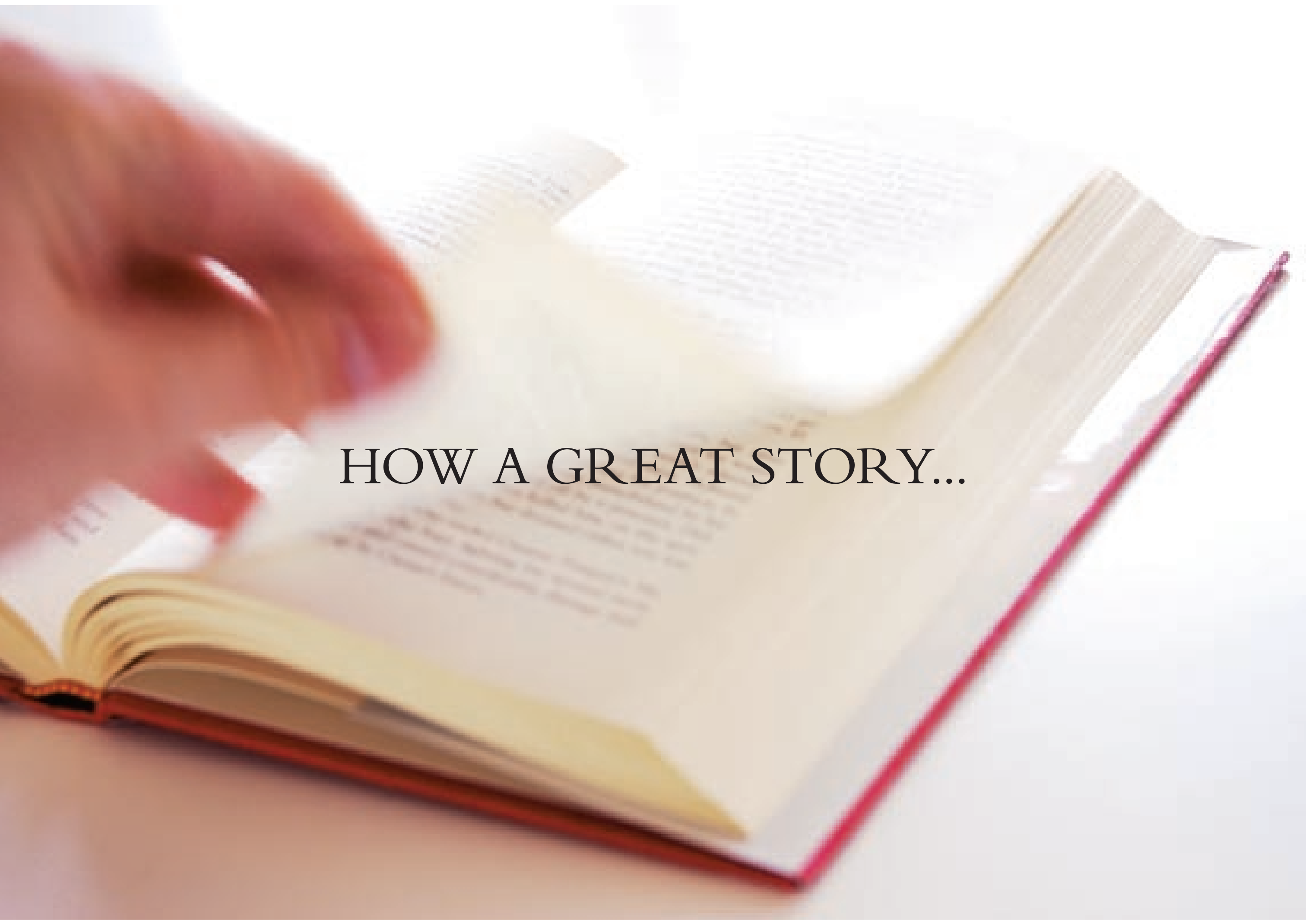
América Móvil 2005 Annual Report



"Captivating"

"Unexpected"

"ELECTRIFYING"

"THRILLING!"

"I got hooked"

"Fast-paced action"

"Beyond expectations!"

...BECAME EVEN MORE EXCITING!

As we entered 2005, América Móvil was a four-year old company that in its brief life span had managed to increase by six times –to over 60 million– its wireless subscriber base through a combination of organic growth and acquisitions.

By the end of the year its subscriber base had expanded by over 50%, as it added a record number of subscribers to finish 2005 with 93 million clients. Everyone of our operations in 14 countries in the Americas posted the best-ever number of subscriber gains, exceeding expectations.

América Móvil has delivered to shareholders a remarkable combination of growth and profitability. We are confident that we will continue to deliver outstanding results.

AMÉRICA MÓVIL is the main wireless company in Latin America and one of the five largest in the world in terms of equity subscribers. It has operations in 14 countries in the Americas, covering a combined population of over 750 million people. State-of-the-art products and quality services are available for over 93 million people that make up América Móvil's wireless subscriber base and two million fixed lines in the Central American region, where América Móvil consolidated its presence as the principal provider of telecommunications services. Commitment to the region, proximity to its clients and an ability to take advantage of the opportunities it encounters will allow América Móvil to continue to deliver on revenues and profit growth.

RELEVANT FINANCIAL DATA

(millions of constant Mexican pesos as of December 31, 2005)

	2005	2004	Var. %	2005 US$ Millions
Total Revenues	**182,153**	139,234	30.8%	17,006
EBITDA	**54,960**	43,491	26.4%	5,131
EBITDA Margin	**30.2%**	31.2%		30.2%
Operating Profit	**33,696**	24,276	38.8%	3,146
Operating Margin	**18.5%**	17.4%		18.5%
Net Income	**31,641**	17,063	85.4%	2,954
Earnings per Share (EPS, pesos)	**0.87**	0.45	90.9%	0.08
Earnings per ADR (US dollars)	**1.62**	0.81	100.7%	—
Total Shareholders' Equity	**85,661**	80,151	6.9%	7,997
Total Assets	**229,994**	201,102	14.4%	21,471
Weighted Average of Common Shares Outstanding (millions)*	**36,538**	37,506	-2.6%	—
Return on Equity (ROE)	**36.8%**	21.3%		—

* Shares outstanding in 2004 have been adjusted for the 3:1 split that took place in mid-2005.

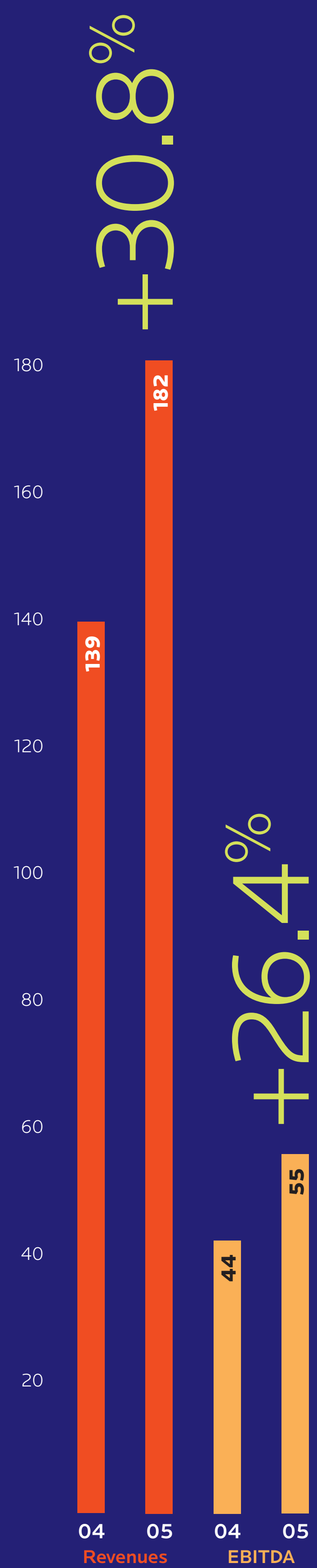
We determine EBITDA as shown in the reconciliation:

	2005	2004
Operating Income	33,696	24,276
Plus		
Depreciation	15,340	12,665
Amortization	5,924	6,550
EBITDA	**54,960**	**43,491**

Millions of constant Mexican pesos as of December 31, 2005.

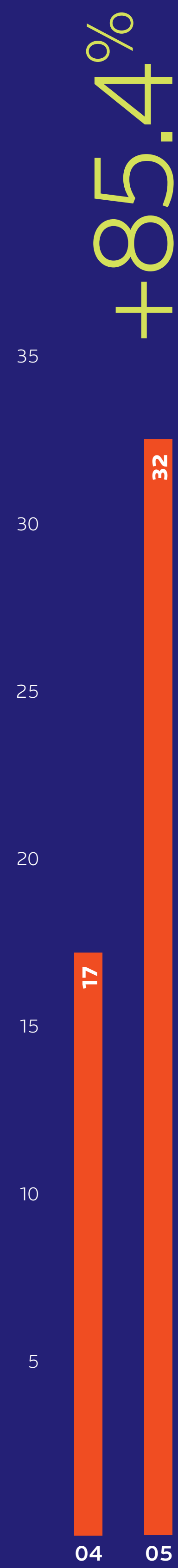
Revenues and EBITDA

(billions of constant Mexican pesos as of December 2005)



Net Income

(billions of constant Mexican pesos as of December 2005)



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The story begins with an interesting mix of characters from a wide variety of cultural and national backgrounds. They are our subscribers. Many are young people with ever-greater communication needs keen on using new technologies.

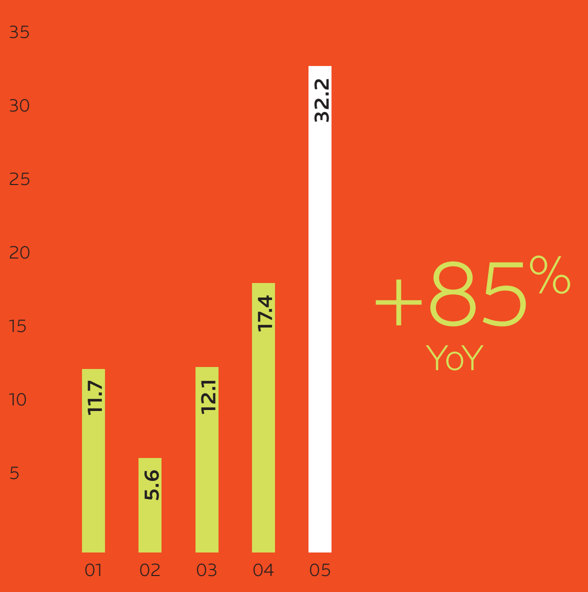
In the five years that we have been in business, 83 million subscribers have come to join the 10 million clients that América Móvil had at its inception. For the most part, the expansion of our subscriber family has been organic, although approximately 10 million of our subscribers came to us through our acquisition of various telecom operators.

Nearly one third of our subscribers joined in 2005, a year in which net subscriber additions doubled our initial expectations. This was particularly so in Colombia, Ecuador and Argentina, where wireless penetration rates increased as much as 25 percentage points in the year. Mexico and Brazil continued to provide a strong inflow of subscribers, with the wireless penetration rate in each of these countries increasing by almost 10 percentage points in 2005.

In 2005 our subscriber family expanded into Peru, Chile, Paraguay and the state of Minas Gerais in Brazil.

Net Subscriber Additions

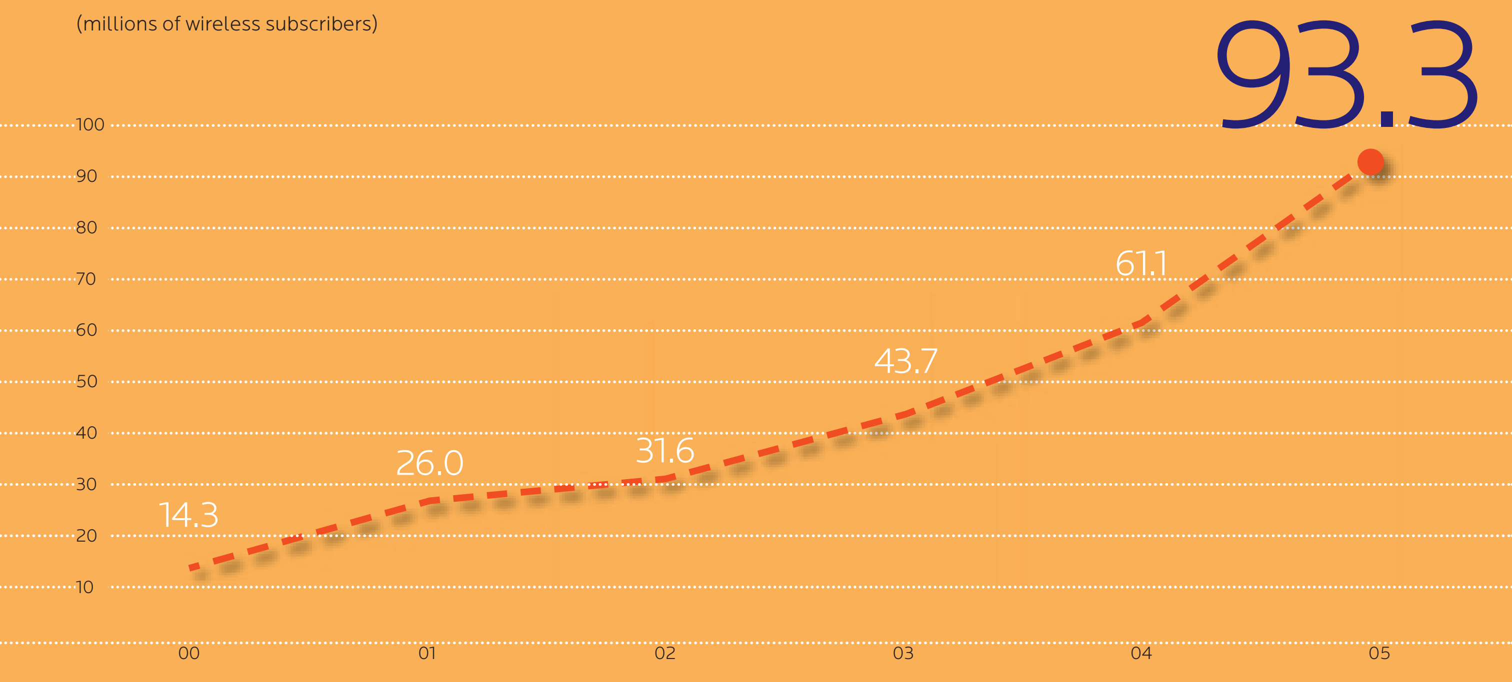
(millions of wireless subscribers)



In 2005, América Móvil welcomed more than 32 million wireless subscribers, setting a new record for the company in terms of subscriber growth. We registered record net additions in every country of operation. In Colombia, we acquired eight million subscribers in 2005, in Mexico we added seven million and in Brazil we brought on board five million.

Subscribers

(millions of wireless subscribers)



América Móvil has grown by

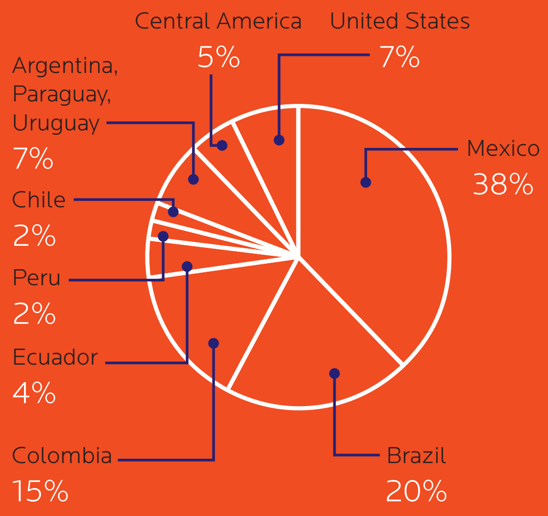
83 *million wireless subscribers*

in the last five years

Given the rapid pace of subscriber expansion, América Móvil's subscriber base is substantially more diversified today than at the time we began operations five years ago. Today 62% of the subscriber base comes from outside of Mexico, versus 12% five years ago.

Wireless Subscribers by Region

(%)



CHAPTER

2

The setting of our story is the Americas….

It is the 14 countries where we have established telecom operations. 13 of them in Latin America, where 453 million people live. The other one is the United States, with a population of nearly 300 million people.

América Móvil is the leading wireless services operator in Latin America and the number one player in the prepaid wireless market in the United States. Commitment, coverage and quality of service have brought us to the leading position in the region.

At the end of 2000, the year of our inception, market penetration in the Latin American countries where we operate today stood at a combined 12%. By the end of 2005, it had grown to 45%, which means that the wireless market in what is today our region expanded by 152 million subscribers in these five years, more than half of these new subscribers joined us at América Móvil.

In the United States, prepaid services were virtually nonexistent in 2000. We were one of the pioneers seeking to develop the prepaid wireless market. Today this market is the main driver of subscriber growth in the country.

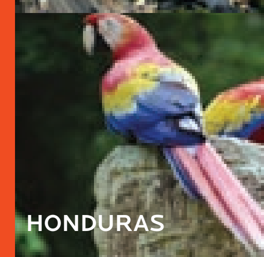
THE SETTING

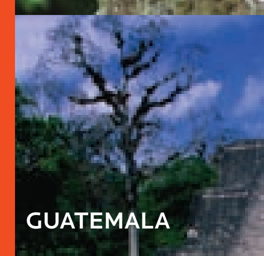
WIRELESS OPERATIONS IN **14** COUNTRIES IN THE AMERICAS

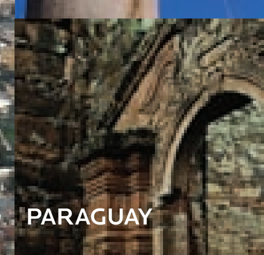
América Móvil offers access to voice and data services to almost

90%

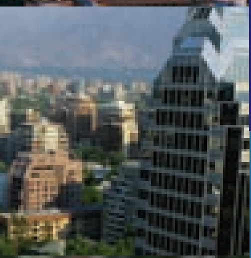
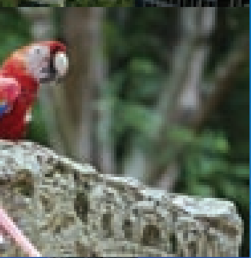
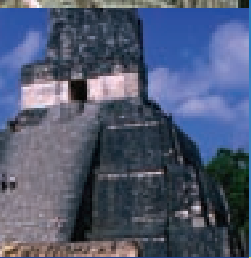
of the population in Latin America





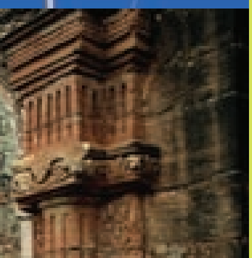


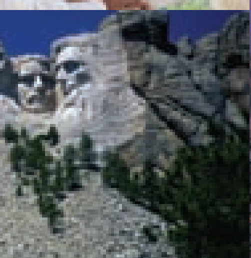
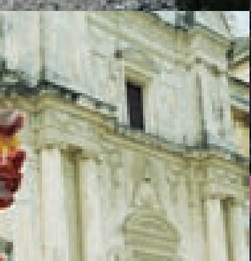


Nº 1

Wireless operator
by subscribers
in the Americas

750,800,000

Population covered by América Móvil
in the Americas

CHAPTER

3

Gaining the confidence of an ever-greater number of subscribers is our recipe for success. It entails providing superior coverage and world-class quality of service.

Which requires undertaking important investments for the long term, directed towards the expansion of coverage and the acquisition of the latest technologies and also to the expansion of our footprint in the region. Is it thus that América Móvil has built the most extensive GSM-based wireless platform in Latin America, serving more than 100 thousand communities in the region. With GPRS capability for data transmission everywhere. And with even faster EDGE networks for data in the main cities of Latin America.

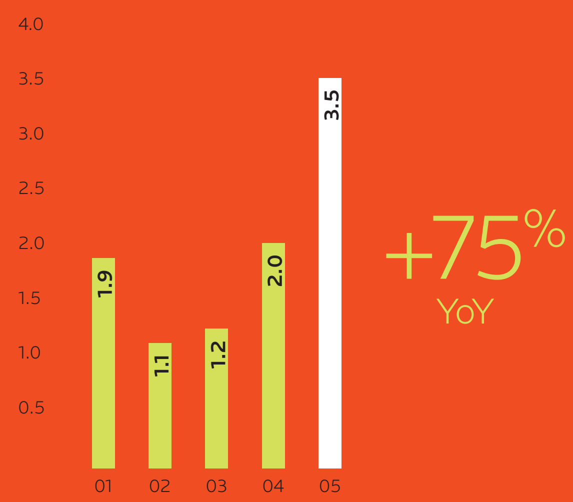
Our common GSM platform allows us to provide first-rate voice communication services and a continually expanding portfolio of value added services within the countries where we operate. And also between them. It is this platform that allows our clients to take for granted their capacity to roam, whether it is within their countries or internationally.

Delivering our network to our clients requires the full support of our workforce. To build the networks. To operate them. To manage the relationship with our clients, including customer service and commercial promotions. Our personnel does so efficiently, with high productivity and attention to costs.

This is, in a nutshell, the plot of our story. We understand that success entails commitment. And we have duly committed our human and financial resources. For the long run.

Capital Expenditure

(billions of dollars)



América Móvil offers the ***largest common platform for voice and data*** in the region of Latin America

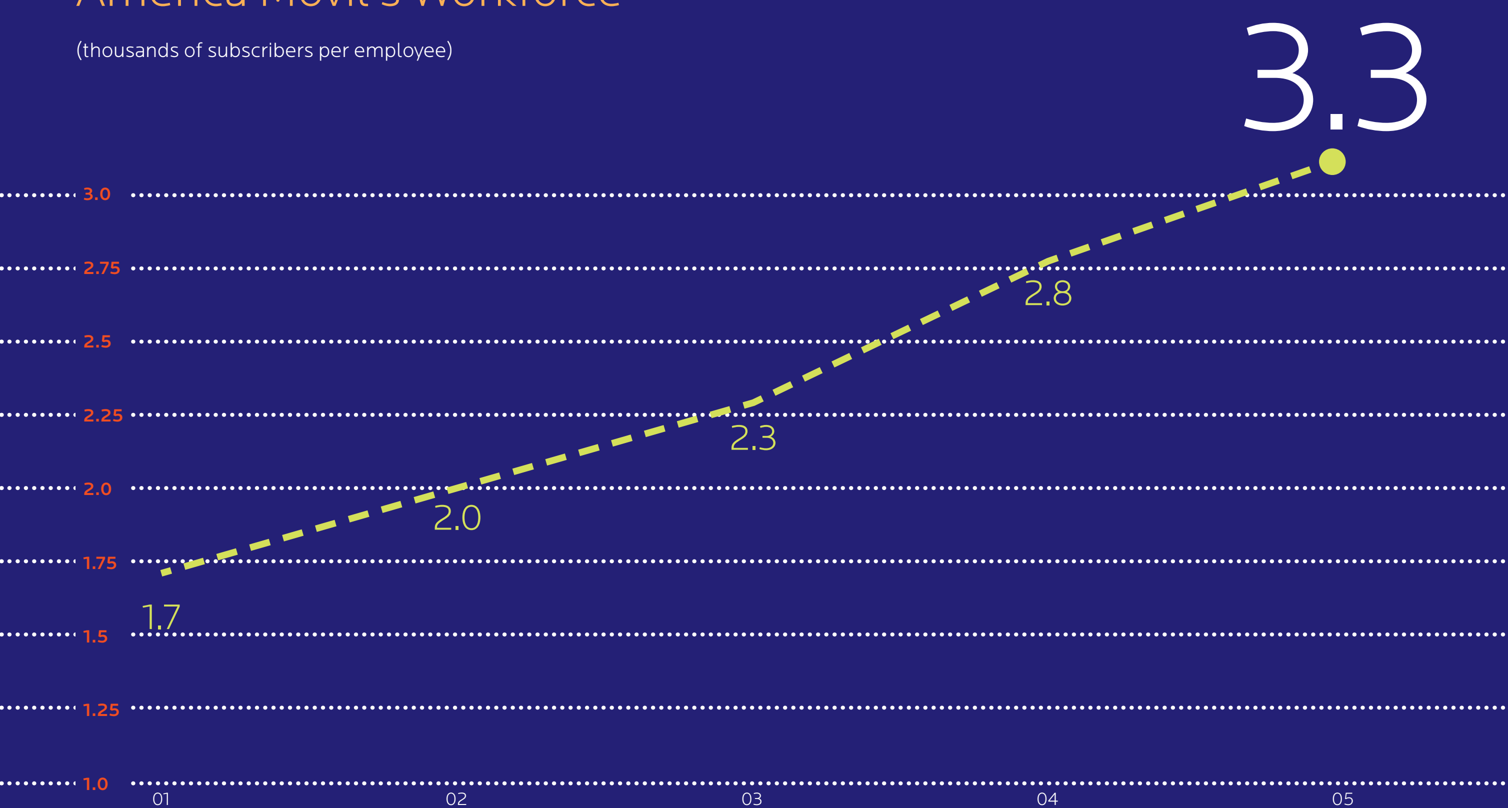
Over

16 billion dollars

in capital expenditures and acquisitions over the last five years

América Móvil's Workforce

(thousands of subscribers per employee)

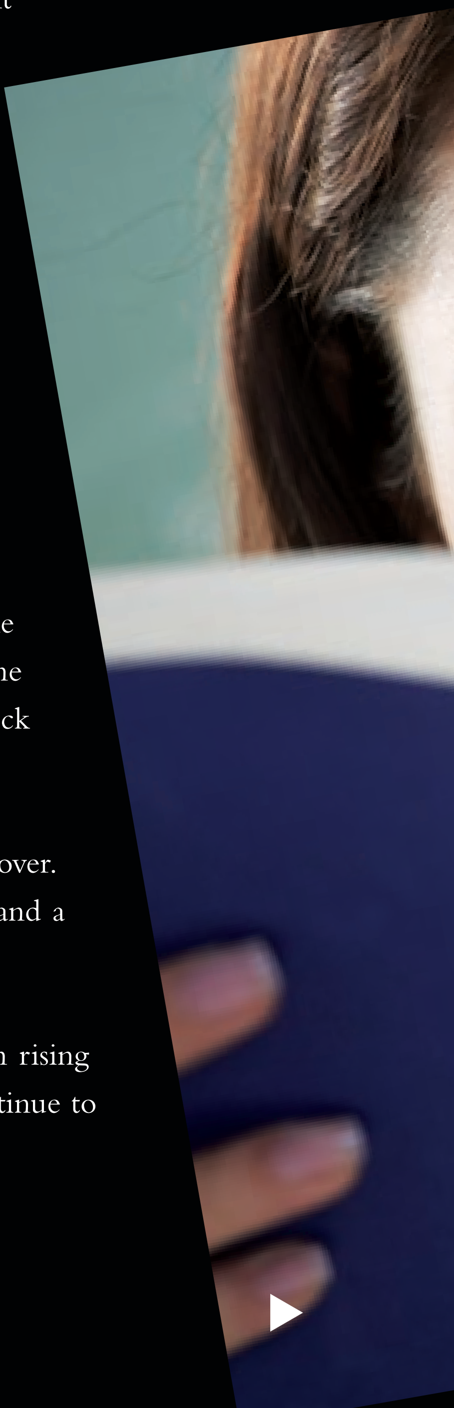


CHAPTER

4

The rapid expansion of our family of subscribers has allowed América Móvil to consistently deliver strong operating and financial results to our shareholders.

We are now the fifth largest wireless operator in the world by equity subscribers. And the growth of our subscriber base has brought about important increases in our revenues and EBITDA.
In 2005 the former topped 17 billion dollars whereas our EBITDA reached five billion dollars. Relative to the year 2000, when América Móvil came into being, our revenues have grown at a compound annual rate of 49%. And our EBITDA has done so at a rate of 51%.



Which has resulted in our net income surging to three billion dollars in 2005. Dividends and share buybacks have followed suit: they totaled nearly two billion dollars in 2005. And four billion throughout our first five years.

In recognition of our strong performance, our stock has become the most liquid one in the Mexican market and our ADR one of the most traded Latin American ADRs in the New York Stock Exchange.

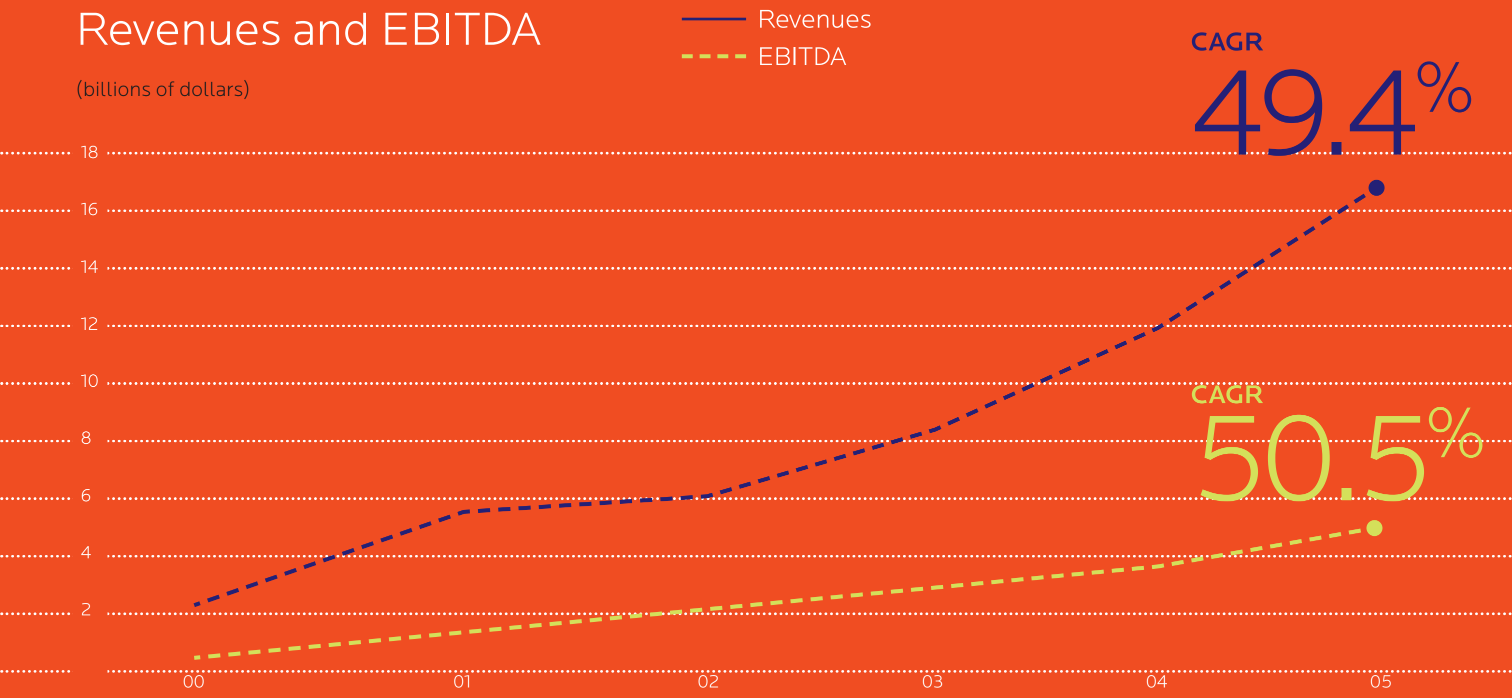
Ours has been a unique and exciting story. It is far from being over. On the contrary: it is slated to continue with the same plot and a slightly greater set of characters and locations.

Wireless penetration rates in the Americas likely will keep on rising over the next few years. By sticking to our story, we shall continue to deliver an attractive combination of profitability and growth.

The Conclusion

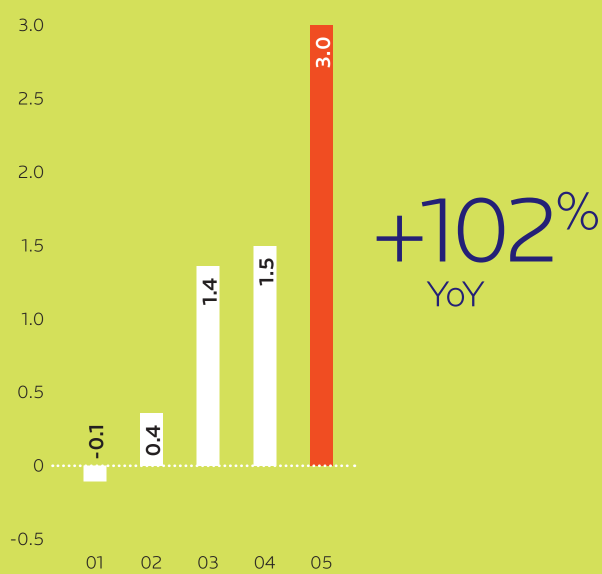
Revenues and EBITDA

(billions of dollars)



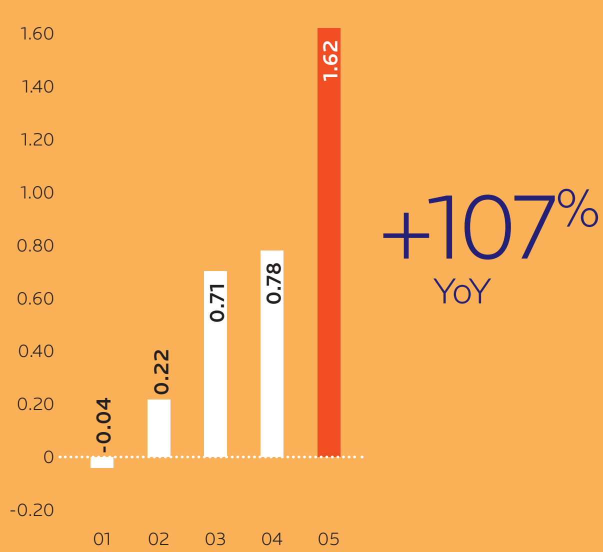
Net Income

(billions of dollars)



Earnings per ADR*

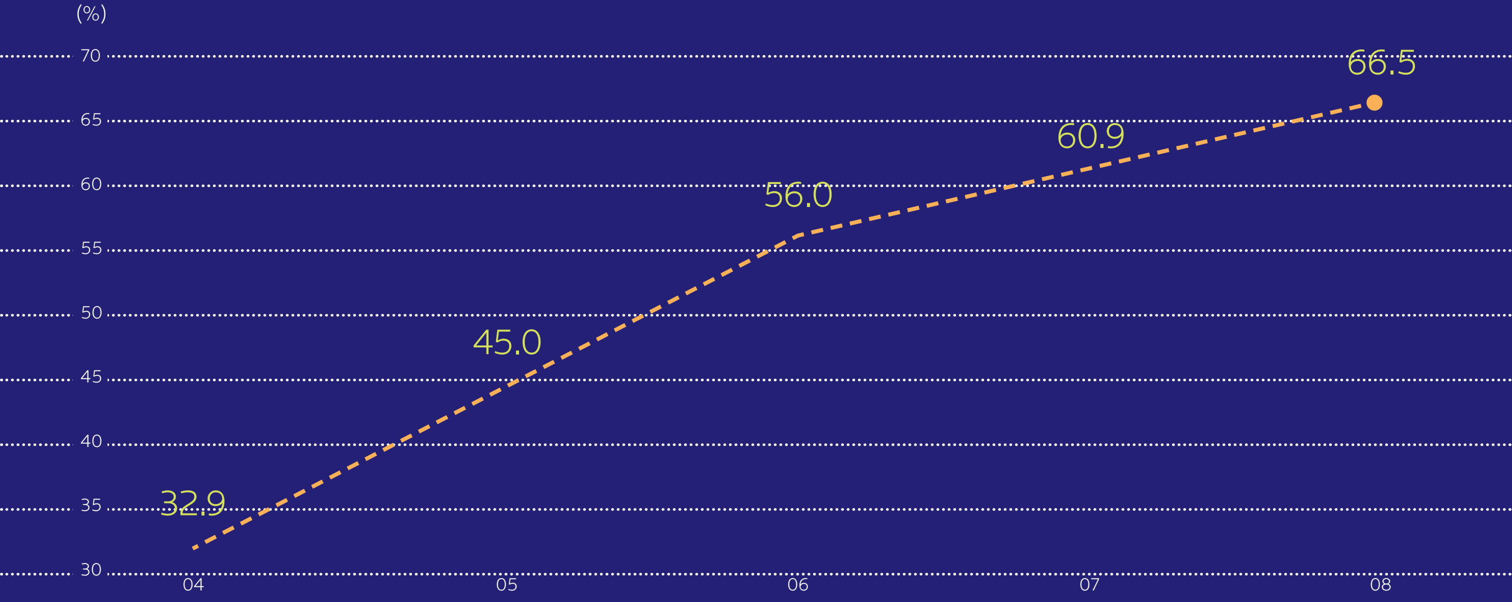
(dollars)



*ADR Ratio of 20:1. Weighted average of common shares outstanding adjusted for the 3:1 split in mid-2005.

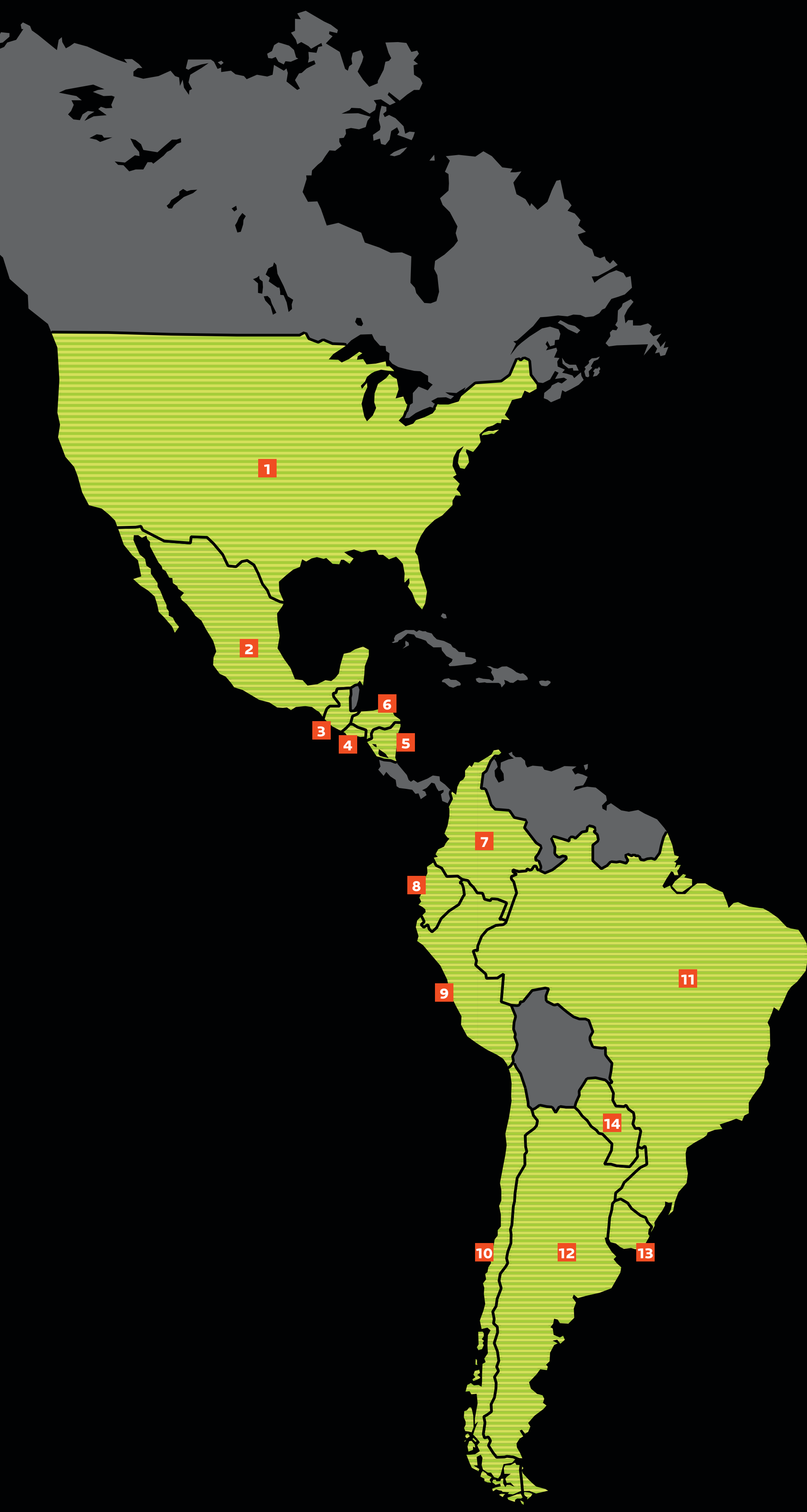
We shall continue to deliver an attractive combination of **profitability** and **growth**.

Projected Wireless Penetration in AMX Region*



* As percentage of Total Population. AMX region defined as those countries where it operates today excluding the U.S. Source: Market consensus based on estimates from Merrill Lynch, Morgan Stanley, JP Morgan, UBS, Bear Stearns, Citigroup, Deutsche Bank as well as each country's internal telecommunications regulators.

OUR COMPANY AT A GLANCE



1 United States > Tracfone
Licensed pop: 298
Wireless penetration: 7% (1)
Wireless market share: 31% (1)
Wireless subscribers: 6,135
Revenues: 990
EBITDA: 80
América Móvil interest: 98.2%
Number of employees: 515

2 Mexico > Telcel
Licensed pop: 103
Wireless penetration: 45%
Wireless market share: 77%
Wireless subscribers: 35,914
Revenues: 8,364
EBITDA: 3,775
América Móvil interest: 100.0%
Number of employees: 11,129

3 Guatemala > Telgua & Aló
Licensed pop: 12
Wireless penetration: 33%
Fixed line penetration: 8%
Wireless market share: 48%
Fixed line market share: 94%
Wireless subscribers: 1,912
Fixed lines: 953
Revenues: 639
EBITDA: 353
América Móvil interest: 99.1%
Number of employees: 2,773

4 El Salvador > Telecom & Personal
Licensed pop: 7
Wireless penetration: 38%
Fixed line penetration: 14%
Wireless market share: 34%
Fixed line market share: 87%
Wireless subscribers: 859
Fixed lines: 808
Revenues: 446
EBITDA: 239
América Móvil interest: 95.8%
Number of employees: 2,439

5

5 Honduras > Aló
Licensed pop: 7
Wireless penetration: 17%
Wireless subscribers: 427
Wireless market share: 36%
Revenues: 78
EBITDA: 32
América Móvil interest: 100.0%
Number of employees: 345

6 Nicaragua > Aló & Enitel
Licensed pop: 6
Wireless penetration: 19%
Fixed line penetration: 4%
Wireless market share: 67%
Fixed line market share: 100%
Wireless subscribers: 748
Fixed lines: 235
Revenues: 182
EBITDA: 77
América Móvil interest: 99.3%
Number of employees: 1,904

7 Colombia > Comcel
Licensed pop: 46
Wireless penetration: 47%
Wireless market share: 63%
Wireless subscribers: 13,775
Revenues: 1,432
EBITDA: 272
América Móvil interest: 99.2%
Number of employees: 2,317

8 Ecuador > Conecel
Licensed pop: 13
Wireless penetration: 48%
Wireless market share: 66%
Wireless subscribers: 4,100
Revenues: 617
EBITDA: 157
América Móvil interest: 100.0%
Number of employees: 1,171

9 Peru > Claro (2)
Licensed pop: 28
Wireless penetration: 20%
Wireless market share: 35%
Wireless subscribers: 1,950
Revenues: 113
EBITDA: 31
América Móvil interest: 100.0%
Number of employees: 1,611

10 Brazil > Telecom Americas
Licensed pop: 168
Wireless penetration: 47%
Wireless market share: 23% (3)
Wireless subscribers: 18,659
Revenues: 2,798
EBITDA: (88)
América Móvil interest: 98.9%
Number of employees: 7,682

11 Chile > Smartcom (2)
Licensed pop: 16
Wireless penetration: 72%
Wireless market share: 17%
Wireless subscribers: 1,884
Revenues: 113
EBITDA: 15
América Móvil interest: 100.0%
Number of employees: 677

12 Paraguay > CTI Móvil (4)
Licensed pop: 6
Wireless penetration: 30%
Wireless market share: 10%
Wireless subscribers: 172
Revenues: 10
EBITDA: (0.3)
América Móvil interest: 100.0%
Number of employees: 163

13 Uruguay > CTI Móvil
Licensed pop: 3
Wireless penetration: 35%
Wireless market share: 15%
Wireless subscribers: 168
Revenues: 18
EBITDA: (15)
América Móvil interest: 100.0%
Number of employees: 85

14 Argentina > CTI Móvil
Licensed pop: 39
Wireless penetration: 55%
Wireless market share: 31%
Wireless subscribers: 6,627
Revenues: 949
EBITDA: 109
América Móvil interest: 100.0%
Number of employees: 1,763

Licensed population in millions.
Subscribers in thousands.
Revenues and EBITDA in millions of dollars.

(1) Prepaid market only.
(2) Revenues and EBITDA generated between September – December 2005.
(3) In the regions where we operate.
(4) Revenues and EBITDA generated between August – December 2005.

2005 RELEVANT EVENTS

February: América Móvil placed bonds in the amount of US$1 billion in the U.S. capital markets. The bonds have a 30-year tenor and carry a 6 $^{3}/_{8}$% coupon.

March: América Móvil acquired from the Peruvian government a license to provide wireless services on 30 MHz of spectrum in the 1900 MHz band.

April: Telcel obtained 10 MHz in each of the nine regions in Mexico in an auction carried out by the Mexican government.

May: Telcel and Unefón finalized a capacity-provision service agreement entered into at the end of 2003. Telcel now owns 8.4 MHz in the 1900 MHz band in all nine regions of Mexico.

July: América Móvil acquired a 100% stake in Hutchinson Paraguay, S.A. from Hutchinson Telecom. The company offers wireless and value-added services throughout the country. || In the same month, we also carried out a three-for-one split on the total capital stock of the company.

August: The company acquired a 100% interest in Smartcom from Endesa, marking our entrance into the Chilean market. || During the month, we also purchased from TIM a 100% ownership interest in TIM Perú.

September: América Móvil issued a five billion global peso bond that was placed with Mexican, American and European investors. The bond has a 9.0% coupon and a 10-year tenor. It was the first peso bond issued by a Mexican corporate abroad.

November: América Móvil launched a Greenfield operation in the State of Minas Gerais, in Brazil.

December: An extraordinary dividend of $0.30 pesos per share was paid out to each of the series “AA”, “A” and “L” shares that constitute the capital stock of the company. The extraordinary dividend payment totaled 10.7 billion Mexican pesos.

LETTER TO OUR SHAREHOLDERS

The growth potential that our region still offers should allow us to continue to deliver an attractive combination of growth and returns.

América Móvil turned five years old in 2005. Indeed, although it seems a long time ago, it was only in September of 2000 that the company was spun-off from Teléfonos de México.

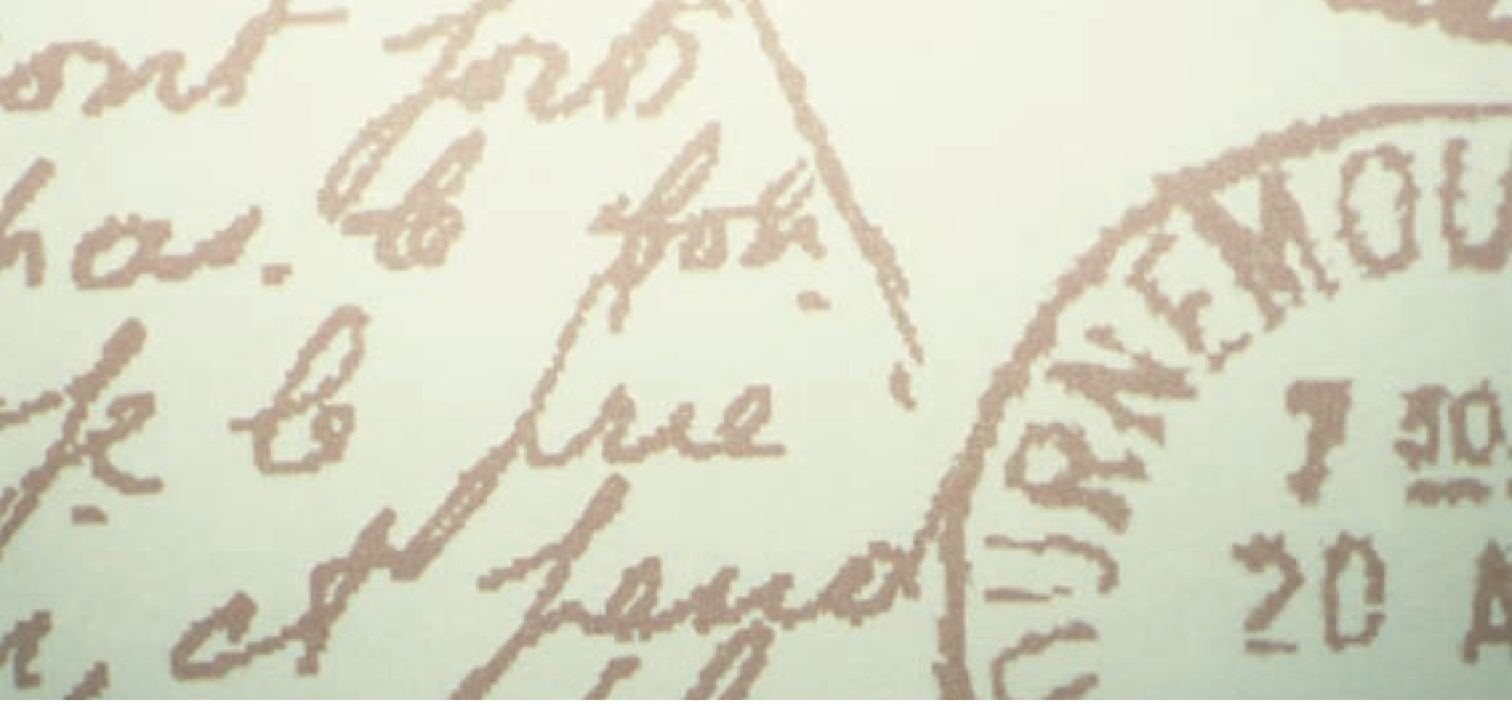
At the time of its inception, América Móvil was integrated basically by four operating companies, two of which were relatively new. First and foremost among our initial subsidiaries was Telcel, the Mexican wireless operator of which we owned (and still do) a 100% interest. We had an 81% stake in Telgua, a Guatemalan wireline and wireless services provider, and a 60% interest in the Ecuadorean company Conecel, which operates under the Porta brand. We also owned 54% of Tracfone, a U.S. reseller of airtime that sells under the prepaid model airtime it buys from various carriers.

These operations had a combined total of 10.1 million wireless subscribers –nearly all of them in Mexico– and 630 thousand fixed lines. Their revenues for the full year 2000 amounted to US$ 2.3 billion; their EBITDA, to US$ 660 million.

By the end of 2005, we had extended our footprint to 10 more countries in Latin America. With the exception of only a few countries, our operations covered the continent. Our licensed pops totaled 454 million of the 512 million that make up all of Latin America. And we served the 300 million-strong U.S. market.

Our wireless subscriber base reached 93 million –9.2 times more than at its inception– whereas our revenues and EBITDA, at US$ 17.0 billion and US$ 5.1 billion respectively, surpassed their 2000 levels by 7.4 times and 7.7 times.

In the year 2000 there were 52 million wireless subscribers in the 13 Latin American countries where we operate today (not including our U.S. operation). Five years later the number had grown to 204 million subscribers. This means that the wireless penetration rate for our region as a whole rose from 12% in 2000 to 45% in 2005.



América Móvil gained in those five years more than half the number of subscribers by which the wireless market increased in our region. Our subscriber base expanded through this period more than twice as fast as the market.

The expansion of our subscriber base was for the most part organic. Of the nearly 80 million subscribers we added since we began operations, 88% was obtained in the normal course of business, through our commercial efforts. The remaining 10 million came to us through our acquisition of various telecom operators. In all, we completed the purchase of 15 companies over the five-year period.

Subscriber growth had begun to accelerate in 2004 and really took off in 2005, when net subscriber additions reached 32 million, of which 29 million were organic. The number of net subscriber additions ended up exceeding the previous year's by 85% and nearly doubled our initial expectations. In fact, we reached a record number of net subscriber gains in every country where we operate.

Some of the countries in our region experienced remarkable growth in the wireless sector in 2005. In Colombia, for instance, we gained eight million subscribers –the most ever for us in any market– as wireless penetration increased by 25 percentage points in the year. Ecuador and Argentina also saw major increases in wireless penetration rates, of approximately 20 percentage points in both cases. And in Mexico and Brazil, our biggest markets, wireless penetration rates continued to climb at a rate of approximately 10 percentage points a year.

To be able to accommodate this greater inflow of subscribers and to continue with the rollout of an ever more ubiquitous GSM platform in the region, we had to speed up our investment program. Capital expenditures had to be raised to US$ 3.5 billion. They were all funded by our operating cash flow.

Our net financial debt closed the year at US$ 5.5 billion. It increased relative to the previous year partly as a result of the appreciation of various Latin American currencies vis-à-vis the U.S. dollar, in particular those of Mexico, Brazil and Colombia, given that a portion of our obligations are denominated in those currencies. But also as a consequence of net borrowings undertaken to pay for the acquisition of 100% ownership interests in the wireless companies formerly owned by Endesa, Telecom Italia and Hutchinson Whampoa in Chile, Peru and Paraguay, respectively –which totaled US$ 1 billion– and to fund share buybacks.

Our net debt closed the year at slightly more than one times EBITDA, a ratio similar to the one we had at the end of 2004. We want to make sure that our capital structure is such as to help provide an adequate return to our shareholders while at the same time keeping us within the bounds of prudence that underpin our financial strength.

We have been able to deliver to our shareholders a rare combination of profitability and growth. In 2005, a year in which our subscriber base increased by over 50%, net income reached US$ 3 billion, doubling the one obtained in 2004, with earnings per ADR increasing at a slightly faster pace. Dividend payments amounted to US$ 1.2 billion last year, which included our first extraordinary dividend, paid in December of 2005, in an amount of approximately US$ 1 billion.

The growth potential that our region still offers, with wireless penetration expected to rise around 50% from current levels over the next three years and many opportunities for continued geographical expansion and consolidation, should allow us to continue to deliver an attractive combination of growth and returns. For this, we will continue to rely on our proven and efficient workforce, on our financial strength and on the deployment of the more technologically advanced networks.

Patricio Slim Domit
Chairman of the Board

Daniel Hajj Aboumrad
Chief Executive Officer

América Móvil

América Móvil in 2005 consolidated its position as one of the largest wireless operators in the world by equity subscribers after adding 32.2 million clients, 85.1% more than the previous year, to reach a total of 93.3 million in December. Subscriber growth in the Americas had begun to accelerate in 2004 –when we added 17.4 million new subscribers– and in in 2005 it nearly doubled our initial expectations. The expansion of the wireless subscriber base represented an increase of 52.7% year-over-year. In Central America our integrated wireless and fixed-line operations offer service to 2.0 million landlines in that region. Including fixed and wireless lines, América Móvil operated a total of 95.3 million lines at the end of 2005.

All of our subsidiaries registered a record number of net additions in 2005. In Colombia, growth outpaced that of our other operations in absolute terms during all of 2005. Comcel added 8.0 million subscribers in the year, ending the year with a subscriber base of 13.8 million subscribers. None of our operations has ever added as many subscribers in a given year as Colombia did in 2005. Telcel in Mexico obtained 7.1 million new subscribers and by the end of the year our subscriber base numbered 35.9 million, 24.5% more than in 2004. In Brazil, we added 5.0 million subscribers, to reach 18.7 million subscribers in December, a 36.6% increase in the base year-on-year. Argentina grew by 84.7% in 2005 as net additions reached 3.0 million. The subscriber base in that country numbered 6.6 million at the end of 2005. In Paraguay and Uruguay, CTI Móvil delivered 259 thousand new clients during the year and finished with 340 thousand total subscribers. Conecel in Ecuador obtained 1.8 million new subscribers in 2005 –one million more than in 2004– to end the year with 4.1 million, 76.3% more than a year before. Our most recent acquisitions, in Peru and Chile, reached 2.0 million and 1.9 million subscribers, respectively. In Central America we had 3.9 million wireless subscribers at the end of 2005, having gained 1.5 million subscribers in the year, 59.5% above the previous year. In the United States, Tracfone had a particularly strong performance toward the end of 2005, bringing net additions for the period to 1.7 million. Tracfone ended 2005 with over 6.1 million subscribers.

Strong subscriber growth during the year was followed by solid top-line growth. América Móvil's revenues in 2005 rose 37.6% relative to the previous year to reach 17.0 billion dollars. Service revenues expanded at a similar pace (36.1%) to total revenues. EBITDA for the year came in at 5.1 billion dollars, 32.9% more than in 2004. That amount represented an EBITDA margin of 30.2%, slightly below the one seen the previous year (31.2%). Revenues outpaced EBITDA during 2005 because of greater subscriber acquisition costs arising from the rapid expansion of the subscriber base in the year, the most important to date in terms of net subscriber additions. 2005 operating profits amounted to 3.1 billion dollars, exceeding those registered in 2004 by 46.0%. This increase partly reflects the fact that under Mexican GAAP, beginning in 2005, goodwill is no longer amortized but is instead subject to ongoing tests to ensure that no impairment of such goodwill is called for. Depreciation and amortization charges were up 16.4%.

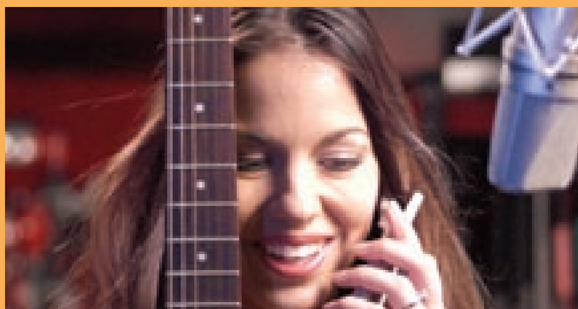
Overall, the financial operations of América Móvil resulted in a net comprehensive financial cost of 112 million dollars in 2005. Foreign exchange gains and the monetary gain resulting from the inflationary erosion of the company's net debt combined to offset, for the most part, the interest costs and other financial expenses it incurred. The foreign exchange gains arose principally from the appreciation of the Mexican peso and the Brazilian real vs. the U.S. dollar, of 4.9% and 11.8% respectively, relative to the end of 2004.

A reorganization undertaken to provide greater flexibility to América Móvil's corporate structure, which will, among

América Móvil's Subsidiaries & Affiliate as of December 2005

Country	Company	Business	Equity participation
SUBSIDIARIES			
Mexico	Telcel	wireless	100.0%
Argentina	CTI	wireless	100.0%
Brazil	Telecom Américas	wireless	98.9%
Chile	Smartcom	wireless	100.0%
Colombia	Comcel	wireless	99.2%
Ecuador	Conecel	wireless	100.0%
El Salvador	CTE	wireless, wireline	95.8%
Guatemala	ACT*	wireless, wireline	99.1%
Honduras	Megatel	wireless	100.0%
Nicaragua	Enitel	wireless, wireline	99.3%
Paraguay	AMX Paraguay	wireless	100.0%
Peru	América Móvil Perú	wireless	100.0%
Uruguay	CTI	wireless	100.0%
U.S.A.	Tracfone	wireless	98.2%
AFFILIATE			
Mexico	Telvista	other	45.0%

* AMX owns through ACT and directly 99% of Telgua, which owns 100% of the wireless subsidiaries Sercom in Guatemala and Nicaragua.



other things, improve the control and geographical oversight, administration and accounting of subsidiaries located in a number of countries, was carried out at the end of the year. América Móvil has grown significantly in Latin America since it started operations five years ago and has developed a presence in 13 countries in Latin America plus the United States. This expansion had brought about the need to conduct an important overhaul of its original corporate structure. One consequence of this restructure was the incurrence of certain losses that led to the reversal of a portion of the tax provisions that the company had set up during the year.

América Móvil generated a net profit of 3.0 billion dollars in 2005, 95.0% greater than that of a year before. This included a net credit to results of 297 million dollars in deferred taxes that had no impact on cash flow. The net profit of the year was equivalent to 0.87 pesos per share and 1.62 dollars per ADR.

The company's net debt increased by 1.1 billion dollars in the year, to 5.2 billion dollars, an amount equivalent to 1.0 times EBITDA (last twelve months). Together with the company's operating cash flow, the increase in indebtedness contributed, among other things, to the financing of capital expenditures totaling 3.5 billion dollars; the acquisition of equity interests in various companies (notably Peru, Chile and Paraguay) amounting to one billion dollars; and share-buybacks and dividends that were worth in the aggregate of 1.8 billion dollars. The latter amount includes the one billion dollar extraordinary dividend payment undertaken by the company towards the end of the year.

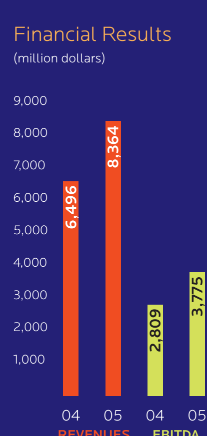
The financial debt of América Móvil stood at 6.4 billion dollars in December, up from 5.6 billion dollars a year before. The average outstanding life of this debt is 8.2 years.

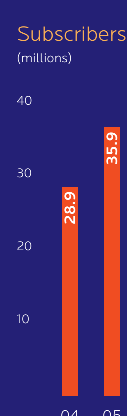
Mexico

Subscriber growth in Mexico accelerated in 2005. Penetration increased to 45%, nearly 9 percentage points more than the previous year. Telcel's subscriber base climbed to 35.9 million users by year-end –24.5% growth relative to the previous year– after adding 7.1 million net additions and exceeding those registered a year before by 30.7%.

Revenues reached 8.4 billion dollars in 2005, exceeding those of the previous year by 28.7%. Service revenue growth picked up toward the end of the year, leading to relatively flat ARPU in constant dollar terms. Blended MOUs increased by 3.7% in 2005. EBITDA climbed nearly 34.4%, to 3.8 billion pesos. Despite considerable subscriber growth in the year –gross additions were 30.5% more in 2005 than in 2004– Telcel's EBITDA margin rose almost 2 percentage points, to 45.1%.

By year-end 2005, Telcel's GSM and TDMA networks served 89% of the 103 million pops in Mexico. With the former one accounting for 62% of Telcel's subscribers. Our GPRS network –available wherever we have GSM– and the faster EDGE platform now available across 350 communities has allowed Telcel to offer a greater range of value added services for the corporate and mass market segments.

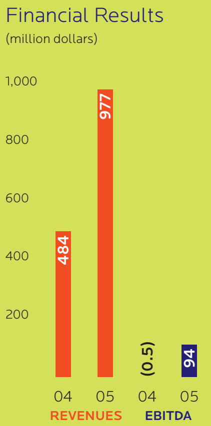


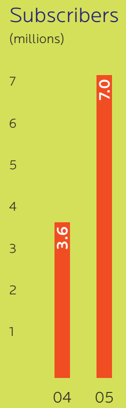


Argentina, Paraguay & Uruguay

The combined subscriber base for our operation CTI Móvil in Argentina, Paraguay and Uruguay nearly doubled in 2005, to 7.0 million wireless clients in December. Argentina contributed 3.0 million additional clients through 2005, while Uruguay and Paraguay added 163 thousand and 95 thousand new clients, respectively. Wireless penetration in these countries increased accordingly. Argentina added subscribers at a rapid pace leading to an increase of 18 percentage points in the rate of wireless penetration, which ended the year at 54.7%, the second highest in Latin America after Chile. Uruguay's penetration climbed 15 percentage points, to 34.5% of the population in 2005. Wireless penetration in Paraguay increased, although at a slower pace, to 30.2% in 2005 from 25.0% in 2004.

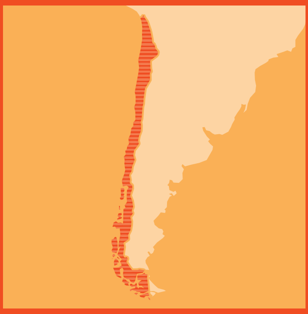
Solid revenue growth characterized our CTI Móvil operations in the Mercosur region in 2005. Total revenues more than doubled in the year to 977 million dollars and were driven by service revenues, which rose at a somewhat faster pace. EBITDA expansion in 2005 was considerable as CTI moved from a nearly zero EBITDA margin in 2004 to 9.6% in 2005 (coming from a much greater revenue base). EBITDA resulted in a total of 94 million dollars.



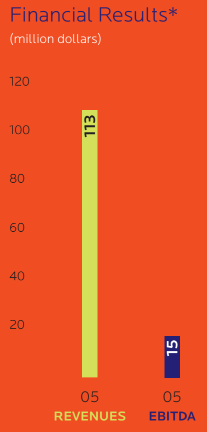


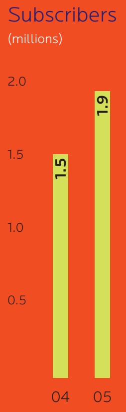
2005 data incorporates 12 months Argentina and Uruguay and 5 months Paraguay.
2004 data incorporates 12 months Argentina and 1 month Uruguay.

Chile



América Móvil continued to expand its footprint in South America in 2005 by acquiring a 100% stake in Smartcom. The acquisition was completed in August 2005. América Móvil is in the process of rolling out a new GSM network to replace the existing CDMA network. Smartcom will be fully integrated into the largest GSM network in Latin America by the end of the second quarter of 2006. Since we took over the company, revenues have amounted to 113 million dollars, whereas EBITDA totaled 15 million dollars representing 13.7% of revenues.



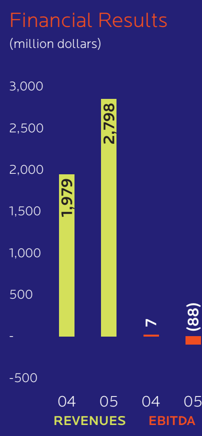


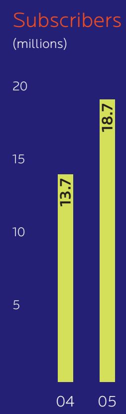
* Data for the September - December 2005 period.

Brazil

Our Brazilian operations continued to present solid subscriber growth in 2005, with net subscriber additions amounting to 5.0 million. Net additions in 2005 compared to the 4.1 million acquired in 2004. Toward the end of the year, we expanded Claro's (our operating subsidiary in Brazil) footprint into the state of Minas Gerais. By setting up a green-field operation in this region Claro is able to service an additional 20 million pops. Claro's presence in Brazil is nearly complete with the sole exception of operations in the Northwestern Amazon region. By year-end, Claro's subscriber base reached 18.7 million users in all of Brazil and wireless market penetration stood at 46.6%.

Revenues in 2005 were up 41.4% relative to the previous year, reaching 2.8 billion dollars, with service revenues increasing at a slightly faster pace. We observed a pick-up in the prepaid ARPUs toward the end of the year, even though blended ARPU in dollars declined slightly in 2005. An EBITDA loss of 88 million dollars was registered for the year -representing 3.2% of revenues- which included the impact of one-time adjustments mostly related to the forgiveness of certain balances associated with accounts receivable and with the launch of operations in Minas Gerais in November. In the absence of those adjustments, the company would have registered an EBITDA loss of 61 million dollars in the year, equivalent to 2.2% of revenues.

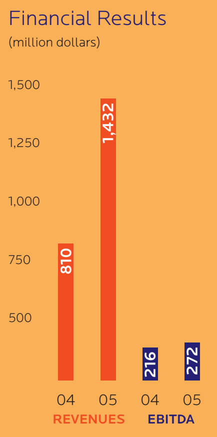


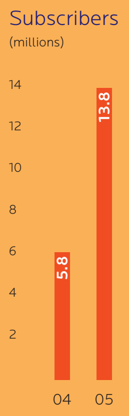


Colombia

In 2005 our Colombian subsidiary recorded the highest number of net subscriber additions -8.0 million- among all our operations. Rapid subscriber growth brought about an increase in the client base of 2.4 times in the year, to 13.8 million. Wireless market penetration in Colombia topped 47.4% in 2005, having increased nearly 25 percentage points in the year. Comcel, our operating subsidiary, was readily positioned to benefit from the accelerated pace of subscriber growth and in the year, it added 7 percentage points of market share.

Revenues increased by 76.8% year-on-year, to 1.4 billion dollars. Despite the accelerated pace of subscriber growth –which tends to depress usage on a per subscriber basis in the short term– blended MOUs in 2005 rose relative to the previous year. Comcel generated 272 million dollars of EBITDA in 2005, or 25.8% above the same period last year. Given the high level of gross additions that our Colombian subsidiary has generated (three times as many as in all of 2004) and the usual corresponding impact on subscriber acquisition costs, Comcel's EBITDA margin proved remarkably resilient, decreasing to 19.0% from 26.7% the previous year.



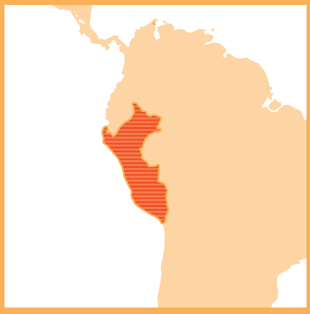


Ecuador

Subscriber growth accelerated in 2005 in Ecuador. Our subsidiary Conecel saw its subscriber base grow by 76.3% year-over-year, to 4.1 million subscribers. Net additions of 1.8 million exceed last year's by more than one million subscribers. It is worth noting that our postpaid client base has been growing at a faster pace than our prepaid subscriber base. Wireless penetration in Ecuador increased to 48.2% by the end of 2005. The expansion in penetration was second only to Colombia's in the region as it grew by 21 percentage points in comparison to 2004.

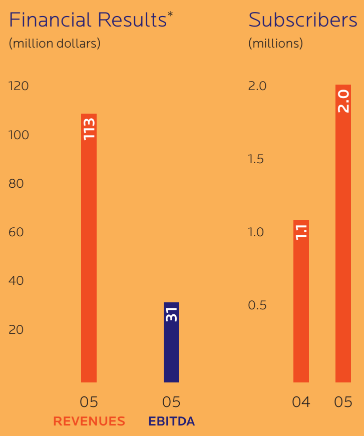
Conecel obtained 617 million dollars of revenues in 2005, which exceeded the previous year's by 62.8%. Although on an annual basis ARPU and MOU fell slightly, toward the end of the year service revenues began to outpace the growth of the subscriber base, leading to a pick-up in the blended ARPU. Minutes of use also increased at the end of 2005. EBITDA for the full-year reached 157 million dollars, up 21.7% from 2004, and the EBITDA margin came in at 25.5%. The decrease in the EBITDA margin relative to 2004 is a reflection of the strong subscriber growth observed in Ecuador this year, which resulted in greater subscriber acquisition costs.

Peru



After taking control from TIM of its Peruvian operation in August of 2005, América Móvil obtained 428 thousand additional clients through the end of the year. The company had a GSM network in Peru, and is now in the process of expanding its GSM coverage further in an effort to provide superior service to our clients. The company operates now under the Claro brand name. End-of-year wireless penetration stood at 20.1% and was lower than that of its neighboring countries.

Revenues in the last four months of the year came in at 113 million dollars. EBITDA represented 27.5% of revenues over the four months referred to above.



* Data for the September - December 2005 period.

Central America

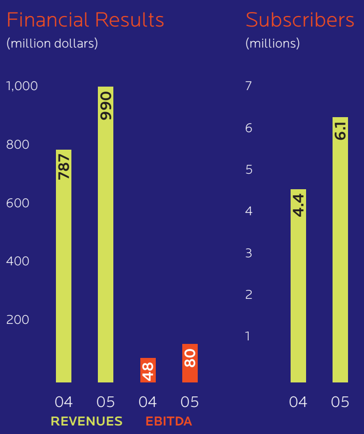
Our wireless subscriber base in Central America -comprising our operations in Guatemala, El Salvador, Honduras, and Nicaragua- grew 59.5% in 2005 to 3.9 million clients. Together with 2.0 million fixed lines, our Central American operations had close to 6.0 million lines at the end of the year. Wireless penetration expanded by an average of 9 percentage points in the region. Guatemala and El Salvador finalized the year with above 33% penetration while Nicaragua and Honduras were in the high teens by year-end 2005.

2005 revenues reached 1.4 billion dollars, having risen 24.5% in the year. Central America's EBITDA ended 2005 at 700 million dollars, 52.0% of total revenues.

United States

Our subscriber base in the United States, all of it prepaid, increased almost 40.0% year-over-year to reach 6.1 million subscribers. 2005 was strong in terms of subscriber net additions, toward the end of the year notably so, totaling 1.7 million and exceeding the previous year's by 300 thousand. Wireless prepaid penetration rates reached 7.0% of the population in 2005. We believe that prepaid growth will be a major driver of subscriber growth in the future.

Revenues rose 25.7% year-on-year, to nearly a billion dollars in 2005. Service revenues were the most dynamic component, expanding by 33.9%. MOUs in 2005 amounted to 63 minutes on average, an increase of 6.5% relative to last year. Tracfone's 2005 EBITDA reached 80 million dollars, a rise of 66.8% year-over-year, while margins climbed 2 percentage points, to 8.1% of revenues.



Board Members

As of December 2005

Carlos Slim Helú
Honorary Lifetime Chairman
Principal Occupation: Honorary Chairman of the Board of Directors of Grupo Carso
Born: 1940

Patricio Slim Domit
Chairman and Member of the Executive Committee
Principal Occupation: Director of Carso Global Telecom
Born: 1969

Daniel Hajj Aboumrad
Director and Member of the Executive Committee
Principal Occupation: Chief Executive Officer of América Móvil
Born: 1966

Jaime Chico Pardo
Director
Principal Occupation: Chief Executive Officer of Teléfonos de México
Born: 1950

Alejandro Soberón Kuri
Director and Chairman of the Audit Committee
Principal Occupation: Chairman and Chief Executive Officer of Corporación Interamericana de Entretenimiento
Born: 1960

María Asunción Aramburuzabala Larregui
Director
Principal Occupation: Chief Executive Officer Tresalia Capital
Born: 1963

Rafael Robles Miaja
Director and Corporate Secretary
Principal Occupation: Partner at Galicia y Robles
Born: 1965

Rayford Wilkins
Director and Member of the Executive Committee

Principal Occupation: Group President SBC Communications, Inc. International operations.
Born: 1951

John Stephens
Director
Principal Occupation: Vice-President and Comptroller of SBC Communications, Inc.
Born: 1959

Claudio X. González Laporte
Director and Member of the Compensation Committee
Principal Occupation: Chief Executive Officer of Kimberly Clark de México
Born: 1934

David Ibarra Muñoz
Director, Member of the Audit Committee, and the Compensation Committee
Principal Occupation: Director of Grupo Financiero Inbursa
Born: 1930

Carlos Bremer Gutiérrez
Director and Member of the Audit Committee
Principal Occupation: Director of Grupo Financiero Value
Born: 1960

Statutory Auditors:

Francisco Álvarez Del Campo
Statutory Auditor
Principal Occupation: Partner Mancera, Ernst & Young
Born: 1957

Agustin Aguilar Laurents
Alternate Statutoy Auditor
Principal Occupation: Partner Mancera, Ernst & Young
Born: 1956

Directory

América Móvil

Daniel Hajj Aboumrad
Chief Executive Officer

Carlos García Moreno Elizondo
Chief Financial Officer

Carlos Cárdenas Blásquez
Executive Director Latin America Operations

Alejandro Cantú Jiménez
General Counsel

Mexico

Patricia Raquel Hevia Coto
Chief Operating Officer

Salvador Cortés Gómez
Chief Operating Officer

Fernando Ocampo Carapia
Chief Financial Officer

Guatemala

Reyes Sandoval Palma
Chief Executive Officer

José Cervantes Rivera
Chief Financial Officer

El Salvador

Alberto Davison Mendoza
Chief Operating Officer

Carolina García Guadarrama
Chief Financial Officer

Nicaragua

David Ibarra Cardona
Chief Executive Officer

Mario Soto Padilla
Chief Financial Officer

Honduras

Ricardo Frías Ruíz
Chief Operating Officer

Aldo Boquin Zamora
Chief Financial Officer

Colombia

Adrián Hernández Urueta
Chief Executive Officer

Gerardo Muñoz Lozano
Chief Financial Officer

Ecuador

Javier Egea Ortega
Chief Executive Officer

Marco Antonio Campos García
Chief Financial Officer

Peru

Humberto Chávez López
Chief Executive Officer

Manuel Navarrete Zavala
Chief Financial Officer

Brazil

Luis Cosío Prior
Chief Executive Officer

Enrique Luna Roshardt
Chief Financial Officer

Rogelio Viesca Arrache
Chief Operating Officer

Chile

Salvador Salazar Helbing
Chief Executive Officer

Cristian Serrano Garay
Chief Financial Officer

Argentina

Carlos Zenteno de los Santos
Chief Executive Officer

Carlos Stea
Chief Financial Officer

Uruguay

Gabriel Gutiérrez Castrejon
Chief Operating Officer

Paraguay

Fernando González Apango
Chief Operating Officer

United States

F.J. Pollak
Chief Executive Officer

Gustavo Blanco Villanueva
Executive Director

Letter of the Audit Committee

Mexico City, Federal District as of March 7, 2006.

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

Dear members of the Board:

Pursuant to paragraph Five of Article 14 Bis 3 of the Securities Market Law and the recommendations contained in the Best Corporate Practices Code (Código de Mejores Prácticas Corporativas), by the Audit Committee of América Móvil, S.A. de C.V. (the "Company"), by this means I inform you the activities carried out by the Audit Committee of the Company during the fiscal year ended on December 31, 2005.

The Management of the Company has the responsibility to issue the financial statements in accordance with the general accepted accounting principles in Mexico, prepare on time and form the financial information and any other information to be disclosed in the securities market and to implement internal controlling systems. To this respect, the Audit Committee has reviewed, on behalf of the Board of Directors, the consolidated and audited financial statements of the Company and its subsidiaries as of December 31, 2005. Such review included the analysis and approval of politics, procedures and accounting practices of the Company.

In connection with the functions of the Audit Committee of the Company, during the fiscal year the following activities were carried out:

a) Analysis of several options and recommend to the Board of Directors the candidates of the external auditors of the Company, including their mandate and the terms and conditions, in order to carry out the accounting audit of the Company.

b) Interviews with external auditors of the Company to verify their compliance with the independence requirements and personnel rotation.

c) Review together with the external auditors of the Company, the analysis and comments prepared during the audit, as well as the procedures used and the length of such procedures, to secure that such procedures have been realized in the most possible objective manner, and that the financial information will be useful, and liable.

d) Collaboration in the supervision for the compliance of the audit agreements, as well as the evaluation of its results.

e) Recommendation to the Board of Directors of the basis for the elaboration and diffusion of the financial information of the Company, as well as the general regulations for its internal control.

f) Review of the financial statements of the Company as of December 31, 2005, the auditors report, as well as the accounting politics used in the elaboration of the financial statements. After having reviewed the comments of the external auditors, which are responsible to express their opinion in connection with the financial statements and their conformity with the general accepted accounting principles in Mexico, it was suggested to the Board of Directors of the Company to approve the financial statements to be presented in the General Annual Ordinary Shareholders Meeting of the Company.

g) Review and analysis of several transactions with related parties.

h) Review and analysis of the report of the Board of Directors with respect to the corporate situation of the Company, including the review of legal documentation of the Company.

The above mentioned, in order to comply with the provisions of the Securities Market Law, and any other dispositions and functions that have been or shall be attributed to this Audit Committee by the Board of Directors of the Company.

Sincerely,

Alejandro Soberón Kuri
Chairman of the Audit Committee

Financial Summary

(millions of constant Mexican pesos as of December 31, 2005)

	2005	2004	2003	2002	2001	CAGR 2001-2005
OPERATING RESULTS						
Service Revenue	148,083	114,408	80,293	57,115	45,086	34.6%
Equipment Revenue	34,070	24,826	13,119	7,821	4,323	67.5%
Total Revenues	182,153	139,234	93,412	64,936	49,409	38.6%
Cost of Sales	89,214	67,594	40,732	27,588	21,192	43.2%
SG&A Expenses	37,979	28,149	18,074	13,840	13,296	30.0%
Impairment Charges	-	-	-	44	2,318	n.a.
EBITDA	54,960	43,491	34,606	23,464	12,603	44.5%
EBITDA Margin	30.2%	31.2%	37.0%	36.1%	25.5%	4.3%
Depreciation and Amortization	21,264	19,215	15,085	9,354	5,348	41.2%
Operating Income	33,696	24,276	19,521	14,110	7,255	46.8%
Operating Margin	18.5%	17.4%	20.9%	21.7%	14.7%	5.9%
Comprehensive Financing (Cost) Income, net	(1,194)	1,972	2,308	(1,112)	(723)	13.4%
Other (Loss) Income, net	(409)	92	(1,135)	294	460	n.a.
Income before Taxes and employee profit sharing	32,093	26,340	20,694	13,292	6,992	46.4%
Provisions for Income Tax & Employee Profit Sharing	341	8,816	3,832	3,710	3,804	-45.3%
Income before Equity Participation in Results of Affiliates	31,752	17,524	16,862	9,582	3,188	77.7%
Income (Loss) before Minority Interest	31,710	17,428	16,720	5,048	(1,233)	n.a.
Minority Interest	(69)	(365)	(382)	152	244	n.a.
Net Income (Loss)	31,641	17,063	16,338	5,200	(989)	n.a.
BALANCE SHEET						
Cash and Cash Equivalents	12,782	19,744	10,958	11,981	14,844	-3.7%
Accounts Receivable, net	30,841	21,295	12,407	7,090	5,236	55.8%
Other Current Assets	16,544	16,114	8,757	5,067	6,822	24.8%
Current Assets	60,167	57,154	32,122	24,138	26,902	22.3%
Property Plant and Equipment	111,841	87,741	77,348	68,470	47,755	23.7%
Investment in Affiliates	486	674	2,770	3,577	27,991	-60.4%
Deferred Assets and other	57,500	55,533	50,776	31,570	8,042	63.5%
Total Assets	229,994	201,102	163,016	127,755	110,690	20.1%
Short-term Debt *	17,007	5,572	13,161	11,562	7,530	22.6%
Accounts Payable and Accrued Liabilities	55,186	37,788	21,678	12,365	11,409	48.3%
Other Current Liabilities	17,012	13,027	8,403	5,258	3,566	47.8%
Current Liabilities	89,205	56,387	43,242	29,185	22,505	41.1%
Long-term Debt	51,530	57,934	40,439	40,651	18,124	29.9%
Other Long-term Liabilities	3,598	6,630	4,107	2,327	2,415	10.5%
Total Liabilities	144,333	120,951	87,788	72,163	43,044	35.3%
Total Stockholders' Equity	85,661	80,151	75,228	55,592	67,646	6.1%
Sum of Total Stockholders' Equity and Total Liabilites	229,994	201,102	163,016	127,755	110,690	20.1%

* Includes current portion of long-term debt.

Consolidated Financial Statements

Years ended December 31, 2005 and 2004 with Report of Independent Registered Public Accounting Firm

CONTENTS

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, 2004 and 2005, and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for each of the three years in the period ended December 31, 2005. 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 TracFone Wireless, Inc, a consolidated subsidiary, which statements accounted for approximately 1% and 1% of total assets at December 31, 2004 and 2005 and 7% and 6% of total operating revenues for the years ended December 31, 2004 and 2005, respectively, of the related consolidated amounts. Those statements, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TracFone Wireless, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are prepared in conformity with generally accepted accounting principles in Mexico. An audit includes examining, on a test basis, evidence supporting the amounts 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 (including the Company's conversion of the financial statements of TracFone Wireless, Inc. to accounting principles generally accepted in Mexico). We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other 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, 2004 and 2005, 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, 2005, in conformity with accounting principles generally accepted in Mexico.

As mentioned in Note 2o to the accompanying consolidated financial statements, effective January 1, 2005, the Company adopted the requirements of new Mexican accounting Bulletin B-7, Business Combinations, with respect to the non-amortization of goodwill, issued by the Mexican Institute of Public Accountants.

Mancera, S.C.
A Member Practice of
Ernst & Young Global

Agustín Aguilar

Mexico City, Mexico
March 10, 2006,

Report of Statutory Auditor

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

In my capacity as statutory auditor and in compliance with Article 166 of the Mexican Corporations Act and the bylaws of América Móvil, S.A. de C.V., I am pleased to present my report on the consolidated financial statements for the year ended December 31, 2005, as submitted to you by the Board of Directors.

Among the auditing procedures applied, I personally attended, or in my absence the alternate statutory auditor, the stockholders', the Board of Directors' and the Audit Committee meetings to which I was summoned. I reviewed, to the extent that I considered necessary in the circumstances, the unqualified report of the Company's independent auditors dated March 10, 2006, issued as a result of their audit of the financial statements made in accordance with auditing standards generally accepted in Mexico. Such financial statements are the responsibility of the Company's management.

In my opinion, based on my examination and the report of the Company's independent auditors mentioned in the preceding paragraph, the accounting and reporting policies and criteria observed by the Company in the preparation of the financial statements that are being presented to the stockholders are adequate and sufficient and were applied on a basis consistent with that of the prior year, except with respect to the non-amortization of goodwill starting in 2005, as per the provisions of the new Mexican accounting Bulletin B-7, Business Combinations, as mentioned in Note 2o to the accompanying financial statements. Consequently, it is also my opinion that the above-mentioned financial statements present accurately, fairly and sufficiently, in all material respects, the financial position of América Móvil, S.A. de C.V. and subsidiaries at December 31, 2005, and the consolidated results of their operations, changes in their stockholders' equity and changes in their financial position for the year then ended, in conformity with accounting principles generally accepted in Mexico.

Francisco Álvarez

Mexico City, Mexico
March 10, 2006

Consolidated Balance Sheets

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2005)

		December 31,				
		2004		**2005**		Million of U.S. dollars **2005**
ASSETS						
Current assets:						
Cash and cash equivalents	P.	17,068,200	**P.**	**11,277,028**	**US$**	**1,053**
Marketable securities (Note 3)		2,676,286		**1,504,979**		**141**
Accounts receivable, net (Note 4)		21,295,693		**30,841,343**		**2,879**
Financial Instruments (Note 10)		80,803				
Related parties (Note 16)		1,133,838		**988,321**		**92**
Inventories, net (Note 5)		11,617,631		**12,952,673**		**1,209**
Prepaid expenses (Note 6)		179,027				
Other current assets, net (Note 7)		3,102,890		**2,602,412**		**243**
Total current assets		57,154,368		**60,166,756**		**5,617**
Investments in affiliates and others (Note 9)		673,784		**485,758**		**45**
Plant, property and equipment, net (Note 7)		87,741,059		**111,840,696**		**10,442**
Prepaid expenses (Note 6)		2,506,384				
Licenses, net (Note 8)		28,902,570		**31,253,150**		**2,918**
Trademarks, net (Note 8)		7,292,244		**6,327,153**		**591**
Goodwill, net (Note 8)		9,840,542		**12,244,644**		**1,143**
Deferred taxes (Note 18)				**656,717**		**62**
Other non current assets, net (Note 7)		6,990,958		**7,019,196**		**655**
Total assets	P.	201,101,909	**P.**	**229,994,070**	**US$**	**21,473**
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities:						
Short-term debt and current portion of long-term debt (Note 13)	P.	5,572,058	**P.**	**17,007,441**	**US$**	**1,588**
Accounts payable and accrued liabilities (Note 12)		37,787,766		**55,185,731**		**5,152**
Taxes payable		5,546,703		**5,643,536**		**527**
Financial instruments (Note 10)				**1,862,666**		**174**
Related parties (Note 16)		162,398		**709,443**		**66**
Deferred revenues		7,317,877		**8,796,463**		**821**
Total current liabilities		56,386,802		**89,205,280**		**8,328**
Long-term debt (Note 13)		57,934,396		**51,529,595**		**4,811**
Deferred taxes (Note 18)		6,399,625		**3,483,802**		**325**
Deferred credits		230,188		**114,664**		**11**
Total liabilities		120,951,011		**144,333,341**		**13,475**
Stockholders' equity (Note 17):						
Capital stock		33,887,197		**33,877,511**		**3,163**
Retained earnings:						
Prior years		37,420,479		**34,789,148**		**3,248**
Net income for the year		17,063,211		**31,641,005**		**2,955**
		54,483,690		**66,430,153**		**6,203**
Other accumulated comprehensive loss items		(9,934,661)		**(15,669,210)**		**(1,464)**
Total majority stockholders' equity		78,436,226		**84,638,454**		**7,902**
Minority interest		1,714,672		**1,022,275**		**96**
Total stockholders' equity		80,150,898		**85,660,729**		**7,998**
Total liabilities and stockholders' equity	P.	201,101,909	**P.**	**229,994,070**	**US$**	**21,473**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2005, except for earnings per share)

Year ended December 31,

	2003	2004	**2005**	Million of U.S. dollars **2005** (except earnings per share)
Operating revenues:				
Services:				
Usage charges	P. 53,096,197	P. 72,517,056	**P. 86,556,475**	**US$ 8,081**
Monthly rent	12,651,133	18,751,544	**27,253,495**	**2,544**
Long-distance	8,028,034	11,141,798	**13,370,184**	**1,248**
Other services	6,517,556	11,997,774	**20,903,416**	**1,952**
Sales of handsets and accessories	13,118,750	24,825,693	**34,069,629**	**3,181**
	93,411,670	139,233,865	**182,153,199**	**17,006**
Operating costs and expenses:				
Cost of sales	36,490,637	63,183,482	**84,487,274**	**7,888**
Cost of sales and services with related parties (Note 16)	4,241,220	4,410,826	**4,726,652**	**441**
Commercial, administrative and general	17,499,197	26,945,165	**36,383,355**	**3,397**
Commercial, administrative and general with related parties (Note 16)	575,042	1,204,079	**1,596,118**	**148**
Depreciation and amortization (Notes 7 and 8) (includes P. 11,189,981, P. 13,834,309 and P. 15,381,978 for the years ended December 31 2003, 2004 and 2005, respectively not included in Cost of sales)	15,084,238	19,214,319	**21,263,858**	**1,985**
	73,890,334	114,957,871	**148,457,257**	**13,859**
Operating income	19,521,336	24,275,994	**33,695,942**	**3,147**
Comprehensive financing income (cost):				
Interest income	2,589,668	2,392,753	**3,197,976**	**299**
Interest expense	(4,108,666)	(4,745,886)	**(7,089,496)**	**(662)**
Interest income (expense) with related parties, net (Note 16)	5,115	(683)	**(20,928)**	**(2)**
Exchange gain, net	1,472,555	2,525,727	**2,939,576**	**274**
Monetary gain, net	2,555,148	3,050,617	**3,087,932**	**288**
Other financing cost, net	(205,858)	(1,250,584)	**(3,309,100)**	**(309)**
	2,307,962	1,971,944	**(1,194,040)**	**(112)**
Other (loss) income, net	(1,135,779)	91,835	**(408,490)**	**(38)**
Income before income tax and employee profit sharing	20,693,519	26,339,773	**32,093,412**	**2,997**
Provisions for: (Note 18)				
Income tax	3,562,435	8,257,799	**336,718**	**32**
Employee profit sharing	269,490	557,744	**4,781**	**1**
	3,831,925	8,815,543	**341,499**	**33**
Income before equity in results of affiliates	16,861,594	17,524,230	**31,751,913**	**2,964**
Equity in net results of affiliates	(140,851)	(95,852)	**(42,365)**	**(4)**
Net income before minority interest	16,720,743	17,428,378	**31,709,548**	**2,960**
Minority interest	(382,434)	(365,167)	**(68,543)**	**(5)**
Net income	P. 16,338,309	P. 17,063,211	**P. 31,641,005**	**US$ 2,955**
Weighted average of common shares outstanding (in million)	38,736	37,506	**36,538**	**36,538**
Net income earnings per share	P. 0.42	P. 0.45	**P. 0.87**	**US$ 0.08**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2003, 2004 and 2005 (Amounts in thousands of Constant Mexican Pesos as of December 31, 2005)

	Capital Stock	Legal Reserve
Balances at December 31, 2002	P. 33,904,744	P. 447,352
Cumulative effect of adoption of a new accounting principle		
Excess of the book value over price paid to acquire minority interests		
Dividends paid at P.0.02 per share (historical)		
Cash purchase of Company's own shares	(1,863)	
Minority interest related to current year acquisitions		
Comprehensive income:		
Net income for the year		
Other comprehensive income:		
Effect of translation of foreign entities		
Results from holding nonmonetary assets, net of deferred taxes		
Comprehensive income		
Balances at December 31, 2003	33,902,881	447,352
Transactions between entities under common control (Note 9)		
Dividends paid at P.0.04 per share (historical)		
Cash purchase of Company's own shares	(15,684)	
Minority interest related to current year acquisitions		
Comprehensive income:		
Net income for the year		
Other comprehensive income:		
Effect of translation of foreign entities		
Results from holding nonmonetary assets, net of deferred taxes		
Comprehensive income		
Balances at December 31, 2004 (Note 17)	33,887,197	447,352
Cumulative effect of adoption of a new accounting principle:		
Valuation effects of available for sale securities (Note 2i)		
Valuation effects of swaps (Note 2z)		
Excess of the book value over price paid to acquire minority interests (Note 9)		
Transactions between entities under common control (Note 9)		
Dividends paid at P.0.07 and P.0.30 per share (historical)		
Cash purchase of Company's own shares	**(9,686)**	
Comprehensive income:		
Net income for the year		
Other comprehensive income:		
Effect of translation of foreign entities		
Results from holding nonmonetary assets, net of deferred taxes		
Current year valuation effect of swaps		
Current year valuation effect of available for sale securities		
Comprehensive income		
Balances at December 31, 2005 (Note 17)	**P. 33,877,511**	**P. 447,352**

The accompanying notes are an integral part of these financial statements.

Retained earnings						
Unappropriated	Total	Other accumulated comprehensive loss items	Total majority stockholders' equity	Minority interest	Comprehensive income	Total stockholders' equity
P. 37,303,552	P. 37,750,904	P. (17,394,990)	P. 54,260,658	P. 1,331,228		P. 55,591,886
(121,817)	(121,817)		(121,817)		P.(121,817)	(121,817)
(193,993)	(193,993)		(193,993)			(193,993)
(862,928)	(862,928)		(862,928)			(862,928)
(1,058,403)	(1,058,403)		(1,060,266)			(1,060,266)
				3,562,314		3,562,314
16,338,309	16,338,309		16,338,309	382,434	16,720,743	16,720,743
		7,598,718	7,598,718	341,643	7,940,361	7,940,361
		(6,272,286)	(6,272,286)	(75,678)	(6,347,964)	(6,347,964)
					P. 18,191,323	
51,404,720	51,852,072	(16,068,558)	69,686,395	5,541,941		75,228,336
18,842	18,842		18,842			18,842
(1,624,295)	(1,624,295)		(1,624,295)			(1,624,295)
(12,826,140)	(12,826,140)		(12,841,824)			(12,841,824)
				(4,448,206)		(4,448,206)
17,063,211	17,063,211		17,063,211	365,167	P. 17,428,378	17,428,378
		8,701,079	8,701,079	263,744	8,964,823	8,964,823
		(2,567,182)	(2,567,182)	(7,974)	(2,575,156)	(2,575,156)
					P. 23,818,045	
54,036,338	54,483,690	(9,934,661)	78,436,226	1,714,672		80,150,898
(3,927)	**(3,927)**	**3,927**				
(43,647)	**(43,647)**	**43,647**				
466,112	**466,112**		**466,112**	**(555,939)**		(89,827)
(80,279)	**(80,279)**		**(80,279)**			(80,279)
(13,493,451)	**(13,493,451)**		**(13,493,451)**			(13,493,451)
(6,539,350)	**(6,539,350)**		**(6,549,036)**			(6,549,036)
31,641,005	**31,641,005**		**31,641,005**	**68,543**	**P. 31,709,548**	31,709,548
		(358,504)	**(358,504)**	**36,349**	**(322,155)**	(322,155)
		(4,982,980)	**(4,982,980)**	**(241,350)**	**(5,224,330)**	(5,224,330)
		(92,871)	**(92,871)**		**(92,871)**	(92,871)
		(347,768)	**(347,768)**		**(347,768)**	(347,768)
					P. 25,722,424	
P. 65,982,801	**P. 66,430,153**	**P. (15,669,210)**	**P. 84,638,454**	**P. 1,022,275**		**P. 85,660,729**

Consolidated Statements of Changes in Financial Position

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2005)

	Year ended December 31, 2003	2004	**2005**	Million of U.S. dollars **2005**
Operating activities:				
Income before minority interest	P. 16,720,743	P. 17,428,378	**P. 31,709,548**	**US$ 2,960**
Add (deduct) items not requiring the use of resources:				
Depreciation	10,572,285	12,664,938	**15,339,874**	**1,432**
Amortization	4,511,953	5,782,262	**4,468,862**	**417**
Amortization of loss on sale and lease back	145,693	499,591	**1,358,732**	**127**
Amortization of prepaid expenses	81,984	267,528	**96,390**	**9**
Deferred income tax and employee profit sharing	87,209	2,769,833	**(2,935,574)**	**(274)**
Equity in results of affiliates	140,851	95,852	**42,365**	**4**
	32,260,718	39,508,382	**50,080,197**	**4,675**
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(5,317,249)	(9,093,558)	**(9,464,847)**	**(883)**
Prepaid expenses	(3,277,486)	178,852	**-**	**-**
Inventories	(2,284,792)	(5,933,805)	**(1,335,042)**	**(124)**
Other assets	(3,863,015)	(5,928,215)	**(886,492)**	**(82)**
Increase (decrease) in:				
Accounts payable and accrued liabilities	9,313,858	16,109,308	**17,397,965**	**1,624**
Related parties	(20,747)	(284,109)	**692,562**	**64**
Financial instruments			**1,769,795**	**165**
Deferred revenues and credits	2,114,173	2,367,100	**1,363,062**	**127**
Taxes payable	2,636,633	2,172,400	**96,833**	**9**
Marketable securities	777,401	17,451	**823,539**	**76**
Resources provided by operating activities	32,339,494	39,113,806	**60,537,572**	**5,651**
Financing activities:				
New loans	24,469,173	49,483,153	**35,086,519**	**3,276**
Repayment of loans	(21,694,584)	(36,583,912)	**(26,058,050)**	**(2,433)**
Effect of inflation and exchange rate differences on debt	(1,387,231)	(2,992,312)	**(3,997,887)**	**(373)**
Decrease in capital stock and retained earnings due to				
Purchase of Company's own shares	(1,060,266)	(12,841,825)	**(6,549,036)**	**(611)**
Cash dividends paid	(862,928)	(1,624,295)	**(13,493,451)**	**(1,260)**
Resources used in financing activities	(535,836)	(4,559,191)	**(15,011,905)**	**(1,401)**
Investing activities:				
Investment in plant, property and equipment	(24,303,249)	(21,935,783)	**(46,884,342)**	**(4,378)**
Investment in subsidiaries and affiliated companies	(2,295,665)	603,558	**(2,327,722)**	**(217)**
Investment in marketable securities		(1,829,768)		
Minority interest	3,634,286	(4,192,436)	**(760,940)**	**(71)**
Initial cash from companies acquired	947,125	332,808	**499,658**	**47**
Investments in trademarks	(1,965,088)		**(100,813)**	**(9)**
Investment in licenses	(8,066,521)	(559,272)	**(1,742,680)**	**(163)**
Resources used in investing activities	(32,049,112)	(27,580,893)	**(51,316,839)**	**(4,791)**
Net increase (decrease) in cash and cash equivalents	(245,454)	6,973,722	**(5,791,172)**	**(541)**
Cash and cash equivalents at beginning of the year	10,339,932	10,094,478	**17,068,200**	**1,594**
Cash and cash equivalents at end of the year	P. 10,094,478	P. 17,068,200	**P. 11,277,028**	**US$ 1,053**

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

(Amounts in thousands of Constant Mexican Pesos as of December 31, 2005, and thousands of U.S. Dollars, except when indicated otherwise)

1. Description of business and operations

América Móvil, S.A. de C.V. and subsidiaries (collectively, the "Company" or "América Móvil") provides wireless communications services in Latin America with subsidiaries in the telecommunications sector in Mexico, Guatemala, El Salvador, Nicaragua, Honduras, Ecuador, Brazil, Argentina, Colombia, Uruguay, Chile, Peru, Paraguay and the United States.

América Móvil has authorization, licenses, permits and concessions (hereinafter collectively referred to as "licenses") to build, install, operate and use both public and private telecommunications networks and provide telecommunication services (mostly mobile and fixed-line telephony) in the countries in which the Company has presence (except for in the U.S.). These licenses will expire on various dates between the years 2008 and 2028.

Such licenses require the payment to the respective governments of a share in sales determined as a percentage of revenues from services under concession either at a fixed rate or in some cases based on the number of channels in operation (except for Guatemala and El Salvador).

At December 31, 2004 and 2005 América Móvil's equity interest in its principal subsidiaries and affiliated companies is as follows:

		Equity interest at December 31,	
Name of company	Location	2004	**2005**
Subsidiaries:			
Sercotel, S.A. de C.V.	Mexico	100.0%	**100.0%**
Radiomóvil Dipsa, S.A. de C.V. and subsidiaries (Telcel)	Mexico	100.0	**100.0**
TracFone Wireless, Inc. (Tracfone)	United States	98.2	**98.2**
Telecom Américas, Ltd: (1)	Bermuda	97.8	**98.9**
Claro Participacoes, S.A.	Brazil		**100.0**
Alecan Telecomunicacoes, Ltda.	Brazil	97.8	**100.0**
ATL-Telecom Leste, S.A. (1)	Brazil	97.8	
Americel, S.A.	Brazil	96.3	**98.54**
Telet, S.A.	Brazil	96.8	**99.03**
Tess, S.A. (1)	Brazil	97.8	
BSE, S.A. (1)	Brazil	97.8	
BCP, S.A. (1)	Brazil	97.8	**99.9**
Stemar Telecomunicacoes, S.A. (1)	Brazil	97.8	
América Central Tel, S.A. (ACT):	Guatemala	100.0	**100.0**
Telecomunicaciones de Guatemala, S.A. (Telgua)	Guatemala	99.0	**99.1**
Newcotel, S.A.	Guatemala	99.0	**99.1**
Servicios de Comunicaciones Personales Inalámbricas, S.A., (Sercom) (2)	Guatemala	99.0	**99.1**
Servicios de Comunicaciones de Nicaragua, S.A.	Nicaragua	99.0	**99.1**
Telglob, S.A. (2)	Guatemala	99.0	
Telefonía Publica de Guatemala, S.A. (Publitel) (2)	Guatemala	99.0	
Arrendadora en Telecomunicaciones, S.A.	Guatemala	98.3	**98.3**
AMX El Salvador, LLC.	Delaware	100.0	**100.0**
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V. (CTE) **(3)**	El Salvador	94.9	**95.8**
CTE Telecom Personal , S.A. de C.V. (Personal)	El Salvador	94.9	**95.8**
Cablenet, S.A. de C.V. (Cablenet)	El Salvador	94.9	**95.8**
Telecomoda, S.A. de C.V. (Telecomoda)	El Salvador	94.9	**95.8**
Publicom, S.A. de C.V. (Publicom)	El Salvador	94.9	**95.8**
Comunicación Celular, S.A. (Comcel)	Colombia	99.2	**99.2**
Consorcio Ecuatoriano de Telecomunicaciones, S.A. (Conecel)	Ecuador	100.0	**100.0**
CTI Holdings, S.A. (4)	Argentina	100.0	**100.0**
CTI Compañía de Teléfonos del Interior, S.A., (CTI Interior)	Argentina	100.0	**100.0**
CTI PCS, S.A. (CTI PCS)	Argentina	100.0	**100.0**
Empresa Nicaragüense de Telecomunicaciones, S.A. (Enitel) (7)	Nicaragua	99.0	**99.3**
Servicios de Comunicaciones de Honduras, S.A. de C.V. (Megatel) (5), (7)	Honduras	100.0	**100.0**
AM Wireless Uruguay, S. A. (6)	Uruguay	100.0	**100.0**
Smartcom, S.A .(7)	Chile		**100.0**
AMX Paraguay, S.A. (7)	Paraguay		**100.0**
América Móvil Peru, S.A.C (7)	Peru		**100.0**
Affiliates:			
Grupo Telvista S.A. de C.V.	Mexico	45.0	**45.0**
Iberbanda, S.A. **(8)**	Spain	17.8	**17.8**

(1) The name “Telecom Américas” as used hereinafter will refer collectively to the companies Claro Participacoes, Alecan, ATL, Americel, Telet, Tess, BSE, BCP, and STEMAR; all of which operate under the trademark “Claro”. On December 31, 2005, ATL, Tess, BSE and Stemar were merged with BCP, the surviving company. Such mergers were carried out with amounts at such date. The mergers did not have effects on the Company’s consolidated financial statements. At the date on which these financial statements are issued, such mergers have the corresponding legal authorizations.

(2) Includes Nicaragua operations. On October 25, 2005, Telglob and Publitel were merged into Sercom, the surviving company; such merger had no effect on the Company’s consolidated financial statements.

(3) The name “CTE” as used hereinafter will refer collectively to the companies: CTE, Personal, Cablenet, Telecomoda and Publicom.

(4) The name “CTI” as used hereinafter will refer collectively to the companies: CTI Holdings, CTI Interior and CTI PCS.

(5) In January 2005, Megatel changed its name to Servicios de Comunicaciones de Honduras, S.A.

(6) In May 2004, the Company incorporated AM Wireless Uruguay, with an initial contribution of P.11,830.

(7) Companies acquired in 2005 and 2004, see Note 9 for a description of the purchase method applied.

(8) The value of these investments is fully impaired and the Company is not required to make additional contributions; therefore, no equity method has been recognized on such investments.

Telgua, CTE and Enitel provide, among other telecommunication services, fixed-line telephone services.

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 mobile carriers throughout the United States.

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 to in Note 1. All of the companies operate in the telecommunications sector or provide services to companies operating in such sector. Minority interest relates to the Company’s foreign subsidiaries.

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

b) Revenue recognition

The Company recognizes revenues from the following activities: sale of airtime (including interconnection under the calling party pays program), monthly rent, long distance charges, other services (including roaming, value added services and other service charges), as well as the proceeds from the sale of cellular phones and accessories.

Revenues are recognized at the time services are provided. Mobile telecommunications services are provided 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 or for unused airtime.

Monthly basic rent under post-paid plans is billed in arrears based on the rates approved by the regulatory authorities in each country and corresponds to services rendered, except in Mexico and Colombia, where basic monthly rent is billed one month in advance. Revenues from basic monthly rent in Mexico and Colombia are deferred and are recognized at the time services are provided.

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

Long distance charges refer to airtime used in receiving from or making calls to regions or coverage areas outside of the area where the customer service is activated. The related revenues are recognized at the time the service is provided.

Roaming charges represent airtime charged to customers for making or receiving calls outside their coverage areas or abroad. The related revenues are recognized at the time the service is provided based on the rates agreed upon with other domestic and international carriers.

Value added services and other services include voice services and data transmission services (such as two-way written messages, call information, emergency services, among others). Revenues from such services are recognized at the time they are provided.

Sales of handsets and accessories, which for the most part are made to authorized distributors, are recorded as revenue when the products are delivered and accepted by the distributor and they do not have return rights and probability of collection is reasonably assured.

The Company usually does not charge activation fees to its customers; however, in certain regions and depending upon market and competition strategies, certain activation fees are charged. The Company recognizes revenues from these fees when billed. These revenues are not deferred because they are not significant to the Company’s financial statements.

Telgua, ENITEL and CTE’s revenues from telephone line installation fees are deferred and recognized over the estimated useful life of subscribers.

c) Cost of cellular telephone equipment

The cost related to cellular telephone equipment is recognized in statement of income at the time the corresponding income is recognized. Shipping and handling costs for wireless handsets sold to distributors are classified as costs of sales.

d) Interconnection costs

Interconnection costs represent the costs of outgoing calls from the Company’s cellular network to other carriers’ 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 with respect to the activation of postpaid customers are recognized as expenses at the time the new customer is activated and may begin using the Company's network. Commissions paid with respect to the activation of prepaid customers are recognized as deductions from the revenues received from the customer.

Loyalty and sales volumes commissions are accrued on a monthly basis on the basis of statistical information regarding customer retention, sales volume and the number of acquired customers by each distributor. Loyalty commissions are paid for each customer acquired by a distributor who remains as a customer of the Company for a specified period of time.

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, 2005. 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%

Inventories are valued at average cost and are presented at their estimated replacement cost, which is not in excess of market value. Cost of sales represents estimated replacement cost at the time inventories were sold, restated in constant pesos at year-end.

Capital stock, retained earnings, capital reserves and other non-monetary assets have been restated based on the Mexican National Consumer Price Index (NCPI).

Other accumulated comprehensive loss items include the following: a) deficit from 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, 2004 and 2005 aggregates P.(17,903) and P.(17,903), respectively; b) the result from holding non-monetary assets (RETANM), which represents the net difference between restatement by the specific indexation method (see Note 7) and restatement based on the NCPI, which at December 31, 2004 and 2005 aggregates P.(8,729,006) and P.(13,711,986), respectively; c) the effect of translation of foreign entities, which at December 31, 2004 and 2005 aggregates P.(1,187,752) and P.(1,546,276), respectively; d) the effect of the valuation of hedging instruments, which at December 31, 2005 aggregates P.(49,224); and e) the effect of the valuation of unrealized losses on available for sale instruments, which at December 31, 2005 aggregates P.(343,821).

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

Statement of changes in Financial Position

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. 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 which in the aggregate account for approximately 39%, 48% and 51% of the Company's total operating revenues in 2003, 2004 and 2005, respectively, and approximately 65% and 78% of the Company's total assets in each of 2004 and 2005, 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 MIPA, as follows:

- The financial statements as reported by foreign subsidiaries are adjusted from local generally accepted accounting principles in each country to conform to Mexican GAAP, which includes, among other adjustments, 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 income 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 income.

The difference resulting from the translation process is called "Effect of translation of foreign entities" and it is included in stockholders' equity under the caption "other accumulated comprehensive loss items." At December 31, 2003, 2004 and 2005, translation (loss) income aggregated P.7,940,361, P.8,964,823 and P.(322,155), respectively.

Financial statements at December 31, 2003 and 2004, of the foreign subsidiaries, were restated to constant Mexican pesos with purchasing power at December 31, 2005 based on the annual rate of inflation in Mexico. The effects of inflation and variances in exchange rates were not material.

h) Cash and cash equivalents
Cash and cash equivalents consist basically of bank deposits and highly liquid investments with original maturities of less than 90 days. Such investments are stated at acquisition cost plus accrued interest, which is similar to market value.

i) Investments in marketable securities
At December 31, 2004 and 2005, marketable securities held for trading purposes consisted of equity securities and foreign government bonds. Available for sale securities in 2004 and 2005 consisted of equity securities (in previous years there were no investments classified as available for sale). All investments in marketable securities are presented at market value.

In April 2004, the MIPA issued amendments to Bulletin C-2, Financial Instruments, that went into effect on January, 1, 2005. Such amendments establish that, unlike the previous Bulletin C-2, changes in the fair value of instruments classified as available for sale be recognized in stockholders' equity until such instruments are sold, whereas changes in the fair value of instruments classified as trading be recognized in the statements of income.

The Company adopted the provisions of this new accounting pronouncement in 2005, which gave rise to a reclassification in stockholders' equity from retained earnings to other accumulated comprehensive loss items in the amount of P.3,927. Had the Company adopted the provisions of this new bulletin in 2004, net income of such year would have decreased by the same amount.

The adoption of this new accounting pronouncement also gave rise to:

Pursuant to this new pronouncement changes associated with the purchase, sale and maturity of financial instruments classified as available for sale are to be recognized in the statement of changes in financial position as variances derived from investing activities, while changes in the initial and ending balance of instruments held for trading are to be recognized in such statement as variances derived from operating activities. Consequently, changes in these instruments as reported in 2004 have been reclassified to meet the requirements of these new policies.

The Company also follows the policy of determining at the balance sheet date whether there is objective evidence of impairment in the value of a financial asset or of a group of financial assets. At December 31, 2005, the Company has recorded no such impairment loss.

For the year ended December 31, 2005, there were no transfers between financial asset categories.

j) Allowance for doubtful accounts
The Company recognizes periodically in its results of operations an allowance for doubtful accounts with respect to its portfolios of postpaid customers distributors and network operators (basically for interconnection fees). The allowance is based primarily on write-off experience, net of recoveries, and on the aging of the accounts receivable balances. The collection policies and procedures of the Company vary by credit class and payment history of customers.

k) Equity investments in affiliates
The investment in shares of affiliates (in which the Company has significant influence) are 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 9)

l) Acquisition of subsidiaries
The results of operations of the entities acquired during the year, are incorporated into the Company's financial statements in the month following the acquisition date. All acquisitions, except, beginning in 2005, with respect to the acquisition of minority interests, are recorded using the purchase method of accounting.

m) Licenses
Licenses to operate wireless telecommunications networks are accounted for at cost or at fair value, adjusted to conform to Mexican GAAP based on the inflation factors of each country, and amortized using the straight-line method over periods ranging from 15 to 30 years, which correspond to the applicable exploitation period.

n) Trademarks
Trademarks are recorded at their market values at the date acquired, as determined by independent experts, and are amortized using the straight-line method over a ten-year period.

o) Goodwill
Goodwill represents the excess of cost over the fair value of the net assets of subsidiaries and affiliates acquired.

Effective January 1, 2005, the Company adopted the provisions of Mexican accounting Bulletin B-7, Business Acquisitions; issued by the MIPA. Consequently, as of such date, goodwill is no longer amortized, but rather is subject to periodic impairment valuations and adjustments (see the following numbered paragraph). Through December 31, 2004, goodwill was being amortized using the straight-line method over a ten-year period. (See Note 8).

Adoption of this new bulletin gave rise to an increase in net income for the year ended December 31, 2005 of P.1,074,462, derived from the non-amortization of goodwill.

p) Impairment of assets
The Company follows the requirements of Mexican Bulletin C-15, "Accounting for the Impairment or Disposal of Long-Lived Assets", issued by the MIPA. Bulletin C-15 establishes that if there are any indications of impairment in the value of long-lived assets (including goodwill, licenses and trademarks), the Company must determine its recovery value based on the selling price of the related assets or its value in use, which is computed based on discounted cash flows. An impairment loss is recognized if the net carrying amount of the asset exceeds its recovery value.

At December 31, 2003, 2004 and 2005, there are no impairment losses.

q) 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.

r) Liability provisions
Liability provisions are recognized whenever (i) the Company has current obligations (legal or assumed) derived from past events, (ii) the liability will most likely give rise to a future cash disbursement for its settlement and (iii) the liability can be reasonably estimated.

When the effect of the time value of money is material, provision amounts are determined as the present value of the expected disbursements to settle the obligation. The discount rate is determined on a pre-tax basis and reflects current market conditions at the balance sheet date and, where appropriate, the risks specific to the liability. Where discounting is used, an increase in the provision is recognized as a financial expense.

Contingent liabilities are recognized only when they will most likely give rise to a future cash disbursement for their settlement. Expected losses on future purchase commitment are recognized in the period in which they become known.

s) Labor obligations
In Mexico pension and seniority premium costs are recognized periodically during the years of service of personnel, based on actuarial computations made by independent actuaries, using the projected unit-credit method. In conformity with the labor legislation of the rest of the countries in which the Company operates, there are no defined benefit plans or compulsory defined contribution structures for the companies. However, these companies make contributions to domestic pension, social security and severance plans in accordance with the percentages and rates established by the applicable law. Such contributions are made to bodies designated by each government and are recorded as expenses when incurred.

Termination payments are charged to income in the year in which the decision to dismiss an employee is made.

In Mexico, in January 2004, the MIPA issued revised accounting Bulletin D-3, “Labor Obligations”. The revised bulletin establishes the overall rules for the valuation, presentation and disclosure of so-called “other post-retirement benefits and the early extinguishment of such benefits”. Bulletin D-3 also provides rules applicable to employee termination pay. The observance of these new rules was compulsory for fiscal years beginning on or after January 1, 2005.

The adoption of this new rules did not have a significant effect on the consolidated financial statements taken as a whole.

-Post-retirement obligations
None of the subsidiaries of the Company have defined contribution plans for post-retirement obligations or medical assistance benefits for retired employees or their dependents.

t) Income tax and employee profit sharing
Deferred taxes are determined using the asset and liability method. Under this method, deferred tax assets and liabilities are determined on all temporary differences between the financial reporting and tax bases of assets and liabilities, applying the enacted income tax rate at the date of the financial statements, or the rate enacted at said date that will be applicable at the time the deferred tax assets and liabilities are expected to be recovered or paid, respectively.

The Company evaluates periodically the possibility of recovering deferred tax assets and, if necessary, creates a valuation allowance for those assets that are unlikely to be recovered.

Deferred employee profit sharing is determined only on temporary differences in the reconciliation of current year net income to taxable income for employee profit sharing purposes, provided there is no indication that the related liability or asset will not be realized in the future.

u) Advertising
All advertising costs are expensed as incurred. Advertising expense amounted to approximately, P.2,855,902 P.4,402,714 and P.5,670,249 for the years ended December 31, 2003, 2004 and 2005, respectively.

v) Comprehensive income
In accordance with Mexican Bulletin B-4 “Comprehensive Income”, Comprehensive income of América Móvil consists of current year net income shown in the income statement, plus the current year result from holding non-monetary assets, the effects of translation of foreign entities, changes in the fair value of instruments classified as available for sale, the effect of the swap valuation applied to stockholders’ equity, and the effects of current year deferred taxes applied directly to stockholders’ equity

w) 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. The number of shares held by the Company have been excluded from the computation.

x) 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.

y) Concentration of risk
The Company invests a portion of its surplus cash in time deposits in financial institutions with strong credit ratings. The Company has no significant concentrations of credit risks in its accounts receivable, as it has a broad customer base that is geographically diverse.

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

Approximately 34%, 40% and 45% of the Company’s aggregate interconnection expenditures for the years ended December 31, 2003, 2004 and 2005, respectively, represented services rendered by one supplier; approximately 75%, 75% and 65% of the aggregate cost of telephone equipment for such periods represented purchases from three suppliers; and approximately more than 65%, 70% and 41% 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.

z) Financial instruments
To protect itself against fluctuations in interest and exchange rates, the Company uses derivatives that have been designated and classified as either fair value hedges (forwards) or cash flow hedges (interest-rate and cross currency swaps), depending on the risk being hedged. Through December 31, 2004, the changes in fair value of such instruments was recognized in the statement of income, net of costs, expenses or income derived from the hedged assets and liabilities.

Beginning January 1, 2005, due to the adoption of new Bulletin C-10, “Accounting for Derivative Instruments and Hedging Activities”, issued by the MIPA in April 2004, the Company modified its accounting policies for valuing and recognizing hedges. With respect to fair value hedges, changes in the fair value of these instruments are charged or credited to income in the period in which they occur, together with the gain or loss from the hedged asset or liability, due to the changes in its fair value. Any difference in the changes in fair value represent the ineffective portion of its fair value hedges.

For cash flow hedges, the effective portion of the derivative's gain or loss is initially reported as a component of comprehensive income in stockholders' equity while the ineffective portion of the gain or loss is reported in earnings immediately. The effectiveness of the derivatives is determined at the time they are defined as derivatives and is periodically measured. Hedges considered as highly effective are those in which the fair value or cash flows of the hedged item are offset on a period-by-period or cumulative basis by changes in the fair value or cash flows of the derivative itself by a range of between 80% and 125%. The deferred gain or loss in stockholder equity is reclassified to the income statement during the period in which the hedged item affects income.

Beginning January 1, 2005, the adoption of this new bulletin gave rise to a reclassification in stockholders' equity from retained earnings to other accumulated comprehensive loss items in the amount of P.43,647. Had the Company adopted the provisions of this new bulletin in 2004, taking into account that the Company's hedges would have met the criteria for recognition, net income of such year would have decreased by the same amount.

a.1) Comparability
The following pro forma financial data for 2003 and 2004 is based on the Company's financial statements, adjusted to give effect to the new accounting pronouncements described in paragraphs i), o) and z) above.

		2003		2004
Net income	P.	17,634,606	P.	18,152,300
Average number of outstanding shares (in millions)		38,736		37,506
Earnings per share	P.	0.46	P.	0.48

a.2) Standard regulations of the Mexican Financial Information Standards Research and Development Board (Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C. or CINIF)
On January 1, 2006, the requirements of the CINIF went into effect and replace the standards previously issued by the MIPA. The adoption of these new rules does not have an effect on the Company's financial statements.

a.3) Convenience translation
U.S. dollar amounts as of December 31, 2005 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, 2005, as a matter of mathematical computation only, at an exchange rate of P.10.71 to US$1.00, the December 31, 2005 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.

a.4) Reclassifications
Certain amounts shown in the 2003 and 2004 financial statements have been reclassified for uniformity of presentation with 2005.

3. Marketable securities and available for sale securities

A summary of marketable securities as of December 31, 2004 and 2005, is as follows:

		2004				**2005**		
		Cost		Fair Value		Cost		Fair Value
Marketable securities:								
Government bonds	P.	551,601	P.	656,598				
Equity securities		181,328		189,920	**P.**	**44,439**	**P.**	**22,979**
		732,929		846,518		**44,439**		**22,979**
Available for sale securities:								
USCO		1,825,841		1,829,768		**1,825,841**		**1,482,000**
	P.	2,558,770	P.	2,676,286	**P.**	**1,870,280**	**P.**	**1,504,979**

a) At December 31, 2003, 2004 and 2005, net unrealized (losses) gains on marketable securities were P.(32,869), P.113,589 and P.(21,460), respectively. Net realized gains were P.529,599, P.227,162 and P.90,913, in 2003, 2004 and 2005, respectively.

b) At December 31, 2004 and 2005, the net unrealized gain (loss) on investments classified as available for sale of P.3,927 and P.(343,841), respectively, were recorded in other accumulated comprehensive loss items in stockholders' equity in conformity with new Bulletin C-2. In previous years, there were no investments of this type.

c) At December 31, 2004 and 2005 and at the date on which these financial statements were issued, there have been no changes in the market value of marketable securities that could indicate possible impairment.

4. Accounts receivable

A summary of accounts receivable consist of the following:

		December 31, 2004		**2005**
Subscribers	P	13,537,778	**P.**	**16,067,307**
Retailers		3,695,975		**5,009,017**
Cellular operators for interconnections		2,088,313		**3,774,362**
Recoverable taxes		2,586,501		**8,463,556**
Other		2,738,484		**1,414,362**
		24,647,051		**34,728,604**
Less: Allowance for doubtful accounts	(	3,351,358)	**(**	**3,887,261)**
Total	P	21,295,693	**P.**	**30,841,343**

Activity in the allowance for doubtful accounts for the years ended December 31, 2003, 2004 and 2005 was as follows:

	2003	2004	**2005**
Opening balance as of December 31	P. (478,939)	P .(2,043,875)	**P.(3,351,358)**
Increases charged to expenses	(930,377)	(1,850,102)	**(2,801,834)**
Effect of acquired companies	(1,361,176)	(153,560)	**(142,118)**
Decreases to reserve for write-offs	726,617	696,179	**2,408,049**
Ending balance	P. (2,043,875)	P. (3,351,358)	**P.(3,887,261)**

a) On December 30, 2005, Nicaragua sold, without recourse, its bad debt portfolio of P.149,299 (US$13,939) to an unrelated party, such amount was recorded as a bad debt expense recovery.

b) Also at December 31, 2004, the caption other, includes an account receivable from third parties in the amount of P.1,295,758 derived from the sale and lease-back of telephone plant (see Note 7).

5. Inventories

Inventories consist of the following:

	December 31, 2004	**2005**
Cellular telephones, accessories cards and others	P. 11,894,192	**P. 13,756,640**
Less:		
Reserve for obsolete inventory	(276,561)	**(803,967)**
Total	P. 11,617,631	**P. 12,952,673**

6. Prepaid expenses and license acquisition

In September 2003, Telcel entered into an agreement with Operadora Unefon, S.A. de C.V., whereby the latter agreed 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.3,180 million (US$267.7 million), which represented the present value of the amounts due over the term of the contract and which up to April 2005 was being amortized using the straight-line method over a 16-year period.

On May 13, 2005, Telcel and Unefon terminated the capacity service contract, and simultaneously entered into an agreement for the partial onerous cession of the previously mentioned frequency, at no additional net consideration. The amount of the outstanding balance of the prepayment was transferred to intangibles and is being amortized using the straight-line method over its remaining useful life (see Note 8).

At December 31, 2004, the current portion of prepaid expenses amounts to P.179,027 and the long-term portion amounts to P.2,506,384.

7. Plant, property and equipment

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

	December 31, 2004	**2005**
Telephone plant and equipment	P. 101,188,335	**P. 133,263,345**
Land and buildings	6,318,396	**6,071,591**
Other assets	19,724,963	**18,539,693**
	127,231,694	**157,874,629**
Less: Accumulated depreciation	(50,269,366)	**(61,728,045)**
Net	76,962,328	**96,146,584**
Construction in progress and advances to equipment suppliers	9,265,902	**14,671,791**
Inventories for use in construction of the telephone Plant	1,512,829	**1,022,321**
Total	P. 87,741,059	**P. 111,840,696**

b) At December 31, 2004 and 2005, included in plant, property and equipment are the following assets held under capital leases:

	2004	**2005**
Assets under capital leases	P. 5,092,126	**P. 5,384,310**
Accumulated depreciation	(185,320)	**(925,971)**
	P. 4,906,806	**P. 4,458,339**

c) From January 2003 to December 2005, the Company sold part of its telephone plant to unrelated parties for P.5,377 million, which it then leased again under sale and leaseback agreements, which are being amortized based on the remaining useful life of the assets.

At December 31, 2005, the Company recorded deferred charges related to the above-mentioned sales in the short- and long-term of P.1,339,717 and P.6,684,056, respectively, which are included as part of the caption other assets in the balance sheet (P.1,234,272 and P.6,990,958 at December 31, 2004).

Amortization expense for the years ended December 31, 2003, 2004 and 2005 was P.145,693, P.499,591 and P.1,358,732, respectively.

d) Depreciation expense for the years ended December 31, 2003, 2004 and 2005 was P.10,572,285, P.12,664,938 and P.15,339,874, 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 ("NBSC").

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, 2004 and 2005, 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, 2005, approximately 85% of the value of the telephone plant, property and equipment (96% in 2004) has been restated using specific indexation factors.

8. Intangible assets

A summary of intangible assets as of December 31, 2005 is as follows:

2005

	Balance at January 1	Increases	Cancellations	Amortization expense	Effects of translation of foreign subsidiaries, net	Balance at December 31
Licenses	P. 25,722,685	5,127,336	(244,135)			P. 30,605,886
Effects of translation	10,053,696				1,447,424	11,501,120
Accumulated Amortization	(6,873,811)	(565,062)	222,981	(3,637,964)		(10,853,856)
Net	P. 28,902,570	4,562,274	(21,154)	(3,637,964)	1,447,424	P. 31,253,150
Trademarks	P. 9,352,428	100,813				P. 9,453,241
Effects of translation	(422,299)				(235,006)	(657,305)
Accumulated amortization	(1,637,885)			(830,898)		(2,468,783)
Net	P. 7,292,244	100,813		(830,898)	(235,006)	P. 6,327,153
Goodwill	P. 13,142,870	2,359,558				P. 15,502,428
Effects of translation	2,036,881				44,544	2,081,425
Accumulated amortization	(5,339,209)					(5,339,209)
Net	P. 9,840,542	2,359,558			44,544	P. 12,244,644

A summary of intangible assets as of December 31, 2004 is as follows:

2004

	Balance at January 1	Increases	Cancellations	Amortization expense	Effects of translation of foreign subsidiaries, net	Balance at December 31
Licenses	P. 25,163,413	567,021	(7,749)			P. 25,722,685
Effects of translation	5,971,837				4,081,859	10,053,696
Accumulated amortization	(3,083,860)			(3,789,951)		(6,873,811)
Net	P. 28,051,390	567,021	(7,749)	(3,789,951)	4,081,859	P. 28,902,570
Trademarks	P. 9,352,428					P. 9,352,428
Effects of translation					(422,299)	(422,299)
Accumulated Amortization	(782,237)			(855,648)		(1,637,885)
Net	P. 8,570,191			(855,648)	(422,299)	P. 7,292,244
Goodwill	P. 12,059,886	1,351,167	(268,183)			P. 13,142,870
Effects of Translation	868,900				1,167,981	2,036,881
Accumulated Amortization	(4,202,546)			(1,136,663)		(5,339,209)
Net	P. 8,726,240	1,351,167	(268,183)	(1,136,663)	1,167,981	P. 9,840,542

a) A description of the principal acquisitions of licenses at December 31, 2004 and 2005 is as follows:

- June 2004, 1900 megahertz frequency license to provide cellular telephone services in Uruguay for P.160,091 (US$ 18.1 million).
- In 2004, a license to operate and provide cellular telephone services in the Minas Gerais region in Brazil for P.309,067.
- Other licenses acquired in 2004 amounted to P.15,061.
- March 2005, a concession to render public personal communications services (PCS) in Peru for P.238,308 (US$ 21.1 million).
- April 2005, Telcel won a bid on 1900 MHz frequency usage and was consequently awarded use of the 10MHz broadband frequency in the 9 regions into which Mexico is divided. The Company paid P.55,312. (P.55 million nominal amount) for such usage rights. The licenses are for 20-year terms during which time the Company is obligated to pay certain usage fees, as stipulated in the Mexican Fees Law in force at the time the licenses were granted. In the same bid, the Company was also awarded use of additional 10 MHz broadband in region 9 (Mexico, City metropolitan area), region 6 (Guadalajara, Jalisco) and region 4 (Monterrey, Nuevo Leon) that are currently subject to the resolution of a certain legal proceeding. Telcel has not paid for such additional broadband.
- May 2005, Telcel acquired from Unefon 8.400 MHz in the 1850-1865 MHz / 1930-1945 MHz (Band “A”) radio spectrum frequency, as described in Note 6.
- July 2005, a license to operate and provide cellular and wireless telephone services in the Minas Gerais region in Brazil for P.227,840 (Rs. 51.2 million).

b) Licenses, trademarks and goodwill amortization expenses in 2003 amounted to P.4,511,953.

9. Investments

An analysis at December 31, 2004 and 2005 is as follows:

		2004		**2005**
Investments in:				
Affiliates (Grupo Telvista, S.A. de C.V.)	P.	374,449	**P.**	**387,046**
Other investments		299,335		**98,712**
Total	P.	673,784	**P.**	**485,758**

I. Investments in subsidiaries

During 2004 and 2005, the Company made a number of equity investments, as described below:

Through appraisals made by independent experts, the Company determined the fair value of the net assets acquired. The purchase prices of net acquired assets were allocated based on their estimated market values, as follows:

2005 Acquisitions

		Smartcom (Chile)		América Móvil Peru S.A.C.		AMX Paraguay		Total
Current assets	**P.**	**1,621,242**	**P.**	**607,936**	**P.**	**119,186**	**P.**	**2,348,364**
Fixed assets		**3,414,566**		**1,994,621**		**212,166**		**5,621,353**
Licenses		**394,480**		**900,550**		**5,457**		**1,300,487**
Other assets		**183,297**		**1,514,411**		**8,047**		**1,705,755**
Less:								
Current Liabilities		**803,122**		**1,488,034**		**69,125**		**2,360,281**
Long term debt				**814,141**		**2,891**		**817,032**
Fair value of net assets acquired	**P.**	**4,810,463**	**P.**	**2,715,343**	**P.**	**272,840**	**P.**	**7,798,646**
% participation acquired		**100.00%**		**100.00%**		**100.00%**		**100.00%**
Net assets acquired		**4,810,463**		**2,715,343**		**272,840**		**7,798,646**
Amount paid		**5,454,137**		**4,431,227**		**272,840**		**10,158,204**
Goodwill generated	**P.**	**643,674**	**P.**	**1,715,884**	**P.**		**P.**	**2,359,558**

a) AMX PARAGUAY
In July 2005, the company acquired 100% interest in Hutchinson Paraguay, S.A. (now AMX Paraguay, S.A.), for a purchase price of P.272,840 (US$25 million). The company provides telecommunication services, including wireless services throughout the Republic of Paraguay.

b) SMARTCOM (Chile)
In August 2005, the Company acquired from the Spanish company Endesa Participadas, S.A. a 100% interest in the Chilean company Smartcom S.A. for a purchase price of P.5,454,137 (US$505 million). Smartcom provides telecommunication services, including wireless services throughout the Republic of Chile.

c) AMERICA MOVIL PERU, S.A.C.
In August 2005, the company acquired from TIM International N.V. a subsidiary of the Telecom Italia Group, a 100% interest in the Peruvian company, TIM Peru S.A.C. (now América Móvil Peru, S.A.C.) for P.4,431,227 (US$408 million). América Móvil Peru provides telecommunication services, including wireless services throughout the Republic of Peru.

2004 Acquisitions

		Enitel		Megatel		Total
Current assets	P.	770,340	P.	92,931	P.	863,271
Fixed assets		1,300,859		445,750		1,746,609
Licenses				82,802		82,802
Other assets		95,697		31,351		127,048
Less:						
Current liabilities		589,051		135,643		724,694
Long term debt		453,886		27,435		481,321
Fair value of net assets acquired	P.	1,123,959	P.	489,756	P.	1,613,715
% participation acquired		99%		100%		
Net assets acquired		1,113,056		489,756		1,602,812
Amount paid		2,142,055		997,074		3,139,129
Goodwill generated	P.	1,028,999	P.	507,318	P.	1,536,317

a) ENITEL (Nicaragua)
In January 2004, the Company acquired 49% of the shares of Empresa Nicaragüense de Telecomunicaciones, S.A. (ENITEL) for P.598,533 (US$49.6 million). In August 2004, the Company acquired an additional 50.037% equity interest in ENITEL for P.1,543,522 (US$128 million). ENITEL provides telecommunication services, including wireless and fixed telephone services in Nicaragua.

b) MEGATEL (Honduras)
In June 2004, América Móvil acquired 100% of the shares of Megatel de Honduras, S.A. de C.V. (now Servicios de Comunicaciones de Honduras, S.A. de C.V.) (“Megatel”) for P.997,074 (US$81.7 million). Megatel provides telecommunication services, including wireless services in Honduras.

c) CTE (El Salvador)
In December 2004, América Móvil acquired an additional 41.54% equity interest in CTE for which it paid P.3,433 million (US$294.9 million). Subsequent to such acquisition, together with certain purchases from minority shareholders during 2004, the Company’s equity interest in CTE increased to 94.9% at December 31, 2004. The purchase of the additional 41.54% was made based on the fair value of CTE’s assets at November 2004, giving rise to a goodwill of P.301,474 (US$25.9 million), which, since this was considered a step acquisition, was added to CTE´s goodwill balance generated in the previous year.

d) CTI (Argentina)
In July 2004, América Móvil acquired an additional 8% equity interest in CTI for a total consideration of P.209,402 (US$17.1 million), increasing its total equity interest in CTI to 100%. The above-mentioned purchase was made based on the net fair value of CTI’s assets at June 2004, giving rise to a negative goodwill of approximately P.79,194.

Other acquisitions
In 2005, the company paid approximately P.89,827 (US$8,092) to acquire minority interest shares in Brazil, Guatemala, Nicaragua and El Salvador, of which the carrying value amounted to P.555,939. The difference between the carrying value and purchase price was recognized in the stockholders’ equity. Due to such acquisitions, the Company’s equity interest increased from 97.8% to 98.9% in Brazil, from 99% to 99.1% in Guatemala, from 99% to 99.3% in Nicaragua and from 94.9% to 95.8% in El Salvador.

In 2005, América Móvil, through its subsidiary Sercotel and the latter through Telecom Americas, made several capital contributions in Brazil’s operating companies (ATL, Americel, BSE, Stemar, Telet and BCP) for an aggregate consideration of P.23,417,240 (US$2,209,149).

During 2004, América Móvil invested P.454,000 (US$39 million) in the purchase of minority interests in Comcel (Colombia), CTE (El Salvador), and Telgua (Guatemala), giving rise to a negative goodwill of P.407,430 (US$30 million) and increasing the Company’s equity interest in such companies at December 31, 2004, to 99.2%, 94.9% and 99.0%, respectively.

- Sale of subsidiaries and affiliated companies
a) In July 2005, the Company (following a capital reduction in which all the stockholders participated proportionally), sold its 40.3% equity interest in Technology and Internet, LLC and its 25% equity interest in Technology Fund One, LLC to Grupo Condumex, S.A. de C.V. (related party) in the amount of P.31,900 (US$3 million). Such sale gave rise to a loss of P.80,279, which was recognized in stockholders' equity, since the sale was made between entities under common control.

b) In May 2004, the Company sold its 60% equity interest in Techtel to Teléfonos de México, S.A. de C.V. (related party) for P.873,397 (US$75 million). Such sale gave rise to a gain of P.18,842, which was recognized in stockholders’ equity, since the sale was made between entities under common control.

General

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.

Unaudited proforma financial data

The following consolidated pro forma financial data for the years ended December 31, 2003, 2004 and 2005 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 (up to December 31, 2004) and licenses and adjustments to depreciation of fixed assets of the acquired companies.

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 data does not purport to represent what the effect on the Company's consolidated operations would have been had the transactions in fact occurred at the beginning of each year, nor are they intended to predict the Company's results of operations.

	Unaudited pro forma consolidated			
		2003		2004
Operating revenues	P.	107,372,150	P.	140,383,728
Net income		19,008,140		17,023,702
Earnings per share (in Mexican Pesos)	P.	0.49	P.	0.45

	Unaudited pro forma consolidated			
		2004		**2005**
Operating revenues	P.	144,982,344	**P.**	**186,257,999**
Net income		16,333,953		**30,841,141**
Earnings per share (in Mexican Pesos)		0.43		**0.84**

10. Financial instruments

At December 31, 2004 and 2005, the financial instruments contracted by the Company are as follows:

Financial instrument	**Notional equivalent in millions**			
		2004		**2005**
Interest-rate swaps in US dollars	US$	489	**US$**	**610**
Interest-rate swaps in pesos	P.	6,000	**P.**	**6,000**
Cross currency swaps	US$	774.3	**US$**	**910**
Interest-rate swaps and cross currency swaps	US$	337.0	**US$**	**913.4**
Forwards Dollar-Peso	US$	62	**US$**	**1,475**

With respect to the aforementioned financial instruments, only a portion equal to US$910 notional amount, corresponding to cross currency swaps, qualify for treatment to be designated as cash flow hedging instruments. Consequently, the valuation loss of P.92,871 in 2005, was included in stockholders' equity under the caption other accumulated comprehensive loss items. In 2004 and 2003, the change in fair value amounted to P.43,647 and P.(112,122), respectively, and were included in the statement of income as part of comprehensive financing cost.

With respect to the instruments not considered effective hedges (interest-rate swaps and cross currency swaps), the change in fair value of P.460,122 in 2004 and P.(1,119,561) in 2005, were included in the statement of income as part of comprehensive financing cost.

An analysis of the accumulated valuation effect of the financial instruments included in the annexed balance sheet, at December 31, 2004 and 2005 is as follows:

		2004		**2005**
Accounts receivable (payable) for financial instruments classified as effective hedges	P. (	47,236)	**P. (**	**656,093)**
Accounts receivable (payable) for financial instruments not classified as effective hedges		128,039	**(**	**1,206,573)**
Net accumulated effect receivable (payable) for valuation of financial instruments per annexed balance sheet	P.	80,803	**P. (**	**1,862,666)**

11. Employee Benefit Obligations

a) Mexico

Telcel set up an irrevocable trust fund to cover the payment of obligations for seniority premiums, adopting the policy of making contributions to the fund as they are deemed necessary. During 2003, 2004 and 2005, the Company contributed P.1,910, P.2,135 and P.2,261, respectively. The seniority premium valuation was determined based on actuarial computations made by independent actuaries using the projected unit-credit method.

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

An analysis of the net period cost for 2003, 2004 and 2005 is as follows:

		2003		2004		**2005**
Service cost	P.	2,032	P.	2,178	**P.**	**2,433**
Financial cost of projected benefit obligations		490		623		**769**
Expected return on plan assets	(	274)	(	411)	**(**	**571)**
Amortization of actuarial gain	(	25)	(	27)	**(**	**25)**
Net period cost	P.	2,223	P.	2,363	**P.**	**2,606**

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

		2004		**2005**
Benefit obligation at the beginning of the year	P.	9,300	**P.**	**11,479**
Service cost		2,178		**2,433**
Interest cost		623		**769**
Actuarial gain	(	622)	**(**	**578)**
Benefits paid		-		**-**
Benefit obligation at the end of the year	P.	11,479	**P.**	**14,103**

An analysis of the seniority premium reserve at December 31, 2004 and 2005 is as follows:

		2004		**2005**
Projected benefit obligation	P.	11,479	**P.**	**14,103**
Plan assets	(	7,229)	**(**	**10,094)**
Transition asset		43		**34**
Actuarial gain		1,549		**2,078**
Net projected liability	P.	5,842	**P.**	**6,121**
Unfunded accumulated benefit obligation	P.	4,250	**P.**	**4,009**
Accumulated benefit obligation	P	4,250	**P**	**4,009**

The net projected 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:

		2004		**2005**
Fair value of plan assets at beginning of year	P.	4,979	**P.**	**7,229**
Real investment return		2,250		**2,865**
Fair value of plan assets at end of year	P.	7,229	**P.**	**10,094**
Funded status	P. (	4,250)	**P.(**	**4,009)**
Unrecognized net actuarial gain	(	1,549)	**(**	**2,078)**
Unrecognized net transition asset	(	43)	**(**	**34)**
Net amount recognized	P.	(5,842)	**P.**	**(6,121)**

The net of inflation rates used to determine the actuarial present value of benefit obligations at December 31, 2003, 2004 and 2005 are presented below:

	2003	2004	**2005**
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	1.0	1.0

12. Accounts payable and accrued liabilities

a) Accounts payable and accrued liabilities consist of the following:

	December 31, 2004	**2005**
Suppliers	P. 27,747,640	**P. 38,807,310**
Sundry creditors	3,548,633	**7,129,872**
Interest payable	1,119,199	**1,614,093**
Expenses and other provisions	4,759,499	**6,867,829**
Guarantee deposits	346,611	**411,414**
Others	266,184	**355,213**
Total	P. 37,787,766	**P. 55,185,731**

b) At December 31, 2004 and 2005, accounts payable and accrued liabilities include the following expense and other provision accounts:

	Balance at December 31, 2004	Increase of the year	Payments	Write-offs	Balance at December 31, **2005**
Vacations premium	P. 264,072	P. 130,588	P. (146,731)		**P. 247,929**
Vacations	86,897	490,470	(219,166)	P. (215)	**357,986**
General expenses	174,352	807,010	(435,764)		**545,598**
Fees	163,653	370,294	(354,733)		**179,214**
Retirement of assets provision	203,181	253,545		1,698	**458,424**
Royalty rewards provision	332,516	396,806			**729,322**
Contingencies provisions	3,534,828	655,925	(34,872)	(1,650)	**4,154,231**
Value added Services provisions		845,806	(737,071)		**108,735**
Others		463,893	(367,771)	(9,732)	**86,390**
Total	P. 4,759,499	P. 4,414,337	P. (2,296,108)	P. (9,899)	**P. 6,867,829**

13. Debt

The Company's debt consists of the following:

Currency	Concept	2004 Rate	Maturity from 2005 to	Total 2004	**2005** Rate	Maturity from 2006 to	Total 2005
US Dollars							
	Fixed-rate Senior Notes	4.125% a 5.75%	2015	P. 20,870,373	**4.125% a 6.375%**	**2035**	**P. 29,915,544**
	Senior Notes	L+.625	2007	3,491,975	**L+.6250**	**2007**	**3,213,270**
	Lines of credit	L+.35a L+.60	2009	4,830,566	**L+.05 a L+.40 8.01%;**	**2006**	**3,730,028**
	Leasing	8.01%	2008	436,308	**L+1.53 a L+2.90**	**2008**	**747,049**
	Exim Banks	L+.225 a L+1.25(1)	2010	7,602,562	**2.71%**	**2010**	**250,287**
	Syndicated loans	L+.60	2009	3,491,975			
	Lines of Credit (fixed)	2.71%	2009	261,125			
	BNDES	UMBNDES+4.3% (2)	2008	125,306			
	Others	L+.20 a L+1.35	2009	363,375			
	Subtotal Dollars			41,473,565			**37,856,178**
Mexican Pesos							
	Domestic senior notes ("Certificados Bursátiles")	Others	2010	13,434,297	**Others**	**2010**	**12,550,000**
	Fixed rate domestic senior notes				**9.00%**	**2016**	**5,000,000**
	Lines of credit				**TIIE -.10 a TIIE-.125 (3)**	**2006**	**6,000,000**
	Leasing	TIIE+.40 a TIIE+.55	2008	4,633,317	**TIIE + .40 a TIIE + .55**	**2008**	**4,009,000**
	Subtotal Mexican pesos			18,067,614			27,559,000
Reais							
	BNDES	TJLP + 2.80% (4) a TJLP + 4.00%	2007	1,099,899			
	Lines of credit	12.00%	2005	877			
	Subtotal Reais			1,100,776			
Colombian pesos							
	Senior Notes	IPC+6.80 (6) a IPC+7.50	2013	2,191,846	**IPC + 6.8 a IPC+7.50**	**2013**	**2,110,088**
	Lines of credit	DTF+ 1.70 (5) a DTF + 2.60	2005	379,920	**DTF**	**2006**	**267,278**
	Subtotal Colombian pesos			2,571,766			**2,377,366**
Other currencies							
	Lines of credit	6.50%	2005	292,733	**3.50% a 14%**	**2006**	**744,492**
	Subtotal other currencies			292,733			**744,492**
	Total debt			63,506,454			**68,537,036**
	Less: Short term debt and current portion of long term debt			5,572,058			**17,007,441**
	Long term debt			P. 57,934,396			**P. 51,529,595**

1) L = LIBOR
2) UMBNDES = Monetary Unit of Brazilian Development Bank (BNDES)
3) TIIE = Mexican Equilibrium Funding Rate
4) TJLP =Long Term Interest Rate
5) CDI =Financial Certificate of Deposit
6) IPC =National Consumer Index

Except for the fixed-rate senior notes, interest rates on the Company's debt are subject to variances in international and local rates. The Company's weighted average interest rate cost of borrowed funds at December 31, 2005 was approximately 7.59% (7.05% at December 31, 2004).

In addition to the rates above, the Company must reimburse international lenders (with the exception of loans provided or guaranteed by export credit agencies) for Mexican taxes withholding, 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, 2004 and 2005 consists of the following:

Concept		2004		2005
Domestic senior notes	P.	464,985	**P.**	**5,500,000**
Fixed-rate securities		877		
Line of credit				**10,741,800**
Other loans		2,047,017		**480,285**
Total	P.	2,512,879	**P.**	**16,722,085**
Weighted average interest rate		8.19%		**8.25%**

Maturities of long-term debt are as follows:

Years		Amount
2007	P.	5,410,748
2008		6,858,586
2009		6,790,848
2010		2,090,753
2011		-
2012 and thereafter		30,378,660
Total	P.	51,529,595

Senior Notes.- During 2004 and 2005, América Móvil has issued the following senior notes:

a) March 2004, US$500 million and US$800 million, maturing respectively in 2009 and 2014 and bearing annual interest of 4.125% and 5.50%, respectively, which is payable semiannually. In 2004 and 2005, accrued interest on the notes was P.627,290 and P.713,324, respectively.

b) April 2004, US$300 million, maturing in 2007 and bearing variable annual interest at the three-month LIBOR plus 0.625%, which is payable quarterly beginning on July 27, 2004. In 2004 and 2005, accrued interest on the notes was P.54,226 and P.132,844, respectively.

c) October 2004, US$500 million, maturing in 2015 and bearing annual interest of 5.75%, which is payable semiannually beginning on July 15, 2005. In 2004 and 2005, accrued interest on the notes was P.55,190 and P.318,415, respectively.

d) February 2005, US$1,000 million in principal amount of 6.375% senior notes due 2035. Interest is payable semi-annually beginning on September 1, 2005. In 2005, accrued interest on the notes was P. 595,091.

e) September 2005, P.5,000 million in principal amount of 9% senior notes due 2016. Interest is payable semi-annually beginning on January 17, 2006. In 2005, accrued interest on the notes was P.108,750.

All senior notes are unconditionally guaranteed by Telcel.

- Lines of credit guaranteed by institutions to promote exports- The Company has medium- and long-term financing programs for the purchase of equipment, whereby certain institutions, to promote exports, provide financial support to purchase export equipment from their respective countries. The outstanding balance under these plans at December 31, 2005 is P.250,287 (US$23 million).

Domestic Senior Notes (certificados bursatiles)- The CNBV has authorized the Company to establish four programs for the issuance of domestic senior notes guaranteed by Telcel for P.5,000 million each. At December 31, 2005, the Company had made various issues under such programs for amounts ranging from P.400 to P.1,750 million, with maturities ranging from 3 to 7 years. In general, these issues bear a floating interest rate established as a percentage of the TIIE and CETES rates.

Additionally, the Company has a commercial paper program authorized by the CNBV for P.3,000 million. As of December 31, 2005, the Company had no outstanding commercial paper debt.

In December 2005, the Company incurred P.8,676 million (US$810 million) in bank debt, guaranteed by Telcel, bearing interest at compounded annual rate of 7.25% and that matures in December 2006.

General

At December 31, 2005, the Company had a number of bank facilities for approximately P.10,743 million (US$1,003 million) bearing interest at LIBOR plus a spread. The facilities have similar terms as to covenants, and under all of the facilities América Móvil and Telcel are either borrowers or guarantors.

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 do not permit the Company to restrict 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 4 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. At December 31, 2004 and 2005, the Company was in compliance with all of these requirements.

At December 31, 2005, 92.8% of total outstanding consolidated debt is guaranteed by Telcel.

- Subsequent event

On February 24, 2006, through Comcel, the Company placed bonds in the Colombian market in the amount of P.450 billion Colombian pesos (equal to USD 200 million) for a term of ten years. The interest rate on such issue is 7.59%.

14. Foreign-Currency position and transactions

a) América Móvil had the following foreign-currency denominated assets and liabilities:

	Foreign currency in million			
	At December 31 2004		At December 31 **2005**	
	2004	Exchange Rate	**2005**	Exchange Rate
Assets				
US dollar	2,621	11.26	**2,016**	**10.71**
Quetzal	1,886	1.45	**1,854**	**1.41**
Reais	3,437	4.24	**3,150**	**4.58**
Colombian peso	405,016	0.004	**668,573**	**0.005**
Argentinean peso	615	3.78	**780**	**3.03**
Uruguayan peso	85	0.427	**653**	**0.443**
Cordoba	376	0.687	**803**	**0.625**
Lempira	168	0.584	**476**	**0.563**
Chilean peso			**76,236**	**0.021**
Peruvian Soles			**193**	**3.12**
Guaranies (Paraguay)			**138,130**	**0.002**
Euro	3	15.32	**47**	**12.63**
Swiss Francs			**53**	**8.16**
Liabilities				
US dollar	(4,908)	11.26	**(5,242)**	**10.71**
Quetzal	(1,442)	1.45	**(1,981)**	**1.41**
Reais	(6,104)	4.24	**(4,616)**	**4.58**
Colombian peso	(1,484,520)	0.004	**(2,555,922)**	**0.005**
Argentinean peso	(987)	3.78	**(2,052)**	**3.03**
Uruguayan peso	(118)	0.427	**(1,107)**	**0.443**
Cordoba	(199)	0.687	**(1,092)**	**0.625**
Lempira	(297)	0.584	**(599)**	**0.563**
Chilean peso			**(57,651)**	**0.021**
Peruvian Soles			**(929)**	**3.12**
Guaranies (Paraguay)			**(313,840)**	**0.002**

At March 10, 2006, exchange rates of the Mexican peso are as follows:

Foreign currency	Exchange rate
US Dollar	10.712
Quetzal	1.407
Reais	4.935
Colombian peso	0.005
Argentinean peso	3.479
Uruguayan peso	0.443
Cordoba	0.654
Lempira	0.594
Chilean peso	0.020
Peruvian Soles	3.219
Guaranies (Paraguay)	0.002
Euro	12.781
Swiss francs	8.180

b) In the years ended December 31, 2003, 2004 and 2005, the Company had the following transactions denominated in foreign currencies. Currencies other than the US dollar were translated to US dollars using the average exchange rate for the year.

	Thousands of U.S. dollars		
	2003	2004	**2005**
Net revenues	3,037,013	5,683,036	**8,576,256**
Operating costs and expenses	4,103,468	6,048,179	**8,531,766**
Interest income	141,484	182,143	**248,440**
Interest expense	298,075	319,309	**316,164**
Other income (expense), net	260,394	(39,602)	**(54,288)**

15. Commitments and Contingencies

a) As of December 31, 2005, the Company has entered into various leases (as a lessee) with related and third 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 fourteen years.

Provided below is an analysis of minimum rental payments due in the next five years. In some cases, the amount is subject to an annual increase based on the NCPI.

The Company leases certain equipment used in its operations under capital leases. At December 31, 2005, the Company had the following commitments under non-cancelable leases:

Year ended December 31,		Capital lease		Operating lease
2006	P.	1,081,477	P.	1,615,105
2007		520,605		1,507,746
2008		3,980,846		1,457,618
2009				1,306,369
2010				1,148,271
2011 and thereafter				2,110,023
Total		5,582,928	P.	9,145,132
Less interest		(826,879)		
Present value of minimum rental payments		4,756,049		
Less current installments		712,707		
Long-term obligations at December 31, 2005	P.	4,043,342		

Rent charged to expenses in 2003, 2004 and 2005 aggregated P.1,186,289, P.1,896,151 and P.2,713,641, respectively.

b) Payment Guarantees With Suppliers
At December 31, 2005, some of the Company's subsidiaries had commitments to acquire equipment for their GSM networks for up to approximately US$755 million (approximately P.8,086,730).

Telcel

c) COFECO
Administrative proceedings have been initiated by the Mexican Federal Antitrust Commission (Comisión Federal de Competencia or Cofeco) against Telcel for alleged anti-competitive behavior mainly in connection with (i) actions by certain distributors of Telcel in relation to the purchase and sale of cellular phones, (ii) exclusive agreements entered into with certain content providers and (iii) refusal to deal with or grant access to certain specialized trunking radio communication operators to short message service interconnection. Since at the present time these investigations are at different procedural stages, no final ruling against Telcel has been issued.

If Telcel is unsuccessful in challenging any of the aforementioned legal proceedings, they may result in significant fines or specific regulations applicable to Telcel. Telcel has not made provisions in its financial statements for these potential liabilities since at the date of the financial statements, the amount of the possible contingency could not be reasonably estimated.

d) Interconnection
In December 2004, Telcel reached an agreement with various other telecommunications service providers as to the interconnection fees applicable under the "calling party pays" system for the period from January 1, 2005 until December 31, 2007. The agreement called for a gradual reduction of 10% per year in interconnection fees charged under the "calling party pays" system from the 2004 rate of P.1.90 per minute to P.1.39 by the end of 2007. The agreement also contemplated that these reductions would be reflected in the tariffs charged by fixed operators to their users. The new framework was approved by the Mexican Federal Communications Commission (Comisión Federal de Telecomunicaciones or Cofetel).

Certain telecommunications service providers have since challenged the new framework, arguing that the proposed interconnection fees do not properly take into account costs associated with the intercconection fee applicable under the "calling party pays", and have initiated proceedings with Cofetel to obtain their intervention in resolving the matter. Such interconnection dissent is in process of its final stage.

To date, given the current status of the negotiations with dissenting operators, it is impossible to predict what effect a ruling against the Company could have on its financial information. It is entirely possible that a greater decrease in interconnection rates will be ordered by the Cofetel as a result of the interconnection dissent.

e) CNVB
During 2003, América Móvil, S.A. de C.V. (América Móvil) received requests for information from the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores or the CNBV) and the Securities and Exchange Commission (SEC) regarding Telcel's entry into a capacity services agreement with Operadora Unefon in September 2003. To América Móvil's knowledge 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 SEC has publicly stated that it has filed charges against certain affiliates of Operadora Unefon. America Móvil and Telcel have cooperated with the authorities. In 2005, neither América Móvil or Telcel have received any notice on this matter; for which reason, the Company believes that its participation in theses proceedings has concluded.

f) Short message services

Under the terms of its concessions for the 800 megahertz spectrum, Telcel must pay to the federal government a royalty based on gross revenues from concessioned services. The royalty is levied at rates that vary from region to region but average approximately 6%. Telcel 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. Telcel is currently disputing these issues in an administrative proceeding, but Telcel has made provisions for P.333 million that is included in the financial statements with respect to this potential liability.

g) Trademarks tax assessment

On March 3, 2006, the Sistema de Administración Tributaria (Mexican Tax Administration System or "SAT"), notified Telcel of an assessment of P.271,651 (P. 150,217, plus adjustments, fines and late fees) as a result of a tax deduction made by Telcel in 2003 of P. 1,221,916 in connection with royalty payments made to another subsidiary of América Móvil in connection with the use of certain trademarks. The Company believes that these deductions were made in accordance with applicable law and intend to challenge the validity of this assessment. Based on the foregoing, Telcel expects that the SAT will challenge similar deductions for royalty payments made during 2004 and 2005 of P. 4,490,993 and P. 6,349,628, respectively. The Company has not made provisions in its financial statements with respect to this potential liability because, based on the strength of its legal arguments, the Company believes that it will successfully challenge this assessment.

Comcel

h) Voice/IP

In March 2000, the Colombian Ministry of Industry and Commerce (Superintendencia de Industria y Comercio or SIC) issued Resolution No. 4954, requiring Comunicación Celular, S.A. (Comcel) to pay a fine of approximately US$100 thousand (approximately P. 1,071 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 (approximately P. 750 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.

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 Constitutional Court revoked the previous decision and ordered the continuance of the procedure for the determination of damages to the other operators. In the opinion of counsel representing Comcel in this matter, in the event the SIC decides to award damages to the long distances service providers, the amount of such damages should not exceed the income received by Comcel from the provision of Voice over IP services, an amount which is substantially smaller than the amount estimated by the long distance service providers.

Comcel has made provisions for P. 34 million that is included in the financial statements with respect to this potential liability on the basis of its counsel's opinion. Neither America Móvil nor Comcel can assure that the amount of damages ultimately determined by the SIC will be consistent with Comcel's counsel opinion. Comcel expects to continue exploiting all available legal actions after a decision on damages is rendered.

i) Distributors

In January 2005, Comcel was notified of an arbitration proceeding initiated against it by Celcenter Ltda. (Celcenter) and Concelular, S.A. (Concelular), which are distributors of Comcel. The proceeding relates to Comcel's decision to reduce the commissions paid to distributors. In the proceeding, the distributors allege: (i) abuse of dominant position on Comcel's part; (ii) the existence of an agency relationship between Comcel and the distributors; and (iii) breach of contract and commercial liability on the part of Comcel. Claimants seek to recover approximately US$30 million (approximately P.321 million) from Comcel. Comcel has made provisions for P.190 million that is included in the financial statements with respect to this potential liability.

Telecom Americas

j) Tess and ATL-Telecom Leste

The Brazilian Federal Communications Commission (Agência Nacional de Telecomunicações or ANATEL) has challenged each of Tess, S.A. (Tess) and ATL-Telecom Leste, S.A. (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. 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 US$178 million (including potential penalties and interest) (approximately P.1,911 million) at December 31, 2005. Tess and ATL have made provisions in their financial statements for these potential liabilities.

k) BNDESPAR

Prior to the acquisition of Telet, S.A. (Telet) and Americel, S.A. (Americel) by Telecom Americas Limited (Telecom Americas), 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, Telecom Americas 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.

In November 2004, BNDESPar filed a lawsuit with the competent court of Rio de Janeiro claiming that BNDESPar is entitled to sell its shares in Telet and Americel to Telecom Americas for approximately US$164 million (approximately P. 1,757 million). Such suit is still in Litigation. The Company does not believe that BNDESPar has valid grounds for its claims against Telecom Americas, and Telecom Americas will defend itself vigorously against these claims. Neither America Móvil or Telecom Americas can assure, however, that Telecom Americas will ultimately prevail. Telecom Americas has not made provisions in its financial statements for these potential liabilities.

l) Lune patent case

A Brazilian company claims that wireless operators in Brazil have infringed its patent over certain caller id technology. The plaintiff first brought a patent infringement case in a state court in Brasília, Federal Capital of Brazil, against Americel and later brought cases, as part of two separate proceedings, against 23 other defendants, including all of our other operating subsidiaries in Brazil.

Although we believe that the patent does not cover the technology that is used by Americel to provide caller id services, Americel lost the case at the trial level and on first appeal. After the judgment against Americel was rendered, a federal court in Rio de Janeiro, Brazil, rendered a preliminary injunction decision suspending the effects of the patent, in an action filed by a supplier of caller id technology. Americel filed three special appeals against the decision of the state court in Brasília, seeking review at the Superior Court of Justice (which is the highest court in Brazil to decide on questions of federal law) and Supreme Court (the highest court in Brazil to decide on questions of constitutional law) The Court of Appeals has determined that two of our special appeals will be heard by the Superior Court of Justice. Our request for a special appeal before the Supreme Court has been denied. Americel may still file a motion requesting the reversal of this decision. Americel intends to continue vigorously defending itself against this claim.

The cases against the other operators are still on their initial stages. Plaintiff has brought these other cases in the same state trial court that heard the case against Americel, but defendants have requested that the cases be removed on jurisdictional grounds. The Americel judgment does not bind other state courts or the federal courts of Brazil. America Móvil and its Brazilian subsidiaries will continue vigorously defending their selves from these claims, and do not expect that there will be a resolution of these other cases within the next couple of years.

At this time, it is not possible for us to estimate with a reasonable degree of certainty the damages that may result from these proceedings, if ultimately resolved against our interests. The plaintiff in the Americel case is now required to request the commencement of proceedings for execution of the judgment, seeking to prevent Americel from providing caller id services and to determine monetary damages for alleged past infringements. At this time, Americel does not know how the plaintiff intends to request that damages be determined. Americel intends to request that the effects of any execution order be suspended pending resolution of the appeals. In addition, Americel benefits from a limited contractual indemnity from its equipment supplier, and it is currently analyzing how and to what extent it could recover any eventual damages from this supplier. Americel has not made any provisions in its financial statements in respect of these proceedings since the amount of potential damages cannot be reasonably determined.

CompUSA

m) COC Services

In January 2000, a lawsuit was filed in Texas against our affiliate CompUSA, Inc. (CompUSA) on behalf of COC Services, Ltd. (COC) alleging, among other things, breach of contract, tortuous interference and conspiracy in connection with a letter of intent for the franchising of retail stores in Mexico. In addition to our affiliate CompUSA, the lawsuit named as defendants James Halpin, CompUSA's former chief executive officer, Mr. Carlos Slim Helú, our chairman, and certain other persons. The jury trial concluded in February 2001 with a jury verdict against CompUSA in the amount of US$90 million in actual damages. The verdict also awarded punitive damages in the amount of US$94.5 million against CompUSA and US$175 million against Mr. Halpin. Damages were also awarded against the remaining defendants.

In March 2001, our affiliate CompUSA and the other defendants filed a motion with the trial court for judgment notwithstanding the verdict. In May 2001, the trial court granted the motion for judgment notwithstanding the verdict, vacating the award against our affiliate CompUSA and Mr. Halpin and reducing significantly the amount of damages. Despite the significant reduction in damages, Mr. Slim Helú and the other defendants appealed seeking discharge from all claims. In August 2004, the Dallas Court of Appeals reversed the February 2001 judgment in full, releasing the defendants from the obligation to pay any damages. COC has appealed this decision and the appeal is pending.

Telgua

n) ITI-GEDO

In addition, judicial proceedings were commenced in the United States District Court for the Southern District of New York (the "District Court") 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 services 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. A final decision awarding ITI over US$900,000 in damages against defendants GEDO and Álvarez was rendered by the District Court in April 2004. In June 2004, ITI filed an appeal with the United States Court of Appeals for the Second Circuit challenging, among other things, the District Court's March 2002 decision to dismiss Telgua from the action for lack of personal jurisdiction. Oral arguments were heard in March 2005, and the parties are awaiting a decision from the Appeals Court. On April 2005, the Appeals Court issued a summary order in favor of Telgua. The term to appeal before the United States Supreme Court expired on July 2005, ITI did not appeal and the process was concluded.

16. Related Parties

a) Following is an analysis of balances due from/to related parties as of December 31, 2004 and 2005. All of the companies are considered América Móvils' affiliates, as the Company's principal stockholders are also directly or indirectly stockholders of these related parties.

		December 31,		
		2004		**2005**
Accounts receivable:				
Teléfonos de México, S.A. de C.V.	P.	727,832	**P.**	**770,265**
Sanborns Hermanos, S.A. de C.V.		131,355		**139,236**
Sears Roebuck, S.A. de C.V.		64,741		**52,678**
Teléfonos del Noroeste, S.A. de C.V.		35,231		
Embratel Participacoes, S.A.		123,996		
Others		50,683		**26,142**
Total	P.	1,133,838	**P.**	**988,321**
Accounts payable:				
América Telecom, S.A. de C.V.	P.	66,930	**P.**	**80,332**
Fianzas Guardiana Inbursa, S.A. de C.V.		67,342		**41,210**
Seguros Inbursa S.A de C.V.		23,353		**26,282**
Embratel Participacoes, S.A.				**561,603**
Others		4,773		**16**
Total	P.	162,398	**P.**	**709,443**

b) America Móvil receives services from several subsidiaries of Grupo Carso, S.A. de C.V., Grupo Financiero Inbursa, S.A. de C.V. (Inbursa) and Telefónos de Mexico and subsidiaries (Telmex). The Company's relationship with Telmex includes, among other aspects, the interconnection of the related networks and the use of its facilities, specifically the co-location of switchboard equipment in the facilities owned by Telmex. The Company's relationships with Inbursa includes, among others, insurance and bank services.

c) In the years ended December 31, 2003, 2004 and 2005 the Company had the following significant transactions with related parties, (mainly with Telmex):

		2003		2004		**2005**
Revenues:						
Calling Party Pays (CPP) interconnection fees and other (1)	P.	10,384,350	P.	11,666,881	**P.**	**12,359,942**
Costs and expenses:						
Payments for long-distance, circuits and others (2)		4,241,220		4,410,826		**4,726,652**
Commercial, administrative and general:						
Advertising		580,052		421,434		**761,355**
Others, net	(	5,010)		782,645		**834,763**
Interest expense (income), net		5,115	(	683)	**(**	**20,928)**

(1) Interconnection fees from CPP: incoming calls from a fixed-line telephone to a wireless telephone. The interconnection agreements specify the 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 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.

d) 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 repeater space and has the right to install its interconnection equipment.

e) In 2005, Smartcom and Chile Sat (subsidiary of Telmex) entered into an agreement for the provision of capacity, whereby the latter agrees to provide Smartcom with the right to use capacity and infrastructure over the following 30 years. Such agreement gives rise to a monthly disbursement of P.17.5 million, beginning in September 2005. The amount recorded in results of operations of 2005 for this agreement is P.70 million.

17. Stockholders' Equity

a) The Company's capital stock comprises Series AA shares, without par value, Series A shares, without par value and Series L shares, without par value. All of the outstanding shares are fully paid.

AA Shares and A Shares have full voting rights. Holders of L Shares are entitled to vote only to elect two members of the Board of Directors and the corresponding alternate directors and on the following matters: the transformation of América Móvil from one type of company to another, any merger of América Móvil, its voluntary dissolution, a change in its corporate purpose, a change in its state of incorporation and any action that would prejudice the rights of holders of L shares.

The rights of holders of all series of capital stock are otherwise identical except for limitations on non-Mexican ownership of AA Shares.

b) In July 2005, the Company carried out a three-for-one share split, approved at the annual stockholders' meeting, whereby each share was exchanged for three new shares. Consequently, capital stock at December 31, 2003, 2004 and 2005, is represented respectively by 38,508, 36,792 and 36,246 million common registered shares with no par value (after giving retroactive effect to the split), which represents fixed capital.

An analysis of the shares at December 31, 2005 is as follows:

Millions of shares	
10,915	Series AA voting shares
761	Series A voting shares
24,570	Series L limited voting rights
36,246	

All per share and shares outstanding data in these financial statements, have been retroactively restated to reflect the three-for-one stock split.

c) Series AA shares, which may be subscribed only by Mexican individuals and Mexican corporations, and must represent at all times no less than 20% of the total number of shares outstanding and no less than 51% of the combined number of AA shares and A shares. Common series A shares, which may be freely subscribed, must account for no more than 19.6% of total shares outstanding and no more than 49% of the common shares. Series AA and A shares combined may not represent more than 51% of total shares outstanding. 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 total shares outstanding.

d) In April 2003, 2004 and 2005, the stockholders approved payment of a cash dividend of P.0.02, P.0.04 and P.0.07 (P.0.06, P.0.12 and P.0.21 before the split) per share, respectively, in the amount of P.862,928, P.1,624,295 and P.2,616,589 payable in four installments each in June, September and December of the approval years and in March of the subsequent years.

Additionally, at an extraordinary stockholders' meeting held on December 13, 2005, the stockholders approved payment of an extraordinary cash dividend to be paid in a single installment on December 23, 2005, of P.0.30 per share for a total amount of P. 10,876,862.

The aforementioned dividends were paid from the net reinvested tax profit account (CUFIN).

e) During the three-year period ended December 31, 2005, the Company repurchased shares as shown below. The amount of the repurchase price in excess of the capital stock portion of the shares was charged to retained earnings.

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
2003	198.6	0.6	P. 1,059,886	P. 380	P. 1,009,870	P. 330
2004	1,743.6	8.4	P. 12,782,472	P. 59,352	P. 12,155,736	P. 55,459
2005	547.4	1.5	P. 6,529,363	P. 19,673	P. 6,413,735	P. 19,357

f) 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.

Subsequent event
On February 7, 2006, the Board of Directors, decided to submit for the consideration of the General Stockholders Meeting to be held on or about April 28th of 2006, a proposal to pay a cash dividend from the net profit account, in the amount of P.0.10 (ten peso cents), in a single installment, to each of the stock series "AA", "A" y "L" representative of the total equity of the Company (which includes the preferred dividend correspondent to the shares of the "L" series).

18. 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.

Through December 31, 2004, tax consolidation was allowed at 60% of tax losses and taxable earnings of those Mexican subsidiaries authorized to be consolidated for tax purposes. Starting on January 1, 2005, tax consolidation is allowed at 100% of tax losses and taxable earnings of Mexican subsidiaries.

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 payable only to the extent that it exceeds income tax. Asset tax for the years ended December 31, 2003, 2004 and 2005 was P.1,170,109, P.1,028,613 and P.1,070,958, respectively. The 2005 asset tax was offset against excess of income tax over asset tax paid in prior years in the amount of P.528,506.

Asset tax for the years ended December 31, 2003 and 2004 was determined on a consolidated basis for Mexican subsidiaries and offset against income tax in the tax consolidation.

Asset tax charged to Mexican subsidiaries for the year ended December 31, 2005 corresponds to the amount shown in the provision for income tax in the statement of income. The afore mentioned situation is due to the fact that the 2005 consolidated taxable income of P.33,701,266 was decreased by the available tax loss carryforward in the same amount, giving rise to a credit of P.10,110,380 in the statement of income.

3) Corporate income tax for the years 2003, 2004 and 2005 was 34%, 33% and 30%, respectively.

Effective January 1, 2005, the income tax rate will be 30% and will be reduced by one-percentage point until it reaches 28% in 2007 and succeeding years. The effect of change in effective tax rate at December 31, 2004 amounted P.310 million and represented a credit to operations.

Additionally, in 2005, the effect of the gradual decrease in the income tax rate is reflected in the computation of deferred taxes of the Mexican subsidiaries and represents a charge to operations of approximately P.54 million in 2005.

At December 31, 2005, the balance of the restated contributed capital account (CUCA) and CUFIN was P.44,926,357 and P.50,064,000, respectively.

4) An analysis of income tax charged to results of operations for the years ended December 31, 2003, 2004 and 2005 is as follows:

	2003	2004	**2005**
Current year income tax of Mexican subsidiaries	P. 2,871,853	P. 4,137,663	
Current year asset tax of Mexican subsidiaries			**P. 542,452**
Current year income tax of foreign subsidiaries	603,373	1,660,328	**2,434,939**
Deferred income tax of foreign subsidiaries			**(510,423)**
Deferred income tax of Mexican Operations	87,209	2,769,833	**(2,184,623)**
Effect of gradual decrease in tax rate			**54,373**
Effect of change in effective tax rate		(310,025)	
Total	P. 3,562,435	P. 8,257,799	**P. 336,718**

5) An analysis of employee profit sharing charged to results of operations for the years ended December 31, 2003, 2004 and 2005, is as follows:

	2003	2004	**2005**
Current year employee profit sharing	P. 224,260	P. 262,843	**P. 299,682**
Deferred employee profit sharing	45,230	294,901	**(294,901)**
	P. 269,490	P. 557,744	**P. 4,781**

Since current tax legislation recognizes partially the effects of inflation on certain items that give rise to deferred taxes, the current year net monetary effect on such items has been reclassified in the statement of income from the monetary position result to current year deferred income tax cost.

The 2003 and 2005 year income tax of Mexican subsidiaries includes a tax credit of P.939 and P.895 million (P.864 and P.895 million nominal), respectively, resulting from the favorable ruling in an appeal against the tax authority's rejection of certain deductions in connection with the fiscal treatment of the loss on sale of subsidiaries.

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

		Year ended December 31	
	2003	2004	**2005**
Statutory income tax rate in Mexico	34.0%	33.0%	**30.0%**
Financing costs	3.0	3.6	**0.60**
Goodwill	1.5	0.8	
Effect of change in effective tax rate		(0.4)	**(0.81)**
Recoverably taxes	(7.6)		**0.14**
Asset tax	7.7		
Capital loss incurred during the year			**(29.70)**
Operations of subsidiaries abroad	(10.7)	(6.8)	
Others	(2.5)	7.7	**0.58**
Effective tax rate for Mexican operations	25.4	37.9	**0.81**
Revenues and costs from foreign subsidiaries	(8.7)	(6.5)	**0.24**
Effective tax rate	16.7%	31.4%	**1.05%**

7) The temporary differences on which the Company recognized deferred tax liabilities in the years ended December 31, 2004 and 2005, were as follows:

	December 31,	
	2004	**2005**
Deferred tax assets		
Liability provisions	P.(584,721)	**P.(1,994,555)**
Other	(256,311)	**(1,287,987)**
Deferred revenues	(1,169,018)	**(1,186,876)**
Tax loss carryforwards	(20,831,464)	**(20,004,080)**
	(22,841,514)	**(24,473,498)**
Deferred tax liabilities		
Fixed assets	2,474,062	**2,032,043**
Sale and lease back	2,279,759	**2,330,747**
Inventories	1,581,324	**1,361,527**
Licenses	648,003	**650,263**
Royalties prepayment	1,342,116	
	8,325,264	**6,374,580**
Less: valuation allowance	20,620,974	**21,582,720**
Deferred income tax liability	6,104,724	**3,483,802**
Deferred employee profit sharing liability (inventory)	294,901	
Deferred tax liability	P. 6,399,625	**P. 3,483,802**

8) 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 2003, 2004 and 2005 in Mexico was 10% of taxable income and 15% for Ecuador.

Starting in 2006, employee profit sharing paid to employees will be deductible under certain circumstances for income tax purposes in Mexico.

9) The deferred income tax asset of P.656,717 shown in the balance sheet at December 31, 2005 refers to TracFone's partial reversal of its valuation allowance (for tax loss carryforwards) as a result of the partial materialization of such assets during 2005 and of management's evaluation of the adequacy of the reserve.

The temporary differences on which the Company recognized deferred tax assets in the year ended December 31, 2005, which were only recognized with respect to Tracfone as described above, were as follows (not included in the table above):

	December 31, 2004	December 31, 2005
Deferred tax assets		
Liability provisions	P. (46,714)	**P.(50,226)**
Other	(24,956)	**(55,280)**
Tax credits and contributions carryover	(37,055)	**(52,334)**
Deferred revenues	(555,484)	**-**
Tax loss carryforwards	(815,223)	**(1,073,008)**
	(1,479,432)	**(1,230,848)**
Deferred tax liabilities		
Fixed assets	29,958	**37,492**
Other	(2,942)	**(7,053)**
	27,016	**30,439**
Valuation allowance	1,452,416	**543,692**
Deferred tax asset	P. -	**P. 656,717**

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 income and tax provisions of these subsidiaries in 2003, 2004 and 2005 were P.4,086,166, P.1,556,008 and P.2,435,083; and P.603,373, P.1,660,328 and P.2,434,939, respectively.

At December 31, 2005, America Móvil's foreign subsidiaries have available tax loss carryforwards in conformity with the tax regulations of their respective countries as follows:

Country	**Available tax loss carryforwards in millions of pesos at December 31, 2005**
Brazil	**P. 34,582**
Argentina	**4,453**
USA	**2,750**
Colombia	**3,090**
Ecuador	**372**
Mexico	**9,336**
Chile	**8,261**
Peru	**11,350**
Total	**P. 74,194**

Available tax loss carryforwards in the different countries in which the Company operates are subject to the following conditions:

i) 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.

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

iii) Up to 2002, tax losses incurred in Colombia, were allowed to 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 carried forward only against the taxable earnings of the succeeding eight years, not exceeding 25% of the earnings generated in each of those years.

iv) In Ecuador, the tax loss of a given year may be carried forward only against the taxable earnings of the succeeding five years and may be used solely with respect to 25% or less of the taxable earning of each year.

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

vi) In Chile, there is no time limit on the carryforward of tax losses.

vii) In Mexico, the tax loss of a given year may be carried forward only against the taxable earnings of the succeeding ten years.

19. Segments

América Móvil operates primarily in one operating 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, United States, Honduras, Chile, Peru, Paraguay and Uruguay. The accounting policies of the segments are the same as those described in Note 2. The following summary shows the most important segment information: A summary of the information by geographical segment, which is the way management analyzes results, is as follows. In 2004, Honduras and Nicaragua are included in the concept of others; in 2005, the caption Others includes Chile, Paraguay, Peru and Honduras, since the related amounts together are not material with respect to the Company's revenues, operating income and total assets taken as a whole.

	Mexico Corporate	Mexico (Telcel)	Guatemala (includes Nicaraguan operations)	Ecuador	Colombia
December 31, 2003					
Operating revenues	16,219,964	57,026,675	6,154,804	2,952,858	6,271,243
Depreciation and Amortization	1,232,441	5,130,269	1,478,499	491,875	1,520,240
Operating (loss) income	(1,309,427)	19,233,509	1,854,533	596,212	643,970
Interest expense, net					
(includes related party)	6,442,908	6,038,608	447,942	75,439	517,279
Segment assets	285,941,557	47,469,546	11,712,442	5,822,865	13,872,973
Plant, property and equipment, net	1,248,282	30,830,376	8,477,626	2,577,018	7,519,196
Goodwill, net	3,327,654		627,256	2,009,874	3,077,284
Trademarks, net					1,937,659
Licenses, net		1,688,494	694,256	278,567	2,851,579
December 31, 2004					
Operating revenues	18,650,506	73,180,402	7,406,797	4,429,783	9,648,930
Depreciation and Amortization	1,187,075	5,250,993	1,492,925	594,851	1,936,084
Operating (loss) income	(1,332,875)	26,387,556	2,433,444	914,198	632,208
Interest expense, net					
(includes related party)	6,827,216	5,956,356	580,891	112,918	476,342
Segment assets	296,834,719	84,466,788	14,798,617	7,640,835	22,458,368
Plant, property and equipment, net	737,273	28,164,629	10,110,815	3,256,457	10,396,293
Goodwill, net	3,042,317		397,359	1,610,173	3,290,175
Trademarks, net					1,672,067
Licenses, net		1,571,234	674,295	147,025	3,135,930
December 31, 2005					
Operating revenues	**21,264,266**	**89,586,226**	**7,269,324**	**6,864,794**	**15,565,432**
Depreciation and Amortization	**614,135**	**6,015,952**	**1,598,585**	**670,254**	**1,766,270**
Operating (loss) Income	**(653,771)**	**34,413,425**	**2,412,617**	**1,083,125**	**1,221,154**
Interest expense, net					
(includes related party)	**8,611,942**	**4,635,083**	**240,881**	**92,046**	**622,150**
Segment assets	**350,798,586**	**99,746,997**	**15,622,223**	**9,245,590**	**26,594,345**
Plant, property and equipment, net	**1,333**	**32,386,824**	**9,929,140**	**3,112,357**	**14,655,788**
Goodwill, net	**4,964,830**		**845,366**	**1,608,426**	**3,325,456**
Trademarks, net					**1,453,674**
Licenses, net		**4,199,844**	**552,831**	**185,666**	**2,848,479**

Brazil	Argentina	U.S.A.	El Salvador	Others	Eliminations	Consolidated total
12,387,991	966,657	6,789,473	882,484		(16,240,479)	93,411,670
4,695,285	104,749	213,419	174,258		43,203	15,084,238
(2,319,511)	76,575	217,580	292,850		235,045	19,521,336
1,880,562	245,037		575		(11,544,799)	4,103,551
66,645,177	5,259,758	2,607,859	9,685,854		(286,002,115)	163,015,916
19,593,846	1,582,003	390,822	5,128,431			77,347,600
	312,896				(628,725)	8,726,239
4,385,365	1,103,248		1,143,919			8,570,191
21,623,703	695,602		356,000		(136,810)	28,051,391
23,753,240	5,759,068	9,257,303	4,876,976	1,122,782	(18,851,922)	139,233,865
6,922,303	453,471	207,243	1,041,512	162,373	(34,511)	19,214,319
(6,798,826)	(416,551)	328,240	1,664,081	168,935	295,584	24,275,994
2,675,223	45,436		11,293	35,016	(11,974,122)	4,746,569
60,312,863	7,314,179	4,052,997	10,975,635	4,654,166	(312,407,258)	201,101,909
25,046,847	2,691,765	366,978	5,186,663	1,783,339		87,741,059
				1,500,518		9,840,542
3,697,514	943,934		978,729			7,292,244
22,115,940	644,043		365,387	248,716		28,902,570
30,563,790	**11,218,626**	**10,967,732**	**4,941,793**	**5,549,188**	**(21,637,972)**	**182,153,199**
7,811,079	**710,460**	**194,278**	**863,105**	**1,019,740**		**21,263,858**
(8,780,024)	**578,403**	**713,893**	**1,786,265**	**524,189**	**396,666**	**33,695,942**
2,139,086	**100,307**	**16,418**	**17,278**	**51,934**	**(9,416,701)**	**7,110,424**
71,895,029	**10,691,878**	**4,855,575**	**10,197,441**	**19,606,040**	**(389,259,634)**	**229,994,070**
29,555,600	**6,262,096**	**387,880**	**4,550,145**	**10,999,533**		**111,840,696**
				1,500,566		**12,244,644**
3,122,069	**812,012**		**841,945**	**97,453**		**6,327,153**
20,950,509	**574,428**		**265,097**	**1,676,296**		**31,253,150**

Glossary of Terms

ARPU – Average Revenue per User. The ratio of service revenues in a given period to the average number of wireless subscribers in the same period. It is presented on a monthly basis.

Capex – Capital Expenditure. Accrued capital expenditures related to the expansion of the telecommunications infrastructure.

Churn – Disconnection Rate. The ratio of wireless subscribers disconnected during a given period to the number of wireless subscribers at the beginning of that period.

EBIT – Earnings Before Interest and Taxes, also known as Operating Profit.

EBIT margin – The ratio of EBIT to total operating revenue.

EBITDA – Earnings Before Interest ,Taxes, Depreciation, and Amortization.

EBITDA margin – The ratio of EBITDA to total operating revenue.

EDGE – Enhanced Data rates for GSM Evolution. A technology that gives GSM the capacity to handle data services for the third generation mobile telephony.

EPS (Mexican pesos) – Earnings per share. Total earnings in Mexican pesos divided by total shares.

Earnings per ADR (US$) – Total earnings in U.S. dollars divided by total ADRs equivalent.

Equity subscribers – Subscribers weighted by the economic interest held in each company.

GSM – Global System for Mobile communications. It is the world's leading and fastest growing mobile standard.

GPRS – General Packet Radio Service. Enables GSM networks to offer higher capacity, Internet-based-content and packet-based data services. It is a second generation technology.

Gross additions – Total number of subscribers acquired during the period.

Licenced pops – Licenced population. Population covered by the licenses that each of the companies manage.

Market share – A company's subscribers base divided by the total number of subscribers in that country.

MOU – Minutes of Use per subscriber. The ratio of wireless traffic in a given period to the average number of wireless subscribers in that same period. It is presented on a monthly basis.

Net subscriber additions – The difference in the subscriber base from one period to another. It is the different between gross additions and disconnections.

Net debt – Total short and long term debt minus cash and marketable securities.

Net debt / EBITDA – The ratio of total short and long term debt minus cash and securities to trailing 12-month income before interest, taxes, depreciation and amortization.

Prepaid – Subscriber that may purchase airtime to recharge a cellular phone. The client does not hold a contract with the company for voice and data services.

Postpaid – Subscriber that has a contract for the use of airtime. The client has no need of activating airtime, it is done so immediately.

Push-to-talk – Enables compatible mobile phones to function like two-way radios.

SMS – Short Message Service.

SAC – Subscriber Acquisition Cost. The sum of handset subsidies, marketing expenses and commissions to distributors for handset activation. Handset subsidy is calculated as the difference between equipment cost and equipment revenues.

Wireless penetration – The ratio of total wireless subscribers in any given country divided by the total population in that country.

SHAREHOLDER INFORMATION

Corporate offices
Lago Alberto 366
Colonia Anáhuac
Mexico, D.F.
C.P. 11320

Investor relations
Contact: Paulina Amieva
paulina.amieva@amovil.com
Lago Alberto 366,
Telcel I, 2nd floor
Colonia Anáhuac
Mexico, D.F.
C.P. 11320
Tel: 52 (55) 2581 4449
Fax: 52 (55) 2581 4422
www.americamovil.com

Shares traded in Mexico
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Symbol: AMX A
"L": Bolsa Mexicana de Valores
Symbol: AMX L

Shares traded in the U.S.
ADS: New York Stock Exchange
Symbol: AMX
One ADS represents
20 "L" shares
ADS: NASDAQ
Symbol: AMOV
One ADS represents
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Depositary agent in the U.S.
The Bank of New York
Investor Services
P.O. Box 11258
Church Street Station
New York, NY 10286-1258
Toll Free Tel # for domestic callers:
1 888 BNY ADRs
www.stockbny.com
Contact:
Natalia Castillo

LATIBEX liaison
Santander Investment Services, S.A.
Ave. De Cantabria s/n
28660 Boadilla del Monte
Madrid, España
Tel: 34 (91) 289 39 43
Fax: 34 (91) 257 10 26

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