedge its exposure to financial risks, in 2003, the Company entered into US dollar and Mexican peso interest-rate swaps for the exchange of cash flows for the amount determined by applying agreed interest rates to the base amount. Under these contracts, the Company agreed to receive the Libor variable interest rate at various terms plus a differential and the CETES variable interest rate at various terms plus a differential and to pay a fixed rate, for the US dollar and Mexican peso interest-rate swaps, respectively.

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At December 31, 2003 the Company has US dollar and Mexican peso interest-rate swaps for a total base amount of US\$ 1,426.4 million and P. 6,000 million, respectively. The Company had no instruments of this type at December 31, 2002.

Additionally, at December 31, 2002 and 2003, the Company had contracted cross currency swaps for an outstanding base amount of US\$ 208.8 and US\$ 310.4 million, respectively.

Interest-rate swaps and cross-currency swaps are recorded in results of operations at the respective market interest rates. Gains on these swaps for 2003 were credited to operations as part of the caption comprehensive cost of financing for the year in the amount of P. 118,894 (losses of P. 167,817 were charged in 2002).

12. Employee Benefits Obligations

In 1994, Telcel set up an irrevocable trust fund to cover the payment of the obligations for seniority premiums, adopting the policy of making contributions to the fund as they are deemed necessary. No contributions were made to the fund in 2001, 2002 and 2003.

The transition asset, past services and variances in assumptions are amortized over a thirteen-year period, which is the estimated average remaining working lifetime of Telcel's employees.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

An analysis of the net period cost for 2001, 2002 and 2003 is as follows:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Service cost	P.1,377	P.1,766	P.1,870
Financial cost of projected benefit obligations	223	339	451
Expected return on plan assets	(213)	(245)	(252)
Amortization of actuarial gain	(28)	(21)	(23)
	<u> </u>	<u> </u>	<u> </u>
Net period cost	P.1,359	P.1,839	P.2,046

The change in the pension plan benefit obligation is as follows:

	<u>2002</u>	<u>2003</u>
Benefit obligation at the beginning of the year	P. 5,065	P. 6,733
Service cost	1,766	1,870
Interest cost	339	451
Actuarial gain	(408)	(465)
Benefits paid	(29)	(32)
	<u> </u>	<u> </u>
Benefit obligation at the end of the year	P. 6,733	P. 8,557

An analysis of the seniority premium reserve at December 31, 2002 and 2003 is as follows:

	<u>2002</u>	<u>2003</u>
Projected benefit obligation	P. 6,733	P. 8,557
Plan assets	(2,752)	(4,581)
Transition asset	55	47
Actuarial gain	1,055	1,275
	<u> </u>	<u> </u>
Net projected liability	P. 5,091	P. 5,298

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Unfunded accumulated benefit obligation	P. 3,981	P. 3,976
Accumulated benefit obligation	P. 6,733	P. 8,557

The current net liability was included in the balance sheet under the caption other accounts payable and accrued liabilities.

The change in employee benefit plan assets and plan funded status is as follows:

	<u>2002</u>	<u>2003</u>
Fair value of plan assets at beginning of year	P. 2,724	P. 2,752
Real investment return	28	1,829
Fair value of plan assets at end of year	<u>P. 2,752</u>	<u>P. 4,581</u>
	<u>2002</u>	<u>2003</u>
Funded status	P. (3,981)	P. (3,976)
Unrecognized net actuarial gain	(1,055)	(1,275)
Unrecognized net transition asset	(55)	(47)
Net amount recognized	<u>P. (5,091)</u>	<u>P. (5,298)</u>

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)**

The net of inflation rates used to determine the actuarial present value of benefit obligations at December 31, 2001, 2002 and 2003 are presented below:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Discount rate	6.8%	6.8%	6.8%
Expected return on plan assets	6.8	6.8	6.8
Rate of compensation increase	1.9	1.9	1.9

13. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	<u>2002</u>	<u>2003</u>
Suppliers	P. 7,386,956	P. 12,618,896
Sundry creditors	1,140,138	2,857,896
Contingencies	1,253,871	2,709,105
Interest payable	929,965	923,120
Accrued expenses	291,834	260,075
Guarantee deposits	342,235	316,574
Retirement of assets provision		155,830
Others	30,727	103,203
	<hr/>	<hr/>
Total	P. 11,375,726	P. 19,944,699
	<hr/>	<hr/>

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

14. Debt

The Company's debt consists of the following:

Currency	2002		Maturity from		2003		Maturity from	
	Items	Rate	2002 to	Total 2002	Rate	2003 to	Total 2003	
U.S. Dollars								
	Exim Banks	L+.20 to L+1.65	2009	P. 8,788,067	L+.20 to L+1.65	2009	P. 8,934,407	
	Syndicated loans	L+.75 to L+1.35	2007	10,721,906	L+.75 to L+1.35	2007	11,236,000	
	Fixed-rate securities	3.62%	2004	3,897,456	3.3990%	2004	347,033	
	Bank loans	L+.34 to L+1.50	2006	7,671,518	L+.30 to L+1.50	2006	8,212,954	
	Suppliers	3.1675% to 10%	2004	643,625	3.1675% to 10%	2004	149,619	
					UMBNDDES+4.5% to			
	BNDDES	UMBNDDES 4.5% to UMBNDDES 5.0%	2008	782,697	UMBNDDES+5.05	2008	675,565	
	Leasing						11,445	
	Others				L+4.50; 11.25%	2008	527,321	
	Subtotal Dollars			32,505,269			30,094,344	
Mexican Pesos								
	Domestic senior notes (Certificados Bursátiles)	Various	2009	10,398,405	Various	2009	11,250,000	
	Syndicated loans				TIEE + .80	2008	1,750,000	
	Bank loans	TIEE ₂₈ +.70	2004	831,760	TIEE	2004	1,000,000	
	Leasing				TIEE + .55	2006	950,000	
	Subtotal Mexican Pesos			11,230,165			14,950,000	
Reais								
					TJLP + 2.80% to			
	BNDDES	TJLP + 2.80% to TJLP +5.00%	2007	2,273,044	TJLP + 5.00%	2007	2,402,875	
	Bank loans	CDI + 1.20		925,537	CDI +.90	2005	60,607	
	Licenses	12% + Inflation	2010	922,695	12% + Inflation	2010	365,788	
	Subtotal Reais			4,121,276			2,829,270	
Colombian pesos								
	Bond				IPC + 7.50%	2010	808,866	
	Subtotal Colombian pesos						808,866	
Others Currencies								

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Bank loans	9%	2003	178,534	6.50%	2004	598,868
Financial Leasing	13%	2004	1,198	7.00%	2004	31,497
Subtotal Other currencies			179,732			630,365
Total Debt			48,036,442			49,312,845
Less: short-term debt and current portion of long-term debt			10,637,007			12,108,296
Long term debt			P. 37,399,435			P. 37,204,549

-
- 1) L = LIBOR
 - 2) UMBNDES = Monetary Unit of Brazilian Development Bank (BNDES)
 - 3) TIE = Mexican Equilibrium Funding Rate
 - 4) TJLP = Long Term Interest Rate
 - 5) CDI = Financial Certificate of Deposit

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AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)**

The above-mentioned interest rates are subject to variances in international and local rates and do not include the effect of the Company's agreement to reimburse certain lenders for Mexican taxes withheld. The Company's weighted average interest rate cost on borrowed funds at December 31, 2003 was approximately 5.19% (5.45% at December 31, 2002).

In addition to this rate, The Company must reimburse international lenders (with the exception of loans provided or guaranteed by export credit agencies) for Mexican taxes withheld, typically 4.9% of the interest payment. Fees in financing transactions generally add approximately ten basis points to financing costs.

Short-term debt at December 31, 2002 and 2003 consists of the following:

Concept	2002	2003
Domestic senior notes	P. 1,819,475	
Fixed-rate securities	2,748,157	P. 347,033
Syndicated loans	1,297,351	1,241,578
Other loans	1,526,717	6,602,879
Total	P. 7,391,700	P. 8,191,490
Weighted average interest rate	6.7%	3.05%

Maturities of long-term debt at December 31, 2003 are as follows:

Years	Amount
2005	P.14,606,800
2006	10,955,100
2007	5,595,528
2008	3,269,676
2009 and thereafter	2,777,445
Total	P.37,204,549

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Lines of credit guaranteed by Export Credit Agencies.- The Company has a number of equipment financing facilities, under which export development agencies provide support for financing to purchase exports from their respective countries. These facilities are generally medium to long-term, with periodic amortization and interest at a spread over LIBOR. They are extended to the Company or to operating subsidiaries, usually with guarantees from one or more of América Móvil, Telcel or Sercotel.

During 2002 and 2003, the Company established lines of credit up to US\$ 250 million with the Export Development Corporation (EDC) of Canada to purchase telecommunications equipment. Drawings on these lines of credit are repayable semiannually and bear interest at LIBOR plus 0.95% to LIBOR plus 1.25% with maturities between 2004 and 2009.

Syndicated loans.- During 2001 and 2002, the Company entered into syndicated loan agreements for US\$ 500, US\$ 200 and US\$ 400 million. With respect to the first loan of US\$ 500 million, US\$ 100 million was repaid in 2002 and the remaining US\$ 400 million is due in January 2005, bearing interest at LIBOR plus 1.0%. The US\$ 200 million syndicated loan is due in May 2005, bearing interest at LIBOR plus 1.0%.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

The US\$ 400 million syndicated loan has been structured into three tranches (credits A, B and C for US\$ 121 million, US\$ 137 million and US\$ 142 million, respectively) with maturities in 2003, 2005 and 2007, bearing interest at LIBOR plus 0.75%, LIBOR plus 1.10% and LIBOR plus 1.35%, respectively. In 2003, the Company has renewed tranche A for US\$110.5 million for an additional six month period.

BNDES.- At December 31, 2002, ATL, Tess and Americel have outstanding syndicated loans provided with resources of the Brazilian development bank Banco Nacional de Desenvolvimento Econômico e Social (BNDES). These loans are principally denominated in reais, with a portion indexed to US dollars. The principal amount of the loan is approximately R\$ 618 million plus approximately US\$ 60 million.

Purchase of licenses.- As of December 2003, the Company owed the Brazilian Government P. 365.7 million in reais- denominated obligations. These are indexed based on factors derived from Brazilian Consumer Price Index and carry a coupon of 12%. They are payable over 8 years in equal annual amortization beginning in August 2005.

Domestic Senior Notes (certificados bursatiles).- The CNBV has authorized the Company to establish three programs for the issuance of domestic senior notes guaranteed by Telcel for P. 5,000 million each.

During 2002, the Company made seven issues of the second program for amounts ranging from P. 400 to P. 1,250 million, with maturities ranging from 3 to 7 years. Three issues bear a fixed annual interest rate ranging from 10.40% to 10.45% and the remaining four issues bear a floating interest rate established as a percentage of the CETES rate.

During 2003, the Company made three issues of the third program each for an amount of P.1,000 million, the first one with maturity in 2006 at a rate of Cetes 91 plus 1.20% and the other two maturing in 2008 at a rate of Cetes 182 plus 0.90% and Cetes 91 plus 0.89%, respectively.

As of December 31, 2003, the Company had a total of P. 11,250 million outstanding in the market.

General

At December 31, 2003, the Company had a number of bank facilities bearing interest at LIBOR plus a spread. For certain of the facilities, the spread over LIBOR can vary if there is a deterioration in the Company's financial condition. The facilities have similar terms as to covenants, and under all of the facilities América Móvil, Sercotel and Telcel are either borrowers or guarantors. For certain of these facilities, Telgua is also

a guarantor.

Additionally, the Company has available two commercial paper programs for P. 2,000 and P. 5,000 million. As of December 31, 2003, the Company had no outstanding commercial paper debt.

The Company is subject to financial and operating covenants under the loan agreements. They limit the ability to pledge assets, to effect a merger or a sale of all or substantially all of the assets, and to permit restrictions on the ability of the subsidiaries to pay dividends or make distributions to the Company. The most restrictive financial covenants require the Company to maintain a consolidated ratio of debt to EBITDA not greater than 3.5 to 1 and a consolidated ratio of EBITDA to interest expense not less than 2.5 to 1 (using terms defined in the loan agreements). Telcel is subject to financial covenants similar to those applicable to América Móvil. A number of the financing instruments are subject to either acceleration or repurchase at the holder's option if there is a change of control. In the event of a default under certain material provisions of some of the bank loans, the Company is prohibited from paying dividends to the shareholders. At December 31, 2003, the Company was in compliance with all of these requirements.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

At December 31, 2003, 87% of total outstanding consolidated debt is guaranteed by Telcel.

15. Foreign-Currency Position and Transactions

a) At December 31, 2002 and 2003, América Móvil had the following foreign-currency denominated assets and liabilities:

	Foreign currency in million			
		Exchange		Exchange
	2002	Rate	2003	Rate
		At December 31 2002		At December 31 2003
Assets				
US dollar	380	10.31	1,326	11.23
Quetzal	432	1.34	702	1.39
Reais	1,942	2.91	2,356	3.89
Colombian peso	240,505	0.0035	290,163	0.004
Argentinean peso			380	3.83
Euro			1	14.11
Liabilities				
US dollar	(3,710)	10.31	(3,726)	11.23
Quetzal	(1,107)	1.34	(1,330)	1.39
Reais	(1,540)	2.91	(4,160)	3.89
Colombian peso	(288,605)	0.0035	(781,447)	0.004
Argentinean peso			(395)	3.83

At February 23, 2004 the exchange rate of the Mexican peso relative to the US dollar, quetzal, real, Colombian peso, Argentinean peso and Euro was P. 11.04 per US dollar, P. 1.36 per quetzal, P. 3.73 per real, P. 0.004 per Colombian peso, P. 3.78 per Argentinean peso and P. 13.8 per Euro.

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b) In the years ended December 31, 2001, 2002 and 2003, the Company had the following transactions denominated in foreign currencies. Currencies other than the US dollar (reais, quetzals, Colombian pesos, Argentinean peso and Euro) were translated to US dollars using the average exchange rate for the year.

	Thousands of U.S. dollars		
	2001	2002	2003
Net revenues	1,048,464	1,711,259	3,037,013
Operating costs and expenses	1,655,682	2,423,335	4,103,468
Interest income	62,867	108,469	141,484
Interest expense	90,514	147,529	298,075
Other income (expense), net	95,808	(110,778)	260,394

16. Commitments and Contingencies

a) As of December 31, 2003, the Company has entered into various leases (as a lessee) with related parties for the buildings in which its offices are located, as well as with owners of property where the Company has installed radio bases. The leases expire within one to five years.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)**

Following is an analysis of minimum rental payments due in the next five years. In some cases, the amount will be increased either based on the NCPI or on the appraisal values of the property.

The Company leases certain equipment used in its operations under capital leases. At December 31, 2003, the Company had the following commitments under non-cancelable leases:

Years ended December 31,	Capital lease	Operating lease
2004	P. 27,915	P. 752,771
2005	493,205	769,516
2006	492,557	790,920
2007		800,905
2008 and thereafter		3,705,691
Total	1,013,677	P. 6,819,803
Less interest	(20,735)	
Present value of minimum rental payments	992,942	
Less current installments	37,401	
Long-term obligations at December 31, 2003	P. 955,541	

Rent charged to expenses in 2001, 2002 and 2003 aggregated, P. 247,564, P. 344,679 and P. 1,091,415, respectively.

b) Certain Telmex Obligations Iberbanda

Telmex has guaranteed certain obligations of Iberbanda, S.A.(formerly FirstMark Comunicaciones España, S.A.). The guarantee is limited to 13.7 million euros (P. 194 million). América Móvil has agreed to indemnify Telmex for any liability derived from this guarantee.

Post Spin-Off Agreement

In conformity with clause eleven of the post spin-off master agreement between Telmex and América Móvil, Telmex is obligated to indemnify and hold América Móvil harmless from any and all claims resulting from any liability or contingency which was to be paid by Telmex as a result of the spin-off of América Móvil from Telmex and América Móvil is obligated to indemnify and hold Telmex harmless from any liability or contingency which was expressly transferred to América Móvil as a result of the spin-off América Móvil from Telmex.

c) Payment Guarantees With Suppliers

At December 31, 2003, some of the Companies subsidiaries had commitments to acquire equipment comprising their GSM networks, for as much as approximately US\$ 580 million (approximately P. 6,516 million), which amounts have been guaranteed by America Móvil.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

Telcel

d) Antitrust Proceedings

In November 1995, a competitor of Telcel that provides cellular telephone services reported Telmex and Telcel to Cofeco, the Federal Competition Commission, for alleged monopolistic practices. In July 2001, Cofeco ruled that Telmex was responsible for the alleged monopolistic practices. The ruling did not find Telcel responsible for such practices.

Administrative proceedings were commenced in January and June 2001 by Cofeco against Telcel for alleged anti-competitive behavior in connection with certain actions carried out by certain distributors of Telcel in 2001. In May 2002, Cofeco ruled against Telcel in connection with the proceeding begun in January. Telcel appealed this ruling in June 2002. In September 2002, Cofeco ruled against this appeal. Telcel filed a lawsuit (*demanda de nulidad*) against this ruling in January 2003, the resolution of which is still pending. With respect to the administrative proceedings commenced in June 2001, Cofeco ruled against Telcel in December 2002, and Telcel appealed this ruling. In May 2003, Cofeco ruled against this appeal. In August 2003, Telcel filed a lawsuit (*demanda de nulidad*) against this ruling, the resolution of which is pending. If the Company is unsuccessful in challenging these proceedings, they may result in fines or specific regulations applicable to Telcel.

e) Administrative Investigation

The Company has received requests for information from the CNBV and the SEC regarding Telcel's entry into a capacity services agreement with Operadora Unefon in September 2003. The investigation regards the alleged use by Operadora Unefon of the US\$267.7 million paid by Telcel to Operadora Unefon under the agreement and related public disclosures made by an affiliate of Operadora Unefon. The Company is cooperating with the authorities.

f) Interconnection

Under the terms of its concessions for the 800 megahertz spectrum, Telcel must pay a royalty on gross revenues from concessioned services. The royalty is levied at rates that vary from region to region but average approximately 8%. The Company believes that short message services are value-added services, which are not concessioned services, and that revenues from short message services should not be subject to this royalty. In related proceedings, Cofetel has ruled that short text messages are subject to the interconnection regulatory regime and that such services do not constitute value-added services. The Company is currently disputing these issues in an administrative proceeding, but have made provisions in the financial statements with respect to this potential liability.

CompUSA

g) In January 2000, COC Services, LTD. (COC Services) filed with the District Court for the County of Dallas, Texas, a lawsuit against CompUSA, Inc. (CompUSA) alleging breach of contract and civil liability on the part of CompUSA in connection with certain letter of intent relating to the franchises granted to various Mexican retailers. The lawsuit also named Grupo Carso, Grupo Sanborns and Carlos Slim Helú as additional defendants. In the lawsuit, COC Services sought to recover from CompUSA US\$150 million (approximately P. 1,685.4) in actual damages for breach of contract, tortious interference with a contract or prospective contract, and conspiracy, as well as US\$2 million (approximately P. 22.4) in damages for fraud and US\$300 million (approximately P. 3,370.8) in punitive damages, plus interest and the reimbursement of all legal fees and expenses. The lawsuit was turned over to the 116th District Court for the County of Dallas, Texas, and a jury trial

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

was held in January and February 2001. The jury trial concluded in February 2001 with a verdict against all the defendants in respect of several COC claims. The verdict awarded to COC Services actual and punitive damages from the various defendants, as follows: punitive damages of US\$175.5 million (approximately P. 1,971.9) from James Halpin, CompUSA's former Chief Executive Officer, US\$94.5 million (approximately P. 1,061.8) from CompUSA, US\$67.5 million (approximately P. 758.4) from Carlos Slim Helú, US\$13.5 million (approximately P. 151.6) from Grupo Carso and US\$13.5 million (approximately P. 151.6) from Grupo Sanborns. The defendants filed with the court a motion challenging various legal aspects of the final award.

On May 18, 2001, the court reduced the amount of the damages awarded by the jury verdict against Grupo Carso, Grupo Sanborns, Carlos Slim Helú, CompUSA and James Halpin, from US\$454.0 million (approximately P. 5,101.1) to US\$121.5 million (approximately P. 1,365.1), which represented a 73% reduction. In addition, the court vacated the jury award against CompUSA and James Halpin. Grupo Carso, Grupo Sanborns and Carlos Slim Helú have filed various motions in connection with these proceedings, and have filed an appeal with the competent courts of the State of Texas. Such actions are pending and we cannot predict their outcome, but we have posted with the court a bond to guarantee the payment of any amounts that may be awarded by a final resolution. Although the amount of the jury verdict has been reduced, we plan to continue pursuing all legal avenues available before the competent courts, for so long as it may be necessary, in order to obtain the dismissal of the pending accusations. COC Services has appealed the judgment, seeking to obtain the payment of damages in an amount closer than that stipulated in the jury verdict, and to reinstate CompUSA and James Halpin as defendants. The appeals have been processed and all arguments have been heard. The final resolution of the court of appeals is currently pending.

Telgua

h) Reversal of Privatization

In June 2000, the executive branch of the Guatemalan government issued declarations concerning Empresa Guatemalteca de Telecomunicaciones (Guatel), a Guatemalan state agency that conducted the privatization of Telgua. The declarations stated that certain actions of Guatel relating to the privatization of Telgua were contrary to the interests of the Guatemalan State. In September 2000, the Guatemalan government commenced judicial proceedings against Guatel, Telgua and certain other parties involved in the privatization of Telgua seeking reversal of the privatization.

In October 2001, the Guatemalan State announced a governmental accord issued by the President of Guatemala and the Cabinet Ministers establishing the principal terms and conditions of a settlement agreement among the Guatemalan State, Telgua, Guatel and America Central Tel S.A. (ACT), and ordering the Attorney General of Guatemala to enter into such agreement in the name and on behalf of the Guatemalan State.

Under the terms of the settlement agreement, which was executed on October 2001, Telgua agreed, among other things, to undertake a fixed, mobile, rural and Internet telephone development project within Guatemala, to be completed within a period of three years and to consist of an

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investment of at least 1,950 million quetzals (approximately US\$246 million), and to establish a total of 380,000 public, mobile and rural telephone lines.

Pursuant to the settlement agreement, the Guatemalan State, ACT and Telgua agreed to abandon all litigation and related actions with respect to this matter. While the competent court held that as a procedural matter the attorney for the Guatemalan State could not withdraw the State's claims, it recognized the settlement agreement and ordered the files closed. During 2002, certain former government officials presented claims to the Guatemalan courts challenging the validity of the October 2001 settlement agreement on the grounds that they should have been included as parties. These actions are pending.

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AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

i) ITI-GEDO

In addition, judicial proceedings were commenced in the United States District Court for the Southern District of New York in March 2001 by International Telecom, Inc. (ITI) against Generadora Eléctrica de Oriente, S.A. (GEDO), Antonio Jorge Álvarez and Telgua, alleging breach of contract, tortious interference with contract and fraud in connection with an international telecommunications service agreement. In March 2002, the court granted Telgua's motion to dismiss the case against it for lack of personal jurisdiction, holding that Telgua had insufficient contacts with New York to subject it to jurisdiction in that forum. After a final judgment is issued, ITI, GEDO or Mr. Álvarez may appeal the decision dismissing Telgua from the litigation to the United States Court of Appeals for the Second Circuit.

Comcel

j) Value Added Tax

The Colombian tax authorities have demanded that Comcel and Ocel pay additional value-added taxes arising from cellular activation fees in 1995 and 1996. Comcel and Ocel have challenged these claims before the corresponding administrative authorities. The administrative authorities have reviewed several of the bi-monthly tax periods in question and have decided all of them in favor of Comcel and Ocel.

The amount claimed by the tax authorities (including fines and interest) relating to the tax periods for which challenges were still pending as of December 31, 2003 totaled approximately Colombian P. 19.6 billion for Comcel and P. 2.7 billion for Ocel (approximately P. 79.2 million and P. 10.9 million, respectively). In the opinion of its management, Comcel and Ocel have appropriately filed and paid the value-added tax for all of the periods in question and has made no provisions in its financial statements as of December 31, 2003 against these proceedings.

k) Voice/IP

In March 2000, the Colombian Superintendencia de Industria y Comercio (SIC) issued Resolution No. 4954, requiring Comcel to pay a fine of Colombian P. 234 million for alleged anti-competitive behavior. In addition to this administrative fine, the SIC ordered Comcel to pay damages to other long distance operators. The long distance operators estimated their damages to be US\$70 million. Comcel requested an administrative review of the damages decision, which was denied in June 2000. Comcel appealed, and the appeal was rejected in November 2000. Comcel resubmitted the appeal in February 2001.

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Comcel also filed a special action in court challenging the denial of the administrative review. Following a series of court proceedings, a Colombian appeals court in June 2002 ordered that Comcel's February 2001 appeal be granted and that the administrative decision against Comcel be reviewed. After additional proceedings, the Consejo Superior de la Judicatura ratified this decision. However, in 2003, an appeals court decided to revoke the decision of the Consejo Superior de la Judicatura, and the Tribunal Superior de Bogotá currently is reverting the procedure back to the SIC in order to continue the damages claim.

Telecom Americas

1) Tess and ATL-Telecom Leste

ANATEL has challenged each of Tess and ATL regarding the calculation of inflation-related adjustments due under these companies' concession agreements with ANATEL. Forty percent of the concession price under each of these agreements was due upon execution and 60% was due in three equal annual installments (subject to inflation-related adjustments and interest) beginning in 1999.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

Both companies have made these concession payments, but ANATEL has rejected the companies' calculation of the inflation-related adjustments and requested payment of the alleged deficiencies. The companies have filed declaratory and consignment actions in Brazilian courts seeking resolution of the disputes. The court of first instance ruled against ATL's filing for declaratory action in October 2001 and ATL's filing for consignment action in September 2002. Subsequently, ATL filed appeals, which are pending. In September 2003, the court of first instance ruled against Tess' filing for consignment action. Subsequently, Tess filed an appeal, which is still pending. No ruling has been made to date in respect of the declaratory action filed by Tess. The aggregate contested amounts were approximately R\$422 million (including potential penalties and interest) (US\$146 million) at December 31, 2003. We have made provisions in our financial statements with respect to this potential liability.

m) BNDESPAR

Prior to our acquisition of Telet and Americel, BNDESPar, a subsidiary of BNDES, the Brazilian development bank, had entered into investment and other shareholder agreements with Americel, Telet and certain of their significant shareholders. Under these agreements, BNDESPar had the right, among others, to participate in the sale of shares of Telet and Americel in the event of certain transfers of control, for so long as BNDESPar held 5% of the share of capital in those companies. In October 2003, the Company increased the capital of each of Telet and Americel and BNDESPar's ownership fell below 5% from approximately 20% in each as it elected not to exercise its preemptive rights. Subsequently, BNDESPar sent official notices to Telet and Americel reserving its rights under the agreements in respect of certain past transfers of shares. To the Company's knowledge, BNDESPar has not commenced judicial action against us or any of our subsidiaries. The Company does not believe that BNDESPar has a valid claim against us or our subsidiaries under the agreements. Moreover, does not believe that any such possible actions, even if successful, could result in a material adverse effect on our business, results or liquidity, but it is difficult for to predict the outcome of any such possible actions since a lawsuit has not yet been filed.

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

17. Related Parties

a) Following is an analysis of balances due from/to related parties as of December 31, 2002 and 2003. All of the companies are considered América Móvil affiliates, as the Company's principal stockholders are also directly or indirectly stockholders of these related parties.

	December 31,	
	2002	2003
Accounts receivable:		
Teléfonos de México, S.A. de C.V.	P. 506,192	P. 497,629
Sanborns Hermanos, S.A. de C.V.	63,276	69,306
Sears Roebuck, S.A. de C.V.	21,076	40,665
Teléfonos del Noroeste, S.A. de C.V.	16,797	27,081
Seguros Inbursa, S.A. de C.V.		7,414
Others	2,057	5,710
	<u>P. 609,398</u>	<u>P. 647,805</u>
Accounts payable:		
América Telecom, S.A. de C.V.	P. 46,238	P. 48,455
Fianza Guardiania Inbursa, S.A. de C.V.	23,455	26,511
Consortio Red Uno, S.A. de C.V.	18,872	3,634
Alquiladora de Casas, S.A. de C.V.	215	450
Carso Global Telecom, S.A. de C.V.		21,767
Compañía de Teléfonos Bienes y Raíces, S.A. de C.V.	331	16,631
Others	21,093	12,075
Total	<u>P. 110,204</u>	<u>P. 129,523</u>

b) Neither Telmex nor América Móvil owns any capital stock in the other; however, both companies are controlled by the same group of stockholders. The relationship between Telmex and América Móvil is limited to commercial relationships in the ordinary course of business between a major fixed-line network operator and a major wireless network operator including, among others, the interconnection of their respective networks and the use of facilities, particularly the co-location on premises owned by Telmex. These operational relationships are subject to various agreements, which, for the most part, were in place prior to the spin-off and have continued in effect without significant modification following the spin-off. Many of them are also subject to specific regulations governing all telecommunications operators. The terms of these agreements are similar to those on which each company does business with other unaffiliated parties.

c) In 2001, marketable securities included notes and corporate bonds issued by related parties, interest earned on such instruments for the years ended December 31, 2001 and 2002 were P. 401,774 and P. 81,346, respectively.

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AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

d) In the years ended December 31, 2001, 2002 and 2003 the Company had the following significant transactions with related parties, (mainly with Telmex):

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues:			
Calling Party Pays (CPP) interconnection fees and other(1)	P. 8,421,326	P. 8,746,336	P. 9,553,850
Costs and expenses:			
Payments of long-distance, circuits and others(2)	3,821,476	3,637,594	3,902,024
Commercial, administrative and general:			
Advertising	473,706	467,765	533,662
Others, net	(109,882)	189,450	(4,609)
Interest expense (income)	6,588	57,215	(4,706)

- (1) Interconnection fees from CPP: incoming calls from a fixed-line telephone to a wireless telephone. Prior to the spin-off Telcel had entered into interconnection agreements with Telmex. The interconnection agreements specify a number of connection points, locations of interconnection points, the method by which signals must be transmitted and received and the costs and fees of interconnection.
- (2) Includes: a) Interconnection (cost): payments of interconnection for outgoing calls from the wireless network to the fixed-line network; b) Long-distance: payments for the use of national and international long-distance; and c) leases of buildings and other cellular space.

e) Telcel has entered into various leasing and co-location agreements with a subsidiary of Telmex. Under these agreements, Telcel pays monthly fees for the use of Telmex's antenna and repeater space, and has the right to install its interconnection equipment.

f) The Company purchases materials and services from related parties under terms no less favorable than it could obtain from unaffiliated parties. Such materials and services include insurance and bank services provided by Grupo Financiero Inbursa, S.A. and certain other subsidiaries.

18. Stockholders Equity

a) The shares of América Móvil were authorized and issued pursuant to the Telmex stockholders' meeting on September 25, 2000 approving the spin-off. Capital stock at December 31, 2001, 2002 and 2003, is represented by 13,199 million, 12,916 million and 12,836 million common shares with no par value, respectively, representing the fixed portion of capital.

An analysis of the shares at December 31, 2003 is as follows:

**Millions of
shares**

3,647	Series AA voting shares
279	Series A voting shares
8,910	Series L limited voting rights
<hr/>	
12,836	
<hr/>	

b) Series AA shares, which may be subscribed only by Mexican individuals and corporate entities, must represent at all times no less than 20% of capital stock and no less than 51% of the combined AA shares and A shares. Common series A shares, which may be freely subscribed, must account for no more than 19.6% of

AMÉRICA MÓVIL, S.A. DE C.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)**

capital stock and no more than 49% of the common shares. Series AA and A shares combined may not represent more than 51% of capital stock. The combined number of series L shares, which have limited voting rights and may be freely subscribed, and series A shares may not exceed 80% of capital stock.

The Company's bylaws permit the holders of series L shares to exchange such shares, in certain circumstances, for series AA shares, commencing January 1, 2001. During 2001, a total of 605 million series L shares were exchanged for series AA shares.

c) In April 2002 and 2003, the stockholders approved payment of a cash dividend of Ps. 0.044 and Ps. 0.060 per share, respectively, payable in four installments of Ps. 0.011 and Ps. 0.015 each in June, September and December of 2002 and 2003 and in March 2003 and 2004.

During the three year period ended December 31, 2003, the Company has purchased the following shares:

Year	Number of shares in million		Amount in thousands of Mexican pesos		Historical amounts in thousands of Mexican pesos	
	L Shares	A Shares	L Shares	A Shares	L Shares	A Shares
2001	807	4	P. 7,477,552	P. 44,363	P. 6,662,635	P. 38,999
2002	281.6	1.9	P. 2,178,493	P. 13,506	P. 2,038,972	P. 12,641
2003	66.2	0.2	P. 975,119	P. 350	P. 1,009,870	P. 330

Under the Mexican Securities Trading Act, amended starting June 1, 2001, it is no longer required to create a reserve for the repurchase of the Company's own shares. The Company's own shares that have been purchased since this change were acquired using the reserve.

d) In conformity with the Mexican Corporations Act, at least 5% of the net income of each year must be appropriated to increase the legal reserve until it reaches 20% of capital stock issued and outstanding.

19. Income Tax, Asset Tax and Employee Profit Sharing

a) Mexico

- 1) Effective January 1, 2002, the Ministry of Finance and Public Credit authorized América Móvil to consolidate the group tax returns of its Mexican subsidiaries. Global Central América, S.A. de C.V., one of the Company's subsidiaries is excluded from this tax consolidation.

- 2) Asset tax is a minimum income tax payable on the average value of most assets net of certain liabilities. Since asset tax may be credited against income tax, the former is actually payable only to the extent that it exceeds income tax. Asset tax for the years ended December 31, 2001, 2002 and 2003 was P. 114,819, P. 1,356,718 and P. 1,076,528, respectively. Such amounts were paid by crediting income tax paid in such years. Asset tax for the years ended December 31, 2002 and 2003, was determined on a consolidated basis.

- 3) The statutory income tax rate for 2002 and 2003 was 35% and 34% respectively. However, corporate taxpayers had the option of deferring a portion, so that the tax payable in 2001 represented 30% of taxable income. The deferred portion of the tax had to be controlled in the so-called net reinvested tax profit account (CUFINRE) to clearly identify the earnings on which the taxpayer opted to defer payment of a portion of income tax. Effective January 1, 2002, the above-mentioned option of deferring a portion of income tax, was eliminated.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)**

Since in 2001, the Company opted for this tax deferral, earnings will be considered to be distributed first from the CUFINRE account and any excess will be paid from the net tax profit account (CUFIN) so as to pay the 5% deferred tax.

Any distribution of earnings in excess of the above-mentioned account balances will be subject to payment of corporate income tax.

At December 31, 2003, the balance of the restated contributed capital account (CUCA) and CUFIN was P. 29,665,720, and P. 30,905,823, respectively.

4) An analysis of income tax charged to results of operations for the years ended December 31, 2001, 2002 and 2003 is as follows:

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Current year income tax of Mexican Subsidiaries	P. 3,470,644	P. 3,309,574	P. 2,642,174
Current year income tax of foreign Subsidiaries	119,925	282,692	555,117
Deferred income tax of Mexican Operations	(300,288)	(380,958)	80,235
Total	P. 3,290,281	P. 3,211,308	P. 3,277,526

The current year income tax of Mexican subsidiaries includes a tax credit of P. 864 million resulting from the favorable ruling handed down in an appeal against the tax authority's rejection of certain deductions in connection with the fiscal treatment on the loss of sale of subsidiaries.

5) A reconciliation of the statutory corporate income tax rate to the effective rate recognized for financial reporting purposes is as follows:

	<u>Year ended December 31</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Statutory income tax rate in Mexico	35.0%	35.0%	34.0%

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Financing costs	1.8	0.2	8.80
Goodwill	0.7	0.5	1.42
Impairment on affiliates	1.0		
Sale of affiliates		(4.5)	
Recoverably taxes			(7.4)
Asset tax		5.2	7.5
Royalties			(10.4)
Others	5.4	(8.1)	3.6
	<u> </u>	<u> </u>	<u> </u>
Effective tax rate for Mexican operations	43.9	28.3	37.5
	<u> </u>	<u> </u>	<u> </u>
Revenues and costs from foreign subsidiaries	7.3	(2.0)	(20.3)
	<u> </u>	<u> </u>	<u> </u>
Effective tax rate	51.2%	26.3%	17.2%
	<u> </u>	<u> </u>	<u> </u>

On January 1, 2002, a annual one-percentage point decrease in the income tax rate was approved, starting in 2003, so that in 2005 the rate will be 32%. The effect of this tax rate change on the determination of deferred taxes for the year represented a credit to result of operations in 2003, of approximately P. 130 million. The effect of this change is included in each of the concepts presented.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

6) The temporary differences on which the Company recognized deferred taxes in the years ended December 31, 2002 and 2003, were as follows:

	December 31,	
	2002	2003
<i>Deferred tax assets</i>		
Liability provisions	P. (387,727)	P. (434,134)
Other	(164,987)	(153,419)
Deferred revenues	(488,424)	(782,689)
Tax loss carryforwards	(5,671,749)	(19,383,420)
	(6,712,887)	(20,753,662)
<i>Deferred tax liabilities</i>		
Fixed assets	1,883,497	2,539,064
Inventories	723,785	935,909
Licenses	583,650	651,778
Sale and lease back		889,290
	3,190,932	5,016,041
Valuation allowance	5,662,646	19,386,476
Deferred income tax liability	P. 2,140,691	P. 3,648,855

7) The Company is legally required to pay employee profit sharing in addition to the compensations and benefits to which Mexican employees are contractually entitled. The statutory employee profit sharing rate in 2001, 2002 and 2003 was 10% of taxable income.

b) Foreign Subsidiaries

The foreign subsidiaries determine their income tax based on the individual results of each subsidiary and in conformity with the specific tax regimes of each country. The pretax (loss) income and tax provisions of these subsidiaries in 2001, 2002 and 2003 were P. (2,449,956), P. 1,330,656, P.3,759,371 and P. 119,925, P. 282,692 and P. 555,117, respectively.

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At December 31, 2003, America Móvil's foreign subsidiaries, have available tax loss carryforwards in conformity with the tax regulations of their respective countries as follows:

Million of pesos at December 31, 2003

Years	Brazil	Argentina	USA	Colombia	Ecuador
1997	P. 45		P. 12		
1998	1,540		408		
1999	11,116	P. 83	390		P. 81
2000	7,721	949	1,786	P. 1,243	460
2001	9,125	517	1,223	1,180	348
2002	7,758	5,191	94	162	116
2003	4,628	641			46
	P. 41,933	P. 7,381	P. 3,913	P. 2,585	P. 1,051

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

In Brazil there is no time limit on the carryforward of tax losses; however, the carryforward in each year may not exceed 30% of the tax base for such year.

In Argentina, the tax loss of a given year may be carried forward only against the taxable earnings of the succeeding five years.

Up to 2002, tax losses incurred in Colombia, may be carried forward against taxable earnings of the succeeding five years, with no limitations whatsoever. Beginning in 2003, the tax loss of a given year may be carryforwards only against the taxable earnings of the succeeding eight years, not exceeding 25% of the earnings generated in each of those years.

Tracfone experienced a change in ownership as defined by U.S. Internal Revenue Code section 382, under which, there is an annual limitation on Tracfone's ability to realize the benefit of its loss carryforwards. As a result, some or all of the Tracfone's loss carryforwards may never be realized.

In Ecuador the tax loss of a given year may be carryforwards only against the taxable earnings of the succeeding five years, not exceeding 25% of the earnings generated in each of those years.

In Guatemala and El Salvador there is no carryforward of tax losses against earnings of future years.

20. Stock option plan

During 2001, the Company established a stock option plan for most of its senior executives. The Compensation Committee and Board of Directors authorized the plan, reserving a total of 3,215,000 L Shares from treasury. The subscription price for the 2001 plan is P. 1.00 per share. Participants under the plan may exercise 25% of the options during 2001, 25% during 2002, 25% during 2003, and the remaining 25% during 2004. Because the options do not expire if not exercised in a particular year, a participant could wait until the fourth anniversary of the plan to exercise 100% of the options granted. During 2002 and 2003, the Company established second and third plans, respectively, each of which functions under the same rules as the 2001 plan, except that the second plan established in 2002 has a one-year lag while the third plan established in 2003 has a two-year lag. Additional L Shares from treasury were reserved for such plans. As of December 31, 2003, a total of 3,355,750 L Shares have been acquired by employees under the stock option plans. At December 31, 2003, the Company has expensed the difference between the market value of the total authorized shares and the subscription price.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

21. Segments

América Móvil operates primarily in one segment (cellular services); however, as mentioned in Note 1 above, the Company has international telecommunications operations in Mexico, Guatemala, Nicaragua, Ecuador, El Salvador, Brazil, Argentina, Colombia and United States. The accounting policies of the segments are the same as those described in Note 2. The following summary shows the most important segment information:

	Mexico Corporate	Mexico (Telcel)	Guatemala (includes Nicaraguan operations)	Ecuador	Colombia	Brazil	Argentina	U.S.A.	El Salvador	Eliminations	Consolidated total
December 31, 2001											
Operating revenues		35,460,890	4,406,171	852,491				4,748,540		(10,688)	45,457,404
Depreciation and amortization	241,566	2,697,582	1,119,651	646,249				264,418		(49,218)	4,920,248
Operating loss income	(1,890,874)	9,837,962	1,343,631	(546,628)				(1,694,227)		(375,384)	6,674,480
Interest paid	1,075,726	5,063,565	539,228	127,443						(5,660,941)	1,145,021
Segment assets	74,981,185	75,136,512	11,018,358	4,194,031				1,493,131		(64,989,837)	101,833,380
Plant, property and equipment, net	603,483	33,497,338	7,961,852	1,353,635				517,839			43,934,147
Goodwill, net	2,319,822	501,856	325,688	2,027,756						(496,562)	4,678,560
Licenses, net		1,849,691	537,892	331,637							2,719,220
December 31, 2002											
Operating revenues		42,407,871	4,620,722	1,300,688	3,838,763	3,316,564	49,032	4,241,627		(32,671)	59,742,596
Depreciation and amortization	247,794	3,913,562	1,244,856	226,293	914,357	1,897,828	(60,392)	166,969		54,996	8,606,263
Operating loss income	212,035	12,290,269	1,108,690	(109,613)	355,889	(901,876)	44,303	(256,908)		237,622	12,980,411
Interest paid	4,587,479	8,761,004	392,879	56,954	425,896	686,420	10,092			(12,424,350)	2,496,374
Segment assets	267,439,076	80,072,447	11,776,136	4,390,739	9,380,478	4,058,989	809,708	1,295,424		(261,685,375)	117,537,622
Plant, property and equipment, net	860,426	35,422,658	9,507,389	1,538,363	5,681,460	9,430,259	934,851	420,200		(801,607)	62,993,999
Goodwill, net	2,138,671		441,709	2,046,822	1,619,466		274,717			(257,509)	6,263,876
Trademarks					1,974,142	4,822,388					6,796,530
Licenses, net		1,694,775	597,764	305,174	2,284,094	11,102,448	232				15,984,487
December 31, 2003											
Operating revenues		52,465,905	5,662,567	2,716,700	5,769,694	11,397,248	889,348	6,246,478	811,906	(18,874)	85,940,972
Depreciation and amortization	1,133,875	4,719,971	1,360,255	452,536	1,398,657	4,319,775	96,371	196,350	160,321	39,750	13,877,861
Operating loss income	(1,204,704)	17,695,289	1,706,214	548,529	592,468	(2,134,005)	70,451	200,179	269,429	216,245	17,960,095
Interest paid	5,927,629	5,555,664	412,117	69,406	475,909	1,730,162	225,440		529	(10,621,490)	3,775,366
Segment assets	263,073,070	43,673,117	10,775,727	5,357,175	12,763,467	61,315,156	4,839,104	2,399,293	8,911,217	(263,128,779)	149,978,547

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Plant, property and equipment, net	1,148,449	28,364,683	7,799,619	2,370,918	6,917,840	18,026,807	1,455,481	359,566	4,718,279	71,161,642
Goodwill, net	3,061,521		577,091	1,849,132	2,831,175		287,871		(578,441)	8,028,349
Trademarks					1,782,692	4,034,641	1,015,015		1,052,433	7,884,781
Licenses, net		1,553,455	638,732	256,289	2,623,521	19,894,324	639,971		327,528	(125,869)
										25,807,951

22. Subsequent Events

The Company has issued and privately offered senior notes in an amount of US\$ 1.6 billion (See Note 24)

23. Differences between Mexican and U.S. GAAP

The Company's consolidated financial statements are prepared in accordance with Mexican GAAP, which differ in certain respects from generally accepted accounting principles in the United States (U.S. GAAP).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

The reconciliation to U.S. GAAP does not include the reversal of the adjustments to the financial statements for the effects of inflation required under Mexican GAAP (Bulletin B-10), because the application of Bulletin B-10 represents a comprehensive measure of the effects of price level changes in the Mexican economy and, as such, is considered a more meaningful presentation than historical cost-based financial reporting for both Mexican and U.S. accounting purposes.

The principal differences between Mexican GAAP and U.S. GAAP, as they relate to the Company, are described below together with an explanation, where appropriate, of the method used to determine the adjustments that affect operating income, net income, total stockholders equity and resources provided by operating and financing activities.

Income Statement Information:

Cost of sales as shown in the income statement, includes cost of sales of telephone equipment and other in the amount of P. 8,413,262, P. 12,049,529 and P. 19,222,816, for the years ended December 31, 2001, 2002 and 2003, respectively.

Cash Flow Information:

Under Mexican GAAP, the Company presents consolidated statements of changes in financial position, as described in Note 2. The changes in the consolidated financial statement balances included in this statement constitute resources provided by and used in operating, financing and investing activities stated in constant pesos (including monetary and foreign exchange gains and losses). Under Mexican GAAP changes in trading securities are presented as investing activities, while under U.S. GAAP the cash flows from these type of securities should be disclosed as cash provided by (used in) operating activities.

Statement of Financial Accounting Standards No.95 (SFAS No. 95), Statement of Cash Flows, does not provide guidance with respect to inflation adjusted financial statements. In accordance with Mexican GAAP, the changes in current and long-term debt due to restatement in constant pesos, including the effect of exchange differences, are presented in the statement of changes in financial position in the financing activities section. The Company has adopted the guidance issued by the AICPA SEC Regulations Committee's International Practices Task Force in its meeting held on November 24, 1998, encouraging foreign registrants that file price level adjusted financial statements to provide cash flow statements that show separately the effects of inflation on cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2003)

If the changes in trading securities, the monetary gain and the exchange gain or loss related to the debt were treated as components of operating activities, summarized consolidated statements of cash flows derived from information prepared in accordance with U.S. GAAP would be as follows:

	Year ended December 31,		
	2001	2002	2003
Operating activities:			
Net (loss) income	P. (670,140)	P. 6,037,225	P. 14,898,894
Depreciation	4,496,868	6,990,841	10,314,852
Amortization	998,997	1,147,097	3,053,380
Amortization of loss of sale and lease back			134,042
Amortization of prepaid expenses			75,428
Excess of contributed company over cost	(106,950)	(1,004,907)	
Deferred taxes	(802,146)	121,144	1,348,836
Monetary effect	817,611	(2,871,978)	(2,350,798)
Equity in results of affiliates, minority interest and others	3,842,859	4,030,110	481,431
Effect of exchange rate differences on debt	(700,393)	(1,983,089)	(1,276,286)
Marketable securities	532,575	9,368,493	715,228
Change in operating assets and liabilities	(875,738)	2,328,427	(678,747)
Resources provided by operating activities	7,533,543	24,163,363	26,716,260
Financing activities:			
New loans	21,974,690	41,850,901	22,512,225
Repayment of loans	(6,648,718)	(15,433,454)	(19,959,537)
Purchase of Company's own shares and cash dividend paid	(7,821,115)	(2,602,356)	(1,749,584)
Resources provided by financing activities	7,504,857	23,815,091	803,104