Transformational POWER

2007 Annual Report

América Móvil

LIKE A

AMÉRICA MÓVIL is the leading provider of wireless services in Latin America and one of the five largest in the world in terms of equity subscribers. It has operations in seventeen countries, covering a combined population of over 790 million people. State-of-the-art products and quality services are available for more than 153 million people that make up América Móvil´s subscriber base and almost four million fixed lines in Central America and the Caribbean. 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.

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América Móvil has swept Latin America helping the region eliminate the telecommunications gap it had with the more developed countries and leveling the ground for a more even competition with them. It has set the stage for a profound revolution in the way people in the region live and interact with each other and with the rest of the world.

POWERFUL WAVE

"With solid growth ahead in both voice and data, América Móvil shall continue to post good results, strengthening and enlarging our client base."

Relevant Financial Data

Data in millions of constant Mexican pesos as of December 31, 2007, except for earnings per share.	2007	2006	Var%	2007 US$ Millions
Total Revenues	**311,580**	243,005	28.2%	28,675
EBITDA	**126,013**	89,183	41.3%	11,598
EBITDA Margin	**40.4%**	36.7%		40.4%
Operating Profit	**85,194**	61,034	39.6%	7,841
Operating Margin	**27.3%**	25.1%		27.3%
Net Income	**58,588**	44,422	31.9%	5,392
Earnings per Share (EPS, pesos)	**1.67**	1.25	33.6%	0.15
Earnings per ADR (US dollars)	**3.11**	2.33	33.5%	
Total Shareholders' Equity	**126,858**	113,747	11.6%	11,674
Total Assets	**349,121**	328,325	6.3%	32,128
Weighted Average of Common Shares Outstanding (millions)	**35,149**	35,459	-0.9%	35,149
Return on Equity	**48.70%**	46.40%		

We determine EBITDA as shown in this reconciliation:

	2007*	**2006***
Operating Income	85,194	61,034
Plus		
Depreciation	31,163	19,775
Amortization	9,656	8,374
EBITDA	126,013	89,183

* millions of constant Mexican pesos as of December 31, 2007

Revenues

+28.2%

Billions of constant Mexican pesos as of December 2007.

EBITDA

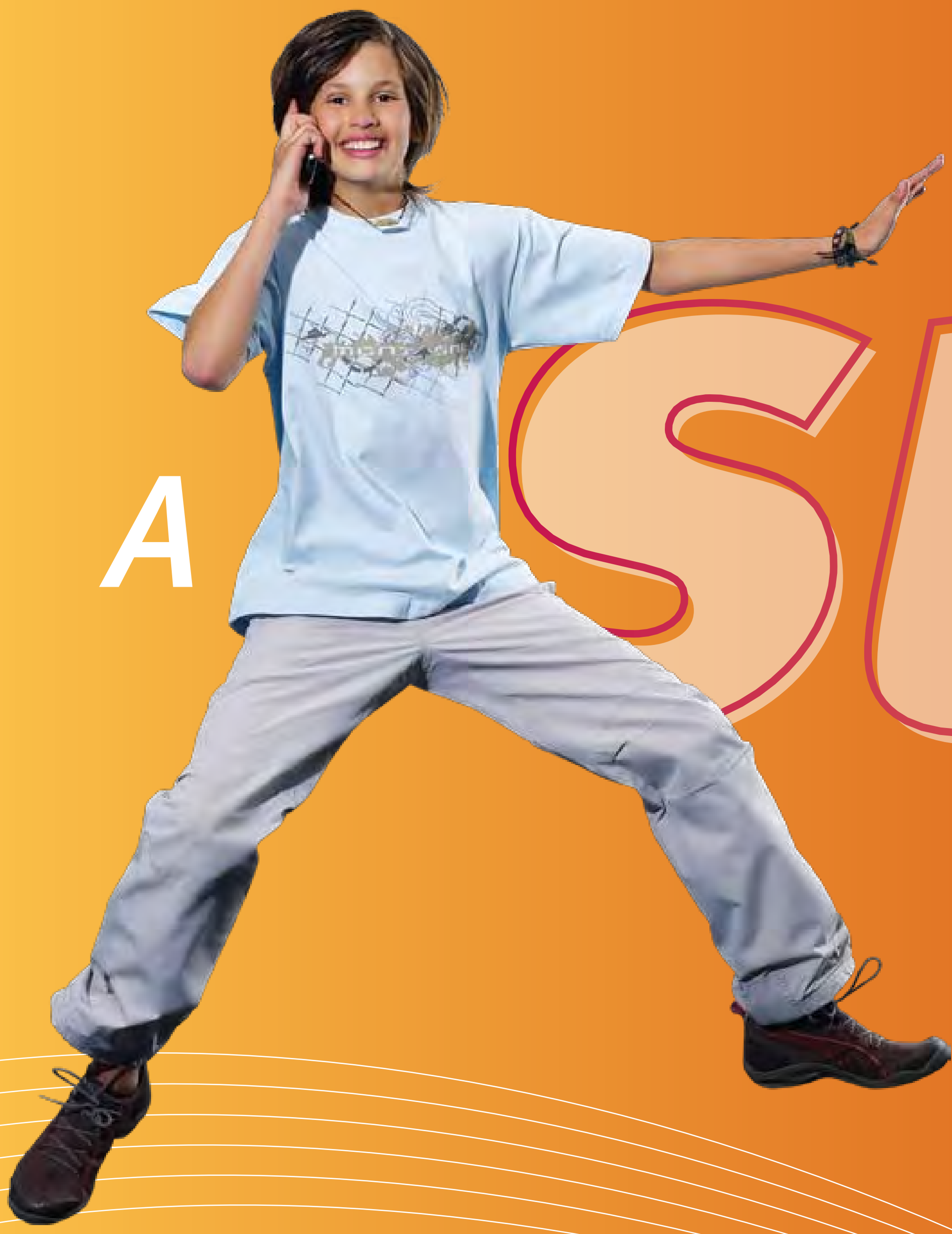
+41.3%

Billions of constant Mexican pesos as of December 2007.

Net Income

+31.9%

Billions of constant Mexican pesos as of December 2007.



A Su


rge
of wireless
accesses

28.6 MILLION

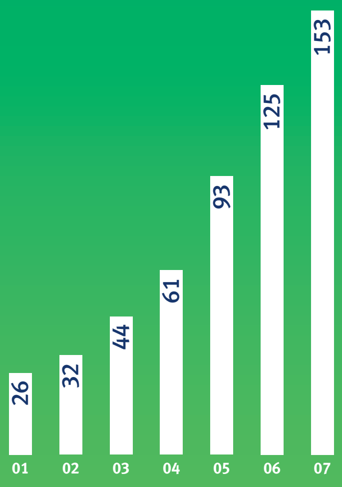
Wireless net subscriber additons in 2007

As if imbued by the energy of a huge wave, América Móvil set out to transform the telecom landscape of Latin America. By investing heavily on clients, coverage, capacity and technology, it helped push out its wireless frontier. Today two out of three persons in the region have a wireless phone. One is, in fact, a client of ours.

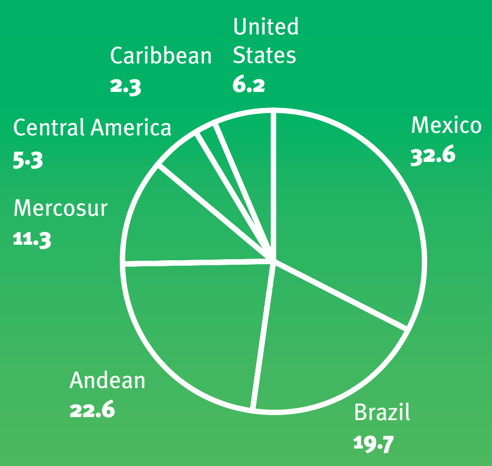
153,42

Total Wireless Subs

Wireless Subscribers
(millions)



Wireless subscribers by Region
(%)



What a remarkable change! At the time we went into business, only one in seven Latin Americans had access to telecom services.

21,511

cribers in the Americas


lev

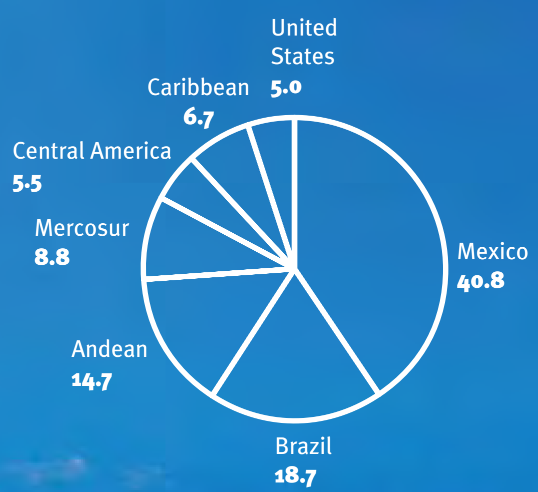
eling the ground in telecom

Countries in the Americas

17

Revenues and EBITDA
(billions of dollars)

Revenues by Region
(%)



40.4%

EBITDA margin in 2007

Just as the force of the water flattens the terrain behind it, América Móvil's fluid force contributed greatly to leveling the competitive ground between Latin America and other regions of the world by reducing the large disparities in telecommunications that had prevailed for long between them.

Not only has the telecommunications gap been greatly reduced or even eliminated, but because of it a whole array of services offered in the region now can be made available for export. International trade in services—something thought of as virtually impossible until recently—is possible nowadays thanks to the speed and breadth of telecommunications.

A whole region is thriving as it gains access to new technologies through telecommunications. It has become more efficient. It has become more competitive. It has become more prosperous. It is a region that is undergoing a profound change on how its 500 million people relate to each other. And on how they relate to the rest of the world.

kine

tic

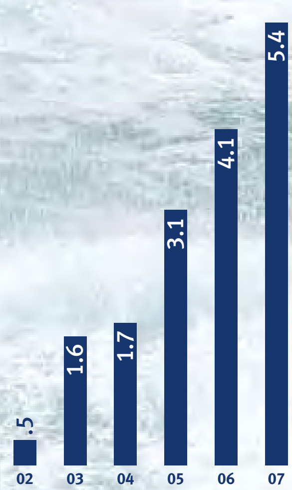
transformation

500 MILLION

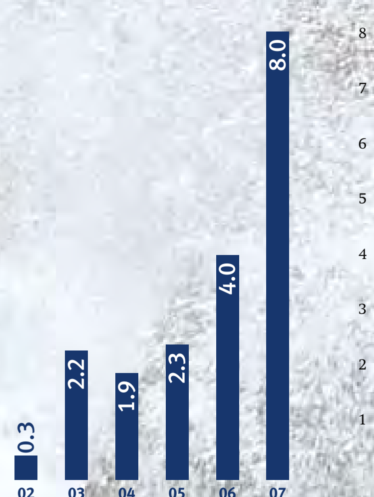
Pops covered in Latin America

"As 2007 drew to a close, two out of three persons in Latin America—an area with a population of approximately 500 million people—had a wireless phone. One of three, in fact, is a client of ours."

Net Income
(billions of dollars)



Operating Free Cash Flow
(billions of dollars)



48.7%

Return on Equity

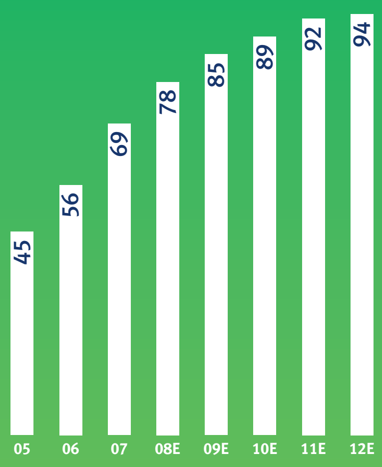
Like the sea, in perpetual movement due to its kinetic energy, the wireless world is in permanent evolution. Its pace of technological innovation outruns that of practically any other industry these days.

América Móvil is the kinetic energy behind the continuous technological change in Latin America's wireless world. The first adopter of new technologies in the region, América Móvil is in perpetual change. And through us also is, and will continue to be, Latin America. Our region.

A region that to this day is not familiar with the Internet. Where broadband penetration is less than four percent. But which, thanks to our investments in 3G services all around it, will discover the Internet in no time.

As the number of mobile broadband accesses shoots up over the next few years, a region that was not conversant in voice until recently will have become conversant in data...

Projected Wireless Penetration in AMX region
(%)



Our Company at a glance

United States: TracFone[1]
Licensed pop: 301
Wireless penetration: 12%
Wireless market share: 27%
Wireless subscribers: 9,514
Revenues: 1,401
EBITDA: 159
América Móvil interest: 98.2%
Number of employees: 582

Mexico: Telcel
Licensed pop: 105
Wireless penetration: 65%
Wireless market share: 73%
Wireless subscribers: 50,011
Revenues: 11,603
EBITDA: 6,183
América Móvil interest: 100.0%
Number of employees: 14,360

Colombia: Comcel
Licensed pop: 43
Wireless penetration: 80%
Wireless market share: 66%
Wireless subscribers: 22,335
Revenues: 2,657
EBITDA: 1,297
América Móvil interest: 99.4%
Number of employees: 3,375

Ecuador: Porta
Licensed pop: 13
Wireless penetration: 75%
Wireless market share: 70%
Wireless subscribers: 6,936
Revenues: 872
EBITDA: 360
América Móvil interest: 100.0%
Number of employees: 1,423

Peru: Claro
Licensed pop: 28
Wireless penetration: 51%
Wireless market share: 39%
Wireless subscribers: 5,455
Revenues: 598
EBITDA: 190
América Móvil interest: 100.0%
Number of employees: 1,407

Brazil: Claro
Licensed pop: 190
Wireless penetration: 64%
Wireless market share: 25%
Wireless subscribers: 30,228
Revenues: 5,175
EBITDA: 1,296
América Móvil interest: 100.0%
Number of employees: 8,656

Chile: Claro
Licensed pop: 17
Wireless penetration: 88'%
Wireless market share: 18%
Wireless subscribers: 2,672
Revenues: 499
EBITDA: (50)
América Móvil interest: 100.0%
Number of employees: 1,352

Argentina, Paraguay & Uruguay: CTI Movil
Licensed pop: 49
Wireless penetration: 95%
Wireless market share: 32%
Wireless subscribers: 14,618
Revenues: 1,863
EBITDA: 511
América Móvil interest: 100.0%
Number of employees: 3,872

Central America - Guatemala, Nicaragua, Honduras & El Salvador: Claro
Licensed pop: 34
Wireless penetration: 65%
Fixed line penetration: 20%
Wireless market share: 38%
Fixed line market share: 66%
Wireless subscribers: 8,157
Fixed lines: 2,197
Revenues: 1,495
EBITDA: 746
América Móvil interest: 98.7%
Number of employees: 7,874

Caribbean - Dominican Republic, Puerto Rico & Jamaica: Claro
Licensed pop: 15
Wireless penetration: 64%
Fixed line penetration: 9%
Wireless market share: 36%
Fixed line market share: 89%
Wireless subscribers: 3,496
Fixed lines: 1,669
Revenues: 2,170*
EBITDA: 861*
América Móvil interest: 100.0%
Number of employees: 2,745

* Puerto Rico consolidates with América Móvil from April 1st and Jamaica from December 1st.

Licensed population in millions.
Subscribers in thousands.
Revenues and EBITDA in millions of dollars.
(1) Prepaid market only

2007 Relevant Events

March
América Móvil acquired from Verizon Communications Inc. a 100% ownership interest in Telecomunicaciones de Puerto Rico; this company provides fixed and wireless services in the island.

November
We completed the acquisition of a 100% ownership interest in Oceanic Digital Jamaica Limited, which provides wireless services in the country.

We introduced our new 3G services in several countries in Latin America: Brazil, Argentina, Paraguay, Uruguay, Chile and Dominicana. Our UMTS/HSDPA wireless networks enable our clients to have access to value added services at high-speed data transmission rates, including wireless broadband accesses.

December
In order to continue our 3G rollout in Brazil, we acquired 20MHz of additional spectrum in five regions and 30MHz in the other six regions of the national territory.

"Latin America's wireless penetration will keep increasing. Voice traffic will multiply powered by subscriber growth and greater usage from our clients. New revenue streams will arise from data transfers and the distribution of content."

Letter to Our Shareholders

The new millennium ushered a wave of change in the telecoms space in Latin America with the establishment of América Móvil. Its presence was to be strongly felt throughout the region as we expanded its footprint and pushed for wireless penetration growth in the countries we entered, in a drive that was to profoundly transform its telecom landscape.

At the time of its inception at the end of the year 2000, Latin America was a region of the world with limited access to telecommunication services on account of both socio-economic and historical factors. Most of the area had undergone a difficult period in the 80´s and 90´s as a consequence of the external debt crisis that erupted in the second half of 1982. Investment levels had fallen sharply across the board as the zone moved to transfer its savings abroad to service its outstanding external obligations.

In the telecom sector a mounting gap had developed vis-à-vis the more developed countries, which had kept expanding their penetration and had moved quickly to grow their mobile platforms. As a result, whereas more than half of the population in the U.S. and Europe had access to telecom services as 2000 came to a close, throughout most of Latin America the proportion was one in seven persons.

The developed countries had become more efficient, and thereby more productive, thanks to their larger and more modern telecommunications infrastructure that facilitated contacts between clients and producers, improved logistics and opened up the Internet to an ever bigger group of businesses and individuals. But in Latin America things were not running along at nearly the

same pace, even though the globalization forces taking hold worldwide were pushing the region to open up.

Together with our intense commercial efforts, our move towards rapidly broadening our footprint, widening the coverage of the various operations we acquired and increasing the capacity of their networks while at the same time adopting a new technology—GSM—helped bring about the greatest increase in telecom penetration the region has ever witnessed. Wireless penetration shot up beyond most people's expectations. In the process we ended up gaining market share in practically all the markets we entered thanks to our having committed early the necessary resources to foster that kind of growth.

As 2007 drew to a close, two out of three persons in Latin America—an area with a population of approximately 500 million people—had a wireless phone. One of three, in fact, is a client of ours. In one country, Argentina, wireless penetration reached 100 per cent; it was 19 per cent when we entered that nation late in 2003. In Chile it is close to 90 per cent. Other ones are nearing 80 per cent.

The fact is that the telecoms gap that existed between the various Latin American countries and their more developed counterparts has been substantially bridged or altogether eliminated. The competitive ground has been leveled, allowing our nations to become more efficient and prosperous.

The first adopter of new technologies in the zone, América Móvil is already deploying UMTS-HSDPA platforms all over it, having already launched 3G services in several countries. The new networks with much faster data-transmission speeds, coupled with what seems to be a deluge of new smart phones and low-cost computers specifically designed for browsing, will no doubt lead to a very significant increase in the number of mobile broadband accesses over the next few years.

The 3G smart phones increasingly look and feel like personal computers. Their price is already much lower than that of a standard personal computer—the cost of which was possibly the main constraint on the growth of broadband penetration in Latin America—and will fall further as they gain scale, driving the expansion of broadband penetration.

Latin America's wireless penetration will keep increasing. Voice traffic will multiply powered by subscriber growth and—in response to lower airtime prices—greater usage from our clients. New revenue streams will arise from data transfers and the distribution of content.

With solid growth ahead in both voice and data, América Móvil shall continue to post good results, strengthening and enlarging our client base, creating more opportunities for our employees and delivering solid returns to our shareholders.

Patricio Slim Domit
Chairman of the Board

Daniel Hajj Aboumrad
Chief Executive Officer

América Móvil

América Móvil surpassed the 150 million subscribers mark in 2007. We ended the year with 153.4 million subscribers, 23% more than a year before. We added 28.6 million net additions for the full year 2007, of which only 786 thousand clients were obtained through acquisitions (Puerto Rico and Jamaica). Together with 3.9 million fixed lines in Central America and the Caribbean, we had a total of 157.3 million lines at the end of 2007. Latin America's wireless penetration—in our region of operations—climbed ten percentage points in the year to 68.7%.

Subscriber growth in 2007 was almost entirely organic. In Mexico we reached 50 million subs, having added 6.8 million subscribers in the year, slightly below those obtained in the same period of last year. Our subscriber base increased 15.8% relative to a year before. In Brazil, net additions for the full year came in at 6.3 million, exceeding by 21.6% those registered in 2006. They accounted for 30% of the growth of the Brazilian market in the year, making us the leader in subscriber additions. At year-end, our subscriber base totaled 30.2 million, 26.6% above the previous year.

Altogether, in Argentina, Paraguay and Uruguay we obtained 3.7 million net additions through December. In spite of the high penetration rate in Argentina, our net additions in that country matched those seen a year ago. Our combined subscriber base rose to 14.6 million and was up 34.4% in annual terms. In Chile, our subscriber base increased by 300 thousand, to reach 2.7 million clients.

Our Colombian subsidiary added 2.8 million clients in the year, to finish with 22.3 million subscribers, 14.4% more than a year before. In Ecuador, our subscriber base expanded by 1.3 million in the year. We finished 2007 with 6.9 million wireless subscribers, up 22.6% year-on-year. Peru exhibited the fastest growth rate amongst our operations. Our subscriber base topped 5.5 million after adding 2.1 million clients in 2007, 47% more than in the previous year.

Our operations in Central America—comprising Guatemala, El Salvador, Nicaragua and Honduras—obtained 2.3 million net subscriber additions in the year, 18.2% more than in 2006, bringing to 8.2 million our combined subscriber base in the region. In the Caribbean, we added 570 thousand subscribers organically, which added to 786 thousand clients added by way of acquisitions in Puerto Rico and Jamaica, took to 3.5 million our subscriber base in the islands.

Tracfone, in the U.S., added 1.6 million clients in the year to close December with 9.5 million subscribers, 20.5% more than a year before.

The trend towards EBITDA margin expansion that begun in several operations in 2006 as subscriber acquisition costs fell in relation to revenues continued in 2007, with substantially all of them registering increases in margins.

Revenues totaled 28.7 billion dollars in 2007. They were up 28.2% year-on-year, with service revenues increasing by 31.0%. Most of our subsidiaries exhibited double-digit service revenue growth year-on-year in local currency in spite of the important price reductions seen in most markets.

EBITDA ended the year at 11.6 billion dollars, having risen by 41.3% from the previous year. The EBITDA margin for the full year, at 40.4% of total revenues, was almost four percentage points higher than in 2006 in spite of the rapid pace of subscriber growth in several markets. Three of our operations—Claro in Brazil, Comcel in Colombia and CTI in Argentina, Uruguay and Paraguay—saw their margins improve by 12 to 14 percentage points in the year.

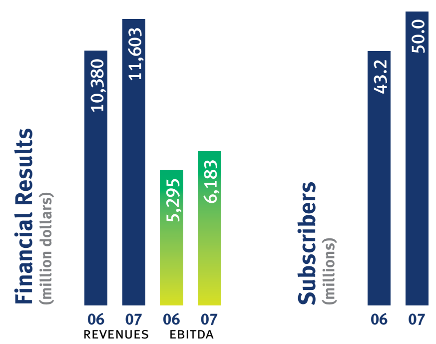
Depreciation and amortization charges increased in relation to revenues, from 11.5% in 2006 to 13.1% in 2007, on account of both greater levels of investment and faster depreciation of TDMA—and even GSM—equipment. Our operating profit for the year came in at 7.8 billion dollars, it was 39.6% higher than the one registered the previous year and represented 27.3% of revenues.

We had a comprehensive financing cost of 35 million dollars, as our foreign exchange gains and the monetary adjustments from the inflationary gain obtained by our net debt position helped to almost fully compensate our net interest expense and other financial charges. All of which resulted in a net profit of 5.4 billion dollars, which was up 31.9% in relation to 2006.

The cash flow we generated throughout the year allowed us to finance our capital expenditures in the amount of 3.2 billion dollars; to pay the purchase price of our Puerto Rican and Jamaican operations, 2.4 billion; and to cover our share buybacks and dividend payments, which added up to 4.9 billion dollars, with limited reliance on debt financing. These outlays totaled 10.5 billion dollars. At the enf of 2007 our net debt stood at 8.5 billion dollars, having increased by 2.1 billion dollars in the year. Notwithstanding the increase in net debt, at the end of the year our net debt to EBITDA (last twelve months) ratio was only 0.73 times, slightly lower than at the end of 2006.

Country	Company	Business	Equity Participation	Consolidation Method
SUBSIDIARIES				
Mexico	Telcel	wireless	100.0%	Global Consolidation Method
Argentina	CTI Móvil	wireless	100.0%	Global Consolidation Method
Brazil	Claro	wireless	100.0%	Global Consolidation Method
Chile	Claro	wireless	100.0%	Global Consolidation Method
Colombia	Comcel	wireless	99.4%	Global Consolidation Method
Dominicana	Claro	wireless, wireline	100.0%	Global Consolidation Method
Ecuador	Conecel	wireless	100.0%	Global Consolidation Method
El Salvador	Claro	wireless, wireline	95.8%	Global Consolidation Method
Guatemala	Claro	wireless, wireline	99.2%	Global Consolidation Method
Honduras	Claro	wireless	100.0%	Global Consolidation Method
Jamaica	Claro	wireless	100.0%	Global Consolidation Method
Nicaragua	Claro	wireless, wireline	99.3%	Global Consolidation Method
Paraguay	CTI Móvil	wireless	100.0%	Global Consolidation Method
Peru	Claro	wireless	100.0%	Global Consolidation Method
Puerto Rico	Claro	wireless, wireline	100.0%	Global Consolidation Method
Uruguay	CTI Móvil	wireless	100.0%	Global Consolidation Method
U.S.A.	Tracfone	wireless	98.2%	Global Consolidation Method
AFFILIATE				
Mexico	Telvista	other	45.0%	Equity Method

Mexico



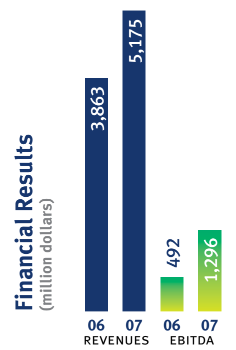
Our Mexican subscriber base increased 15.8% over the year to finish 2007 at 50 million, as total subscriber gains for 2007 went to 6.8 million. By year-end, two out of three Mexicans had a wireless phone.

At 11.6 billion dollars, our Mexican revenues were 11.8% greater than those obtained in 2006 in real terms, with service revenues expanding at roughly the same pace. The rate of growth of service revenues surpassed that of subscriber growth for the year.

Driven by Telcel's commercial plans and promotions, Mexico's average revenue per minute has come to be the lowest within the OECD countries except for the U.S. and, in the case of the prepaid segment, the lowest in the OECD block. The reduction in Telcel's prices was for the most part offset by the expansion in traffic it fostered, as MOUs jumped 26.4% in the period.

EBITDA for the year came in at 6.2 billion dollars, up 16.8% year-on-year. The margin observed in 2007, 53.3% was 2.3 percentage points higher than that of the previous year.

Brazil



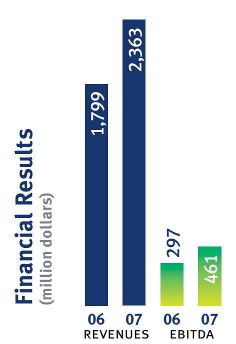
Our subsidiary Claro led the growth of the Brazilian market in 2007 with a 30% share of net subscriber additions. We gained 6.3 million clients—21.6% more than in 2006—taking our subscriber base to 30.2 million clients at the end of December. Our postpaid subscriber base expanded nearly twice as fast in 2007 (44.7%) as our prepaid one. Total net additions in the Brazilian market were 1.5 times greater than in 2006, elevating wireless penetration to 64% by year-end.

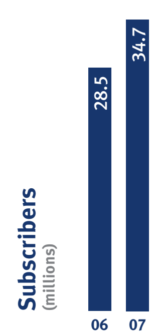
Our 2007 revenues totaled 5.2 billion dollars, 34.0% more than a year before. This figure reflects partly an appreciation of the Brazilian Reais, 11.0% in the year. Service revenues rose 38.2% not only on the back of additional subscribers, but also due to increased usage from our clients as ARPU went up 7.0% in local currency terms.

We generated 1.3 billion dollars of EBITDA in the year, 2.6 times what we obtained in 2006, driven by strong revenue growth, the dilution of subscriber acquisition cost over a larger revenue base, and our ability to contain costs. Claro exhibited an important margin expansion: 12.3 percentage points in the year, which brought the margin for 2007 to 25.0% of total revenues.

Through Claro we were the first carrier to offer 3G services in Brazil. In the first phase, the new services covers 37 cities. We will continue to expand our 3G offerings throughout the country.

Mercosur (ARGENTINA, PARAGUAY, URUGUAY & CHILE)





Our combined operations in Argentina, Paraguay and Uruguay added 3.7 million clients in 2007. Our subscriber base climbed 34.4% in the year, to 14.6 million. It is noteworthy that our postpaid subscriber base has been growing more rapidly than the prepaid one. Argentina has the highest penetration rate in the Continent; it surpassed 98% in 2007.

Revenues came in at 1.9 billion dollars, exceeding by 29.8% those registered a year before. Service revenues grew faster than our subscriber base; data revenues were the most dynamic component of service revenues, rising 55.3% annually. The year's EBITDA, which totaled 511 million dollars, surpassed that of 2006 by 84.6%, on the back of strong service revenue growth and continued control over costs and expenses. The margin increased 8.1 percentage points from a year before, to 27.4%.

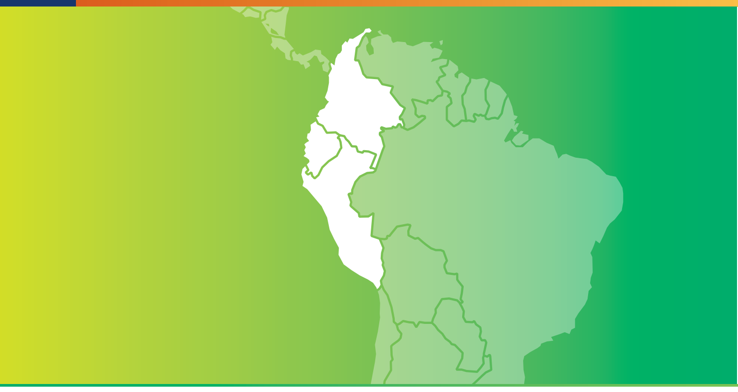
With our new 3G networks in CTI's region, our clients will now be able to access broadband services and other data-intensive applications through our wireless platform.

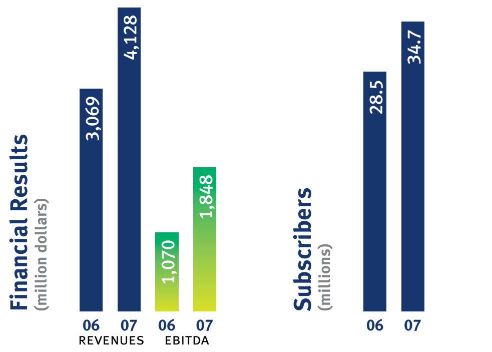
Our subscriber base in Chile increased 12.6% year-over-year to reach 2.7 million subscribers, after adding 300 thousand clients in the year.

We obtained 499 million dollars of revenues during 2007, 37.3% more than a year before. We registered an EBITDA loss that represents 10% of our 2007 revenues, which partly reflects the write-off of uncollected receivables.

We took the lead in introducing 3G services in the country. By year-end, we covered over 41% of the Chilean population with our UMTS network. We are now providing wireless broadband accesses and are offering other new services and applications. Claro Chile will keep expanding the coverage of its 3G network.

Andean (COLOMBIA, ECUADOR & PERU)





In 2007, our Colombian operations added 2.8 million subscribers; our subscriber base expanded 14.4% in the year, to 22.3 million clients. Wireless penetration in Colombia rose over eight percentage points in the year to 80%.

Service revenues grew by 37.8% in 2007, more rapidly than the subscriber base, with revenues totaling 2.7 billion dollars. EBITDA rose 91.9% in 2007 to 1.3 billion dollars, and the EBITDA margin jumped by 13.8 percentage points, to 48.8%.

After adding 1.3 million clients in the year, our Ecuadorian subsidiary ended 2007 with close to 7 million subscribers, 22.6% more than we had a year before. We are an important driver of wireless penetration in the country, as it reached 75% and we continue to gain market share.

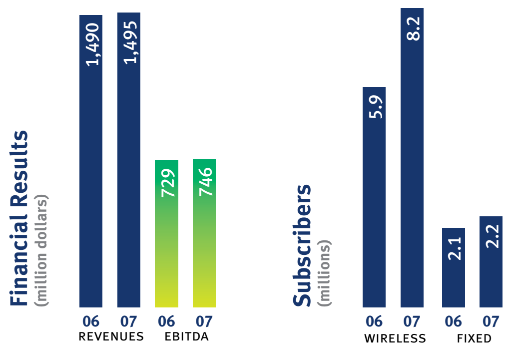
2007 revenues reached 872 million dollars, having risen 21.4% in the year. Our average price per minute of voice plummeted by 20% in that period, helping drive a 13.9% increase in traffic per subscriber that was not strong enough to stem a decline in ARPU.

EBITDA amounted to 360 million dollars. The year's EBITDA was up 45.1% relative to 2006 as the costs of growth, particularly subscriber acquisition costs, became smaller in relation to the revenue base. Our EBITDA margin stood at 41.3%, 6.7 percentage points higher than last year's.

Peru continued to outpace all our other operations in terms of subscriber growth. Its subscriber base expanded 61.9% in the year, to 5.5 million subs, which entailed 2.1 million net additions. Wireless penetration jumped over twenty percentage points in the year, and today, half of the population in Peru has a wireless phone.

In 2007, revenues totaled 598 million dollars, a 30.7% increase over the previous year. EBITDA for the year came in at 190 million dollars—equivalent to 31.8% of revenues—as it increased 30.7% over the year. The decrease in the EBITDA margin relative to the same period of 2006 is reflective of the rapid pace of subscriber growth.

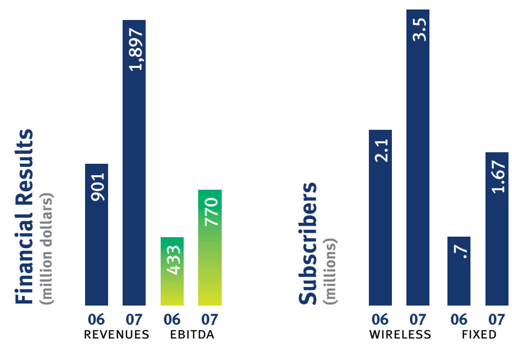
Central America (GUATEMALA, EL SALVADOR, HONDURAS & NICARAGUA)



Altogether, in Guatemala, Honduras, Nicaragua and El Salvador, our subscriber base grew 38.8% year-on-year after adding 2.3 million clients in the period.

Consolidated revenues for the year were 1.5 billion dollars. EBITDA amounted to 746 million dollars, slightly exceeding the previous year's figure. The EBITDA margin came in at 49.9% in the year, one percentage point higher than a year before.

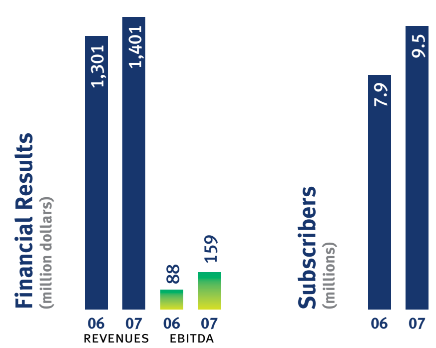
Caribbean (DOMINICAN REPUBLIC, PUERTO RICO & JAMAICA)



We finished December with 3.5 million wireless subscribers in the Caribbean, having added 570 thousand subscribers organically, and 786 thousand clients by way of acquisitions in Puerto Rico and just recently Jamaica.

Revenues amounted to 2.2 billion dollars of which only 1.9 billion dollars were consolidated in América Móvil. 2007 EBITDA totaled 878 million dollars (only 770 million dollars appear in our consolidated figures). Their combined EBITDA margin was stable at 39.4%, while the consolidated margin came in at 41.4%.

United States



Tracfone added 1.6 million subscribers in the year to finish 2007 with 9.5 million clients, 20.5% more than a year before.

Revenues for the full year rose 7.7% annually, to 1.4 billion dollars, with service revenues increasing at a 10.9% pace. EBITDA for the year reached 159 million dollars, expanding 80.2% annually on the back of rising revenues and lower costs. It climbed 4.5 percentage points in the period to 11.3% of revenues.

Board Members

CARLOS SLIM HELÚ
Chairman Emeritus
Born: 1940

PATRICK SLIM DOMIT
Chairman and Member of the Executive Committee
Principal Occupation: Director of Carso Global Telecom, S.A.B. de C.V., Grupo Carso, S.A.B. de C.V., Telmex and Impulsora del Desarrollo y el Empleo en América Latina, S.A.B. de C.V.
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: Vice-chairman of the Board of Directors of Carso Global Telecom, S.A.B. de C.V.
Born: 1950

ALEJANDRO SOBERÓN KURI
Director and Chairman of the Audit Committee
Principal Occupation: Chairman and Chief Executive Officer of Corporación Interamericana de Entretenimiento, S.A.B. de C.V.
Born: 1960

MARÍA ASUNCIÓN ARAMBURUZABALA LARREGUI
Director
Principal Occupation: Chief Executive Officer of Tresalia Capital.
Born: 1963

RAYFORD WILKINS
Director and Member of the Executive Committee
Principal Occupation: Group President of AT&T
Born: 1951

JOHN STEPHENS
Director
Principal Occupation: Senior Vice-President and Controller of AT&T
Born: 1959

PABLO ROBERTO GONZÁLEZ GUAJARDO
Director and Member of the Compensation Committee
Principal Occupation: Chief Executive Officer of Kimberly Clark de México, S.A.B. de C.V.
Born: 1967

DAVID IBARRA MUÑOZ
Director and Member of the Audit Committee and the Compensation Committee
Principal Occupation: Director of Grupo Financiero Inbursa, S.A. de C.V.
Born: 1930

ERNESTO VEGA VELASCO
Director
Principal Occupation: In retirement. Member of the Board of Directors and Audit, Planning and Finance and Evaluation and Compensation Committees of certain companies
Born: 1937

CARLOS BREMER GUTIÉRREZ
Director and Member of the Audit Committee
Principal Occupation: Director of Grupo Financiero Value, S.A. de C.V.
Born: 1960

Alejandro Cantú Jiménez, our General Counsel, serves as Corporate Secretary and Rafael Robles Miaja as Corporate Pro-Secretary.

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
Reyes Sandoval Palma
Chief Operating Officer

Enrique Luna Roshard
Chief Financial Officer

Nicaragua
David Ibarra Cardona
Chief Executive Officer

Mario Soto Padilla
Chief Financial Officer

Honduras
Ricardo Frías Ruíz
Chief Operating Officer

Aldo Boquín Zamora
Chief Financial Officer

Colombia
Adrián Hernández Urueta
Chief Executive Officer

Carlos Augusto Giraldo Vélez
Chief Financial Officer

Ecuador
Juan Antonio Aguilar
Chief Executive Officer

Marco Antonio Campos García
Chief Financial Officer

Peru
Humberto Chávez López
Chief Executive Officer

Manuel Navarrete Zavala
Chief Financial Officer

Brazil
Joao Cox
Chief Executive Officer

Eduardo Lubisco Souza
Chief Financial Officer

Chile
Gerardo Muñoz Lozano
Chief Executive Officer

Cristian Serrano Garay
Chief Financial Officer

Argentina, Uruguay & Paraguay
Carlos Zenteno de los Santos
Chief Executive Officer

Fernando González Apango
Chief Financial Officer

Dominican Republic
Oscar Peña Chacón
Chief Executive Officer

Francisco Marmolejo Alcántara
Chief Financial Officer

Puerto Rico
Cristina Lambert
Chief Executive Officer

Adail Ortiz
Chief Operating Officer

Jamaica
Alejandro Gutiérrez Olvera Cabrales
Chief Executive Officer

Juana Hernández Santos
Chief Operating Officer

United States
F.J. Pollak
Chief Executive Officer

Gustavo Blanco Villanueva
Executive Director

CEO's Report to the Board of Directors

Mexico City, Federal District, Mexico. April 7, 2008.

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

Dear Board Members,

It is my pleasure to submit to you my report of activities as Chief Executive Officer of América Móvil, S.A.B. de C.V. (hereinafter, indistinctly, the "Company" or "América Móvil") during the year ended December 31, 2007, pursuant to Section XI of Article 44 of the Securities Market Law. The foregoing report should be read and reviewed together with the report of the External Auditor dated February 29, 2008, which will be submitted to the Company's general shareholders' meeting as part of the financial statements of the Company and its subsidiaries as of and for the year ended December 31, 2007, which are attached hereto.

Upon a detailed analysis of the outstanding results achieved by the Company in 2007, I gladly take this opportunity to extend my gratitude to those whose ongoing support has made such results possible.

During 2007, we continued to act as a responsible leader in the telecommunications industry through the expansión of our businesses throughout the Americas, as evidenced by the successful acquisition of our Puerto Rican and Jamaican operations, which enabled us to increase to 17 the number of countries in which we currently operate. Given the highly competitive nature of the telecommunications industry, the fact that we managed to sustain the rhythm of expansion of our business activities provides us with the satisfaction of having achieved our goal.

The synergies between innovation and our efforts to offer optimum quality services to our subscribers, have enabled us to navigate without peril the dynamics of the technological evolution, and to launch our third-generation (3G) network in some of the countries in which we operate, which will enable us to provide our customers with enhanced voice and data connectivity options, innovative contents and faster connection speeds, using the UMTS/HSDPA technological platform.

In full awareness of the social responsibilities entrusted to us, we have continued to invest significantly in the expansion of our coverage and network capacity in each of the countries in which we operate, taking on, on a routinely basis, the challenge of transcending geographical borders in order to bring technological development to those places that demand it.

We firmly believe that the creation of business opportunities fosters economic development and, with this in mind, we will continue in our efforts.

Our quality and efficiency have enabled us to overcome all the challenges arisen, which has resulted in the further consolidation of our position as a telecommunication services provider. We have developed operating schemes that allow us to anticipate the needs of our customers, including the implementation of measuring systems that generate reliable feedback on their level of satisfaction.

As with respect to the Company's financial condition and changes therein, and its results of operations and net worth during 2007, I am pleased to report the following:

(i) Our number of wireless subscribers grew by 28.6 million, to 153.4 million as at year's end, a 23.0% increase with respect to 2006. Including our 3.9 million fixed-line subscribers, as at year's end in 2007 América Móvil had an aggregate of 157.3 million subscribers, a fifteen-fold increase with respect to its number of subscribers upon the commencement of operations in 2000.

(ii) In 2007, we had total revenues of Ps.312 billion, a 28.2% increase with respect to 2006 as a result of our revenues from services, which grew at an annual rate of 31.4%.

(iii) Our operating cash flow grew at a rate of 41.6%, reaching Ps.127 billion.

(iv) In 2007, our operating cash flow margin equaled 40.7% of our revenues, representing a 4% increase for the year.

(v) The Company's operating profit was Ps.86 billion in 2007, a 40% increase with respect to 2006.

(vi) The Company's net profit for 2007 was Ps.59 billion.

(vii) Earnings per share in 2007 were Ps.1.67 pesos, a 35.3% increase with respect to 2006.

(viii) Our capital expenditures, repurchases, dividend payments and acquisitions amounted to an aggregate of Ps.114 billion, including Ps.34.6 billion in plants and equipment, Ps.25.3 million in the acquisition of our Puerto Rican and Jamaican operations, and Ps.54.2 million in share repurchases and dividend payments.

(ix) The Company's net debt rose by Ps.22.6 billion, which resulted in its net debt/operating cash flow ratio being only 0.73 (pro forma for the 12-month period), a slight decrease as compared to the year's end in 2006.

For a more detailed analysis of the above financial information and results of operations, please refer to the report of the External Auditor dated February 29, 2008, and accompanying financial statements of the Company and its subsidiaries as of and for the year ended December 31, 2007.

Most of our growth in subscribers has been organic, meaning that it has been a product of the expansion of our business activities and commercial strength. Our operations contributed together 28.6 million new subscribers, only 726,000 of which are attributable to the acquisition of our operations in Puerto Rico and Jamaica.

In 2007, our Mexican operations contributed 6.8 million new subscribers, thereby increasing to 50 million their number of subscribers as at the year's end. Our Brazilian operations contributed 6.3 million new subscribers, thereby increasing to 30.2 million their number of subscribers. Our operations in Argentina, Paraguay and Uruguay contributed and aggregate of 3.7 million new subscribers in 2007, thereby increasing to 14.6 million their aggregate number of subscribers. In 2007, our Colombian subsidiary contributed 2.8 million new subscribers, thereby increasing to 22.3 million its number of subscribers as at the year's end. Our number of subscribers in Ecuador grew by 1.3 million, to 6.9 million as at the year's end in 2007. Our subsidiary in Perú contributed 2.1 million new subscribers, thereby increasing its total number of subscribers to 5.5 million. Our operations in Chile had 2.7 million subscribers as at the year's end. In 2007, our operations in Central America, which are comprised by Guatemala, El Salvador, Nicaragua and Honduras, together contributed 2.3 million new subscribers, thereby increasing their aggregate number of subscribers to 8.2 million. Our Caribbean operations, which are comprised by the Dominican Republic, Puerto Rico and Jamaica, experienced an organic growth that resulted in 630,000 new subscribers which, together with the 726,000 new subscribers attributable to our acquisitions in the region, increased to 3.5 million our wireless subscribers in these countries, in addition to our 1.7 million fixed-line subscribers therein. Lastly, in 2007 our U.S. subsidiary contributed 1.6 million new subscribers, thereby increasing its number of subscribers to 9.5 million.

It is noteworthy that, given the outstanding results achieved in 2007, the Company was able to pay its shareholders dividends in excess of Ps.54 billion. The significance of this fact aside, we believe that our shareholders' confidence and support throughout the Company's material decision-making processes are and will remain invaluable elements of the ongoing expansion of its business. I once again encourage them to work closely with the Company's management so as to attain the continuing success that awaits us.

Based upon the ideals conveyed by the corporate governance practices applicable to the Company, we have aggressively sought to develop and implement innovative internal control mechanisms that have enabled us to disclose fully transparent financial, accounting, administrative and legal information to the public. The Company's management and corporate bodies remain strongly committed to observe and abide by these policies, which are an indelible part of the Company's essence.

Given the currently low levels of penetration of wireless broadband data transmission services throughout Latin America, one of our primary objectives for the ongoing fiscal year will be to exploit these business opportunities through the development of the infrastructure necessary to enable more customers to access these services. We firmly believe that this will in turn enable us to contribute significantly to the sustained development of our markets.

Finally, I hereby reiterate my commitment to continue achieving any objectives that we may together set in the best interests of our great Company.

This report is rendered in satisfaction of the requirements set forth in the Securities Market Law and the General Law of Business Corporations. As required by the Securities Market Law, a copy of this report, together with the report of the External Auditor, shall be submitted to the Company's general shareholders' meeting.

Sincerely,

Daniel Hajj Aboumrad
Chief Executive Officer
América Móvil, S.A.B. de C.V.

Opinion and Reports of the Board of Directors to the Shareholder's Meeting

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

Pursuant to Sections IV(c), (d) and (e) of Article 28 of the Securities Market Law, and based upon the recommendations contained in the Code of Best Corporate Practices issued by the Business Coordinating Council, on behalf of the Board of Directors of América Móvil, S.A.B. de C.V. (the "Company") I hereby submit to you the following opinion and reports in connection with the year ended December 31, 2007.

A. Opinion as to the Report of the Chief Executive Officer.

Pursuant to Section IV(c) of Article 28 of the Securities Market Law, the Board of Directors of the Company, based on its various meetings with the Chief Executive Officer of the Company and the executive officers of the entities controlled by the Company, on the explanations submitted by the such individuals, on its review of all the necessary information and documents, on the report of the External Auditors that is attached hereto, and on the report of the Audit Committee, is of the opinion that the report of the Chief Executive Officer of the Company pursuant to Section XI of Article 44 of the Securities Market Law (the "Report") is adequate and sufficient, and that (i) the accounting and information policies and criteria followed by the Company are adequate and sufficient in light of the Company's particular circumstances, (ii) such policies and criteria have been consistently applied in the information submitted by the Chief Executive Officer of the Company, and (iii) based upon (i) and (ii) above, the information submitted by the Chief Executive Officer fairly presents the Company's financial condition and results of operations.

B. Report Pursuant to Article 172(b) of the General Law of Business Corporations, Regarding the Company's Accounting Policies and Criteria.

We have reviewed the financial statements of the Company as of and for the year ended December 31, 2007, the report of the External Auditors, and the accounting policies used in the preparation thereof, including, as the case may be, any changes in and effects of such policies.

Based upon the comments provided by the External Auditors, who are required to issue an opinion with respect to the accuracy of the financial statements of the Company and its subsidiaries and their conformity with the financial information norms (Normas de Información Financiera, or NIFs) applicable in Mexico, and upon the results of our own review of the financial statements of the Company as of and for the year ended December 31, 2007, the Board of Directors hereby recommends to the shareholders the approval of such financial statements, which in its opinion fairly present the financial condition of the Company as of such date.

Further, the Board of Directors hereby reports that the accounting policies and criteria followed by the management in the preparation of the Company's financial information, which policies and criteria are described and explained in the notes to the financial statements of the Company, were reviewed in due course by the Audit Committee and approved by the Board of Directors.

C. Report Pursuant to Section IV(e) of Article 28 of the Securities Market Law, Regarding the Operation and Activities of the Board of Directors During 2007.

In 2007, the Board of Directors:

(a) Discussed, reviewed and approved the operating reports submitted by the Chief Executive Officer with respect to, among other things, the principal activities of the Company and its subsidiaries and the business opportunities available in the markets in which they operate;

(b) Discussed, reviewed and approved the Company's consolidated income statement and balance sheet (prepared in accordance with the NIFs applicable in Mexico), which were jointly prepared and submitted by the Chief Executive Officer and the Director of Administration and Finance;

(c) Submitted, discussed, reviewed and approved various investment and acquisition proposals, and discussed and reviewed various growth opportunities available to the Company during 2007, all with the assistance and participation of the Investment Committee, which played a significant role in the processes of acquisition of the Company's Puerto Rican and Jamaican operations;

(d) Submitted, discussed, reviewed and approved various proposals in connection with the incurrence and/or issuance of debt by the Company during 2007, and with the Company's authorization to guarantee the debt obligations of any of its subsidiaries;

(e) Acknowledged receipt of the information pertaining to the most significant matters associated with the operations of the Company and its subsidiaries;

(f) Submitted to the shareholders a proposal in connection with the allocation of the Company's profits, and issued notices of the Company's shareholders' meetings;

(g) Analyzed and discussed various reports and matters submitted to it by the Company's Audit Committee; and

(h) Approved the Company's preliminary budget for 2008, submitted to it by the Chief Executive Officer.

Kindly note that all relevant information pertaining to the activities of the Board of Directors has been disclosed by the Company to the extent required by the applicable laws.

Sincerely,

Patrick Slim Domit
Chairman of the Board of Directors
América Móvil, S.A.B. de C.V.

Mexico City, Federal District, Mexico. April 29, 2008.
Enclosures: Report of the Chief Executive Officer of the Company, accompanied by the Report of the External Auditors.

Report of the Audit Committee

Mexico City, Federal District, Mexico. April 29, 2008.

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

Dear Board Members,

In my capacity as Chairman of the Audit Committee of América Móvil, S.A.B. de C.V. (the "Company"), I hereby submit to you the report referred to in Article 43 of the Securities Market Law, on the activities of the Audit Committee of the Company during the year ended December 31, 2007.

As you well know, the duties of the Audit Committee include, among others, the preparation of a report concerning the status of the Company's internal control systems, including a description of any deficiencies therein, deviations therefrom or aspects thereof requiring improvement, taking into consideration the opinions, reports, communications and directives issued by the external auditors and any independent experts. To such end, during 2007 the Audit Committee held four (4) meetings, on the following dates: February 13, March 13, July 10 and November 13 (the "Meetings"). All Meetings were attended by a majority of the members of the Audit Committee, and by the Secretary and/or Alternate Secretary of the Board of Directors of the Company, who provided assistance and prepared the minutes reflecting all the actions validly taken thereat. In addition, all Meetings were attended by representatives of Mancera, S.C., members of Ernst & Young Global, independent auditors of the Company, by the relevant executive officers of the Company and, on occasion, depending on the matters to be addressed based upon the relevant agenda, by special guests. It should be noted that all resolutions adopted at the Meetings were duly recorded in the book maintained to such effect by the Secretary of the Board of Directors of the Company.

The Company's management is responsible for the preparation of the financial statements of the Company in accordance with the financial information norms (Normas de Información Financiera, or NIFs) applicable in Mexico, the preparation, on a timely and adequate fashion, of the financial and other information of the Company for its disclosure to the securities markets in which the Company is currently listed, and the implementation of the Company's internal control systems. On its part, the Audit Committee, on behalf of the Board of Directors, has reviewed the audited consolidated financial statements of the Company and its subsidiaries as of and for the year ended December 31, 2007. Such review included the analysis and approval of the Company's accounting policies, procedures and practices.

In performing its duties, during the aforementioned fiscal year the Audit Committee:

(a) Reviewed, analyzed and approved the Company's principal accounting policies and certified that during 2007 the Company did not modify any such policy;

(b) Provided assistance to oversee the satisfaction of the audit services agreements and evaluate the results of the relevant audits;

(c) Submitted to the Board of Directors recommendations in connection with the basis for the preparation and disclosure of the Company's financial information and its general internal control guidelines;

(d) Reviewed the status of the internal control and internal audit systems of the Company and its subsidiaries, taking into consideration the effect of such subsidiaries on the Company's general condition. To such end, it reviewed the report of the external auditors and met with them and with various members of the Company's management. Based upon the above, it did not encounter any material deficiency or deviation that may require disclosure, except for those in respect of which appropriate actions had been previously taken and which had been previously disclosed to the Board of Directors and/or the market, as applicable;

(e) Analyzed in detail the final results of the evaluation of the Company's internal control systems and, based on the criteria issued by The Committee of Sponsoring Organizations of the Treadway Commission, concluded that the control systems used in the preparation of the Company's financial information for fiscal year 2006, were effective in all material respects;

(f) Implemented such preventive and corrective measures as it deemed necessary to prevent and, as the case may be, penalize the violation of the operating and financial reporting guidelines and policies of the Company and its subsidiaries;

(g) Analyzed various alternatives and submitted to the Board of Directors recommendations with respect to the candidates to the position of external auditors of the Company, the scope of their duties and the terms and conditions of their engagements, so as to arrange for the auditing of the Company's accounts;

(h) Evaluated the services rendered by Mancera, S.C., members of Ernst & Young Global, independent auditors of the Company, and concluded that such services were satisfactory. It obtained confirmation from such auditors as to their independent status, and conducted interviews with such auditors in order to verify the satisfaction of the independency and turnover requirements applicable to their personnel;

(i) Reviewed, together with the Company's external auditors, the analysis and comments issued and the nature and scope of the procedures employed by the latter during the course of the auditing process, so as to ensure their objectivity and the usefulness, timeliness and reliability of the financial information;

(j) Met on a regular basis with the Company's internal and external auditors, outside the presence of the Company's executive officers, in order to hear their comments and observations regarding their work progress, thereby fostering an increased coordination between the external auditors and the Company's management;

(k) Held follow-up meetings with the Company's management in order to ensure the observance of the risk control mechanisms applicable to the Company;

(l) Reviewed and evaluated the results of the tests applied in respect of the control systems established to ensure compliance with the provisions of Section 404 of the Sarbanes-Oaxley Act;

(m) Addressed and resolved the various requests for approval submitted by the Department of Administration and Finance in connection with the professional fees payable to the Company's tax advisors;

(n) Reviewed and discussed the reports of the external auditors with respect to the results of the Company's audit as of December 31, 2007;

(o) Reviewed the various reports submitted by the Department of Administration and Finance with respect to the implementation and testing of the Company's internal control mechanisms;

(p) Reviewed the financial statements of the Company and its subsidiaries as of and for the year ended December 31, 2007, the auditors' report thereon and the accounting policies followed in the preparation thereof. Based on the input of the external auditors, who are required to render their opinion as to the accuracy of the Company's financial statements and their conformity with the NIFs applicable in Mexico, it recommended to the Board of Directors the approval of such financial statements for submission to the Company's general shareholders' meeting;

(q) Reviewed and analyzed various related-party transactions, determined which such transactions required disclosure in the notes to the Company's financial statements, and recommended to the Board of Directors the approval of those such transactions that it deemed appropriate. It further participated in the preparation of the policies applicable to the execution of related-party transactions;

(r) Oversaw the execution of the resolutions adopted by the shareholders' meeting and the Board of Directors of the Company;

(s) Reviewed, evaluated and approved various fee proposals submitted by Mancera, S.C., members of Ernst & Young Global, independent auditors of the Company, in connection with certain supplemental services rendered thereby, ensuring that the amount of such fees would not compromise their independent status. Further, it reviewed the services rendered by the independent experts retained by the Company, based upon the information disclosed thereby;

(t) Reviewed the criteria for the determination of the overall compensations payable to the Chief Executive Officer and the other executive officers of the Company, and submitted to the Board of Directors recommendations in connection with the overall compensation of the Chief Executive Officer and the general compensation policies applicable to all other executive officers;

(u) Reviewed and analyzed the report of the Board of Directors on the status of the Company's corporate affairs, including the status of the Company's legal documentation;

(v) Did not recommend to the Board of Directors, or exercised any of its own powers and authorities in connection with, the granting of any waiver pursuant to Section III(f) of Article 28 of the Securities Market Law, to any director, executive officer or other person in a position of command; and

(w) Reviewed the principal items of the Company's annual budget and their allocation.

This report is rendered pursuant to the provisions contained in the Securities Market Law and takes into consideration the comments provided by the relevant executive officers of the Company.

Very truly yours,

Alejandro Soberón Kuri
Chairman of the Audit Committee
América Móvil, S.A.B. de C.V.

Financial Summary

	2007	2006	2005	2004	2003	2002
OPERATING RESULT						
Service Revenues	266,336	202,731	159,859	123,506	86,678	61,660
Equipment Revenues	45,244	40,274	36,779	26,800	14,162	8,443
Total Revenues	311,580	243,005	196,638	150,306	100,840	70,103
Cost of Sales	132,374	113,445	97,419	72,969	43,971	29,783
SG&A Expenses	53,193	40,378	39,554	30,745	19,620	15,007
Impairment Charges	-	-	-	-	-	-
EBITDA	126,013	89,183	59,665	46,591	37,249	25,313
EBITDA Margin	40.4%	36.7%	30.3%	31.0%	36.9%	36.1%
Depreciation & Amortization	40,818	28,149	22,955	20,742	16,284	10,099
Impairment charges	-	-	-	-	-	47,867
Operating Income	85,194	61,034	36,710	25,849	20,966	15,214
Operating Margin	27.3%	25.1%	18.7%	17.2%	20.8%	21.7%
Comprehensive Financing (Cost) Income, net	(387)	(28)	(2,790)	2,158	2,176	(1,386)
Other (Loss) Income, net	(3,713)	484	(442)	99	(1,236)	336
Income before Taxes	81,094	61,490	33,478	28,106	21,906	14,164
Provisions for Income Tax	22,454	17,018	305	9,013	3,796	3,773
Income before Equity Participation in Results of Affiliates	58,640	44,472	33,173	19,093	18,110	10,391
Income (Loss) before Minority Interest	58,697	44,509	33,127	18,989	17,958	5,450
Minority Interest	(110)	(88)	(74)	(394)	(413)	164
Net Income (Loss)	58,588	44,422	33,053	18,595	17,545	5,614
BALANCE SHEET						
Cash and Cash Equivalents	12,022	45,102	14,420	21,351	12,041	13,014
Accounts Receivable net	44,756	38,027	33,507	22,990	13,414	7,657
Other Current Assets	25,548	25,269	17,868	17,510	9,564	5,550
Current Assets	82,327	108,398	65,795	61,851	35,019	26,221
Property Plant and Equipment	167,084	143,090	120,734	94,718	83,502	73,918
Investments in Affiliates	590	581	524	727	2,991	3,861
Deferred Assets and other	99,121	76,256	62,118	59,949	54,882	34,095
Total Assets	349,121	328,325	249,171	217,246	176,393	138,095
Short Term Debt	19,953	26,214	22,176	12,828	15,791	15,770
Accounts Payable	72,892	60,830	58,465	40,704	23,246	12,722
Other Current Liabilities	23,214	33,032	18,391	14,004	9,021	5,636
Current Liabilities	116,058	120,076	99,031	67,536	48,058	34,128
Long Term Debt	84,799	89,038	68,346	76,740	54,144	47,038
Other Long term Liabilities	21,406	5,465	3,885	7,171	4,433	2,513
Totasl Liabilities	222,264	214,578	171,262	151,448	106,636	83,679
Total Stockholders' Equity	126,858	113,747	77,909	65,797	69,758	54,416
Sum of Total Stockholders' Equity and Total Liabilities	349,121	328,325	249,171	217,246	176,393	138,095

Consolidated Financial Statements

Years ended December 31, 2007 and 2006 with Report of Independent Registered Public Accounting Firm

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Report of Independent Auditors

ERNST & YOUNG ▪ Mancera, S.C.

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

We have audited the accompanying consolidated balance sheets of América Móvil, S.A.B. de C.V. and subsidiaries as of December 31, 2006 and 2007 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, 2007. 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. The financial statements of the consolidated subsidiary TracFone Wireless, Inc., whose assets account for approximately 1% of the consolidated totals at December 31, 2006 and 2007 and whose operating revenues account for approximately 6%, 6% and 5% of the consolidated totals for the years ended December 31, 2005, 2006 and 2007, were audited by other independent auditors. Therefore, our opinion, insofar as it relates to the financial information of such subsidiary in the accompanying consolidated financial statements, is based solely on the report of the other independent 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 Mexican Financial Reporting Standards. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the financial reporting standards used and significant estimates made by management, and evaluating the overall financial statement presentation (including the Company's conversion of the financial statements of TracFone Wireless, Inc. to Mexican Financial Reporting Standards). 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.B. de C.V. and subsidiaries at December 31, 2006 and 2007, and the consolidated results of their operations, changes in their stockholders' equity and changes in their financial position for each of the three years in the period ended December 31, 2007, in conformity with Mexican Financial Reporting Standards, which differ in certain respects from U.S. generally accepted accounting principles (see Note 22)

Mancera, S.C.
Ernst & Young Global

Agustín Aguilar

Mexico City
February 29, 2008
(except for Note 22, as to which date is April 15, 2008)

Consolidated Balance Sheets

(Amounts in thousands of constant Mexican pesos as of December 31, 2007)

	December 31 2006		December 31 2007		2007 (millions of U.S. dollars)
ASSETS					
Current assets:					
Cash and banks	Ps. 42,957,756	Ps.	**11,972,119**	USD	**1,102**
Trading securities and instruments available-for-sale (Note 4)	2,144,630		**49,931**		**5**
Accounts receivable, net (Note 5)	38,027,403		**44,756,338**		**4,119**
Related parties (Note 17)	1,394,046		**1,334,610**		**123**
Inventories, net (Note 6)	20,068,715		**21,060,030**		**1,938**
Other assets, net (Note 7)	3,805,940		**3,153,785**		**290**
Total current assets	108,398,490		**82,326,813**		**7,577**
Investments in affiliates and others (Note 10)	580,729		**589,615**		**54**
Plant, property and equipment, net (Note 8)	143,089,955		**167,083,906**		**15,376**
Licenses, net (Note 9)	34,705,031		**36,564,304**		**3,365**
Trademarks, net (Note 9)	6,133,977		**5,601,154**		**515**
Goodwill, net (Note 9)	26,708,419		**44,724,872**		**4,116**
Deferred taxes (Note 19)	820,577		**3,395,396**		**312**
Other assets, net (Note 7)	7,888,066		**8,835,255**		**813**
Total assets	Ps. 328,325,244	Ps.	**349,121,315**	USD	**32,128**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Short-term debt and current portion of long-term debt (Note 14)	Ps. 26,213,688	Ps.	**19,952,907**	USD	**1,836**
Accounts payable and accrued liabilities (Note 13)	60,829,562		**72,891,964**		**6,708**
Taxes payable	17,665,836		**9,250,714**		**851**
Financial instruments (Note 11)	1,057,363		**316,594**		**29**
Related parties (Note 17)	2,300,600		**1,249,775**		**115**
Deferred revenues	12,008,616		**12,396,421**		**1,141**
Total current liabilities	120,075,665		**116,058,375**		**10,680**
Long-term debt (Note 14)	89,037,508		**84,799,487**		**7,804**
Deferred taxes (Note 19)	5,427,863		**12,496,344**		**1,150**
Labor obligations (Note 12)	37,405		**8,909,339**		**820**
Total liabilities	214,578,441		**222,263,545**		**20,454**
Stockholders' equity (Note 18):					
Capital stock	36,555,398		**36,552,039**		**3,364**
Retained earnings:					
From prior years	45,650,995		**35,085,723**		**3,229**
Net income for the year	44,421,948		**58,587,511**		**5,392**
	90,072,943		**93,673,234**		**8,621**
Other accumulated comprehensive loss items	(13,565,675)		**(4,001,203)**		**(368)**
Total majority stockholders' equity	113,062,666		**126,224,070**		**11,617**
Minority interest	684,137		**633,700**		**57**
Total stockholders' equity	113,746,803		**126,857,770**		**11,674**
Total liabilities and stockholders' equity	Ps. 328,325,244	Ps.	**349,121,315**	USD	**32,128**

The accompanying notes are an integral part of this financial statement.

Consolidated Statements of Income

(Amounts in thousands of constant Mexican pesos as of December 31, 2007, except for earning per share)

	Year ended December 31 2005 (Restructured as described in Note 3)	2006	2007	2007 (millions of U.S. dollars except for earnings per share)
Operating revenues:				
Services:				
Air time	Ps. 61,940,156	Ps. 74,385,210	**Ps. 87,522,245**	**USD 8,055**
Interconnection	31,499,182	40,700,953	**58,554,255**	**5,389**
Monthly rent	29,420,659	40,683,385	**59,551,717**	**5,480**
Long-distance	14,433,364	16,465,433	**20,348,067**	**1,873**
Value added services and other services	22,565,630	30,495,814	**40,359,659**	**3,714**
Sales of handsets and accessories	36,778,803	40,274,070	**45,243,819**	**4,164**
	196,637,794	243,004,865	**311,579,762**	**28,675**
Operating costs and expenses:				
Cost of sales and services	97,419,188	113,444,561	**132,373,998**	**12,182**
Commercial, administrative and general expenses	39,553,883	40,377,555	**53,193,145**	**4,895**
Depreciation and amortization (Notes 8 and 9) (includes Ps. 16,605,134, Ps. 20,266,970 and Ps. 29,389,162 for 2005, 2006 and 2007, respectively, not included in cost of sales)	22,954,733	28,148,569	**40,818,281**	**3,757**
	159,927,804	181,970,685	**226,385,424**	**20,834**
Operating income	36,709,990	61,034,180	**85,194,338**	**7,841**
Other (expenses) income, net	(441,735)	483,671	**(3,712,874)**	**(342)**
Comprehensive financing cost:				
Interest income	3,533,884	4,669,081	**2,960,265**	**272**
Interest expense	(9,050,916)	(9,457,545)	**(7,696,967)**	**(708)**
Exchange gain, net	2,366,809	2,321,238	**2,463,442**	**227**
Monetary gain, net	4,055,764	3,848,095	**5,038,406**	**464**
Other financing costs, net	(3,695,994)	(1,408,889)	**(3,152,631)**	**(291)**
	(2,790,453)	(28,020)	**(387,485)**	**(36)**
Equity interest in net (loss) income of affiliates	(45,734)	37,778	**57,621**	**5**
Income before taxes on profits	33,432,068	61,527,609	**81,151,600**	**7,468**
Taxes on profits (Note 19)	305,169	17,018,144	**22,454,267**	**2,066**
Net income before minority interest	33,126,899	44,509,465	**58,697,333**	**5,402**
Minority interest	(73,993)	(87,517)	**(109,822)**	**(10)**
Net income	Ps. 33,052,906	Ps. 44,421,948	**Ps. 58,587,511**	**USD 5,392**
Weighted average of common shares outstanding (in millions)	35,766	35,459	**35,149**	**35,149**
Net earnings per share	Ps. 0.92	Ps. 1.25	**Ps. 1.67**	**USD 0.15**

The accompanying notes are an integral part of this financial statement.

Consolidated Statements of Changes in Stockholders' Equity

For the Years ended December 31, 2005, 2006 and 2007
(Amounts in thousands of constant Mexican pesos as of December 31, 2007)

	Capital stock	Legal reserve
Balance at December 31, 2004 (restructured)	Ps. 36,580,575	Ps. 482,925
Cumulative effect of adoption of new accounting principles:		
Valuation effect of available-for-sale securities		
Valuation effect of swaps		
Excess of the book value over price paid to acquire minority interests (Note 10)		
Loss on sale of affiliate to an entity under common control (Note 10)		
Dividends paid at Ps. 046 and Ps. 0.19 per share (historical)		
Repurchase of shares	(15,553)	
Comprehensive income:		
Net income for the year		
Other comprehensive income items:		
Effect of translation of foreign entities		
Result from holding non-monetary assets, net of deferred taxes		
Current-year valuation effect of swaps		
Current-year valuation effect of available-for-sale securities		
Comprehensive income for the year		
Balance at December 31, 2005 (Note 18) (restructured)	36,565,022	482,925
Minority interest related to current year acquisitions		
Dividend paid at Ps. 0.06 per share (historical)		
Repurchase of shares	(9,624)	
Comprehensive income:		
Net income for the year		
Other comprehensive income items:		
Effect of translation of foreign entities		
Result from holding non-monetary assets, net of deferred taxes		
Current-year valuation effect of swaps		
Current-year valuation effect of available-for-sale securities		
Comprehensive income for the year		
Balance at December 31, 2006 (Note 18)	**36,555,398**	**482,925**
Minority interest related to current year acquisitions		
Dividends paid at Ps. 020 and Ps. 1 per share (historical)		
Repurchase of shares	**(3,359)**	
Comprehensive income:		
Net income for the year		
Other comprehensive income items:		
Effect of translation of foreign entities		
Result from holding non-monetary assets, net of deferred taxes		
Comprehensive income for the year		
Balance at December 31, 2007 (Note 18)	**Ps. 36,552,039**	**Ps. 482,925**

The accompanying notes are an integral part of this financial statement.

Retained earnings		Other accumulated comprehensive income items	Total	Minority interest	Comprehensive income	Total stockholders' equity
Unappropriated	Total					
Ps. 37,607,572	Ps. 38,090,497	Ps. (10,724,653)	Ps. 63,946,419	Ps. 1,851,022		Ps. 65,797,441
(4,239)	(4,239)	4,239				
(47,118)	(47,118)	47,118				
503,177	503,177		503,177	(600,147)		(96,970)
(86,662)	(86,662)		(86,662)			(86,662)
(8,698,476)	(8,698,476)		(8,698,476)			(8,698,476)
(5,654,536)	(5,654,536)		(5,670,089)			(5,670,089)
33,052,906	33,052,906		33,052,906	73,993	Ps. 33,126,899	33,126,899
		(387,011)	(387,011)	39,237	(347,774)	(347,774)
		(5,379,221)	(5,379,221)	(260,539)	(5,639,760)	(5,639,760)
		(100,256)	(100,256)		(100,256)	(100,256)
		(375,422)	(375,422)		(375,422)	(375,422)
					Ps. 26,663,687	
56,672,624	57,155,549	(16,915,206)	76,805,365	1,103,566		77,908,931
(1,426,031)	(1,426,031)		(1,426,031)	(435,454)		(1,861,485)
(2,289,219)	(2,289,219)		(2,289,219)			(2,289,219)
(7,789,304)	(7,789,304)		(7,798,928)			(7,798,928)
44,421,948	44,421,948		44,421,948	87,517	Ps. 44,509,465	44,509,465
		1,334,009	1,334,009	(60,703)	1,273,306	1,273,306
		1,591,201	1,591,201	(10,789)	1,580,412	1,580,412
		53,138	53,138		53,138	53,138
		371,183	371,183		371,183	371,183
					Ps. 47,787,504	
89,590,018	**90,072,943**	**(13,565,675)**	**113,062,666**	**684,137**		**113,746,803**
(6,604)	**(6,604)**		**(6,604)**	**(13,187)**		**(19,791)**
(42,127,537)	**(42,127,537)**		**(42,127,537)**			**(42,127,537)**
(12,853,079)	**(12,853,079)**		**(12,856,438)**			**(12,856,438)**
58,587,511	**58,587,511**		**58,587,511**	**109,822**	**Ps. 58,697,333**	**58,697,333**
		10,143,715	**10,143,715**	**(141,953)**	**10,001,762**	**10,001,762**
		(579,243)	**(579,243)**	**(5,119)**	**(584,362)**	**(584,362)**
					Ps. 68,114,733	
Ps. 93,190,309	**Ps. 93,673,234**	**Ps. (4,001,203)**	**Ps. 126,224,070**	**Ps. 633,700**		**Ps. 126,857,770**

Consolidated Statements of Changes in Financial Position

(Amounts in thousands of constant Mexican pesos as of December 31, 2007)

	Year ended December 31							
		2005 (Restructured as described in Note 3)		2006		2007		2007 (millions of dollars)
Operating activities								
Net income before minority interest	Ps.	33,126,899	Ps.	44,509,465	**Ps.**	**58,697,333**	**USD**	**5,402**
Add (deduct) items not requiring the use of resources:								
Depreciation		16,559,682		19,774,627		**31,162,660**		**2,868**
Amortization		4,824,220		5,976,846		**6,536,746**		**602**
Amortization of loss on sale and leaseback		1,466,777		1,530,376		**1,572,397**		**145**
Amortization of prepaid expenses		104,054		866,720		**1,546,478**		**142**
Deferred income tax and deferred employee profit sharing		(3,227,329)		50,090		**4,659,365**		**429**
Other income, net				(1,327,293)				
Other financing expenses, net				1,375,713		**1,384,418**		**127**
Equity interest in net loss (income) of affiliates		45,734		(37,778)		**(57,621)**		**(5)**
Net cost of labor obligations		2,711		3,323		**456,095**		**42**
		52,902,748		72,722,089		**105,957,871**		**9,751**
Changes in operating assets and liabilities:								
Decrease (increase) in:								
Accounts receivable		(10,430,041)		(8,919,954)		**(6,728,935)**		**(619)**
Inventories		(1,441,203)		(6,086,062)		**(991,315)**		**(91)**
Other assets		(963,444)		(3,695,916)		**(5,988,726)**		**(551)**
(Decrease) increase in:								
Accounts payable and accrued liabilities		17,760,536		4,145,927		**12,062,402**		**1,107**
Related parties		733,166		1,294,328		**(991,389)**		**(91)**
Financial instruments		2,023,155		(944,318)		**(740,769)**		**(68)**
Deferred revenues and credits		1,512,683		2,191,527		**11,212,760**		**1,032**
Taxes payable		159,524		15,904,307		**(8,415,122)**		**(774)**
Marketable securities		889,025		(1,524,506)		**1,499,381**		**138**
Resources provided by operating activities		63,146,149		75,087,422		**106,876,158**		**9,836**
Financing activities								
New loans		44,814,126		66,796,720		**39,671,477**		**3,651**
Repayment of loans		(39,544,814)		(38,975,741)		**(46,008,892)**		**(4,234)**
Effect of exchange rate differences and variances in debt expressed in constant pesos		(4,315,794)		(3,091,374)		**(4,161,387)**		**(383)**
Decrease in capital stock and retained earnings due to purchase of Company's own shares		(5,670,089)		(7,798,928)		**(12,856,438)**		**(1,183)**
Dividend declared		(8,698,476)		(2,289,219)		**(42,127,537)**		**(3,877)**
Resources (used in) provided by financing activities		(13,415,047)		14,641,458		**(65,482,777)**		**(6,026)**
Investing activities								
Investment in plant, property and equipment		(50,612,525)		(47,457,471)		**(51,361,661)**		**(4,727)**
Investment in subsidiaries and affiliates		(2,512,820)		(15,002,133)		**(19,889,878)**		**(1,830)**
Investment in securities available-for-sale						**(789,100)**		**(73)**
Minority interest		(821,449)		(506,945)		**(160,259)**		**(15)**
Initial cash from companies acquired		539,390		4,249,986		**2,282,480**		**210**
Investments in trademarks		(108,830)		(214,203)		**(370,785)**		**(34)**
Investment in licenses		(1,881,256)		(636,033)		**(2,089,815)**		**(192)**
Resources used in investing activities		(55,397,490)		(59,566,799)		**(72,379,018)**		**(6,661)**
Net (decrease) increase in cash and cash equivalents		(5,666,388)		30,162,081		**(30,985,637)**		**(2,851)**
Cash and cash equivalents at beginning of year		18,462,063		12,795,675		**42,957,756**		**3,953**
Cash and cash equivalents at end of year	Ps.	12,795,675	Ps.	42,957,756	**Ps.**	**11,972,119**	**USD**	**1,102**

The accompanying notes are an integral part of this financial statement.

Notes to Consolidated Financial Statements

(Amounts in thousands of constant Mexican pesos as of December 31, 2007 and thousands of U.S. dollars, except when indicated otherwise)

1 Description of Business

América Móvil, S.A.B. de C.V. and subsidiaries (collectively, the "Company" or "América Móvil") provides wireless and fixed communications services in Latin America. América Móvil obtains its revenues primarily from telecommunications services, including the sale of airtime (including interconnection under the calling party pays program), monthly rent, long-distance charges, and other services (including roaming, value added services and other service charges), as well as the proceeds from the sale of cellular phones and accessories.

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 2046.

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

Merger

At an extraordinary meeting held on December 13, 2006, the stockholders agreed to merge América Telecom, S.A.B. de C.V. ("AMTEL") and Corporativo Empresarial, S.A. de C.V. ("Corporativo") into América Móvil (see Note 3 for additional information).

Before the merger, AMTEL held a 66.66% of the voting shares of América Móvil and 40.74% of the Company's total equity.

Equity investments in subsidiaries and affiliated companies

At December 31, 2006 and 2007, América Móvil's equity interest in its principal subsidiaries and affiliated companies is as follows:

Company	Country	Equity interest at December 31 2006	2007
Subsidiaries:			
AMX Tenedora, S.A. de C.V.	Mexico	100.0 %	**100.0 %**
Compañía Dominicana de Teléfonos, C. por A. [3]	Dominican Republic	100.0	**100.0**
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, LLC (Tracfone-Florida)	United States	98.2	**100.0**
TracFone Wireless, Inc. (Tracfone-Delaware)	United States		**98.2**
AM Telecom Américas, S.A. de C.V. [1]	Mexico	100.0	**100.0**
Claro Telecom Participacoes, S.A.	Brazil	100.0	**100.0**
Alecan Telecomunicacoes, Ltda.	Brazil	100.0	**100.0**
Americel, S.A.	Brazil	99.3	**99.3**
BCP, S.A.	Brazil	99.9	**99.9**
América Central Tel, S.A. (ACT)	Guatemala	100.0	**100.0**
Telecomunicaciones de Guatemala, S.A. (Telgua)	Guatemala	99.1	**99.2**
Newcotel, S.A.	Guatemala	99.1	**99.2**
Empresa Nicaragüense de Telecomunicaciones, S.A. (Enitel)	Nicaragua	99.3	**99.5**
AMX El Salvador, S.A de C.V.	Mexico	100.0	**100.0**
Compañía de Telecomunicaciones de El Salvador, S.A. de C.V. (CTE) [2]	El Salvador	95.8	**95.8**
CTE Telecom Personal , S.A. de C.V. (Personal)	El Salvador	95.8	**95.8**
Cablenet, S.A. (Cablenet)	Guatemala	95.8	**95.8**
Telecomoda, S.A. de C.V. (Telecomoda)	El Salvador	95.8	**95.8**
Telecom Publicar Directorios, S.A. de C.V. (Publicom)	El Salvador	48.8	**48.8**
Comunicación Celular, S.A. (Comcel)	Colombia	99.2	**99.4**
Consorcio Ecuatoriano de Telecomunicaciones, S.A. (Conecel)	Ecuador	100.0	**100.0**
AMX Argentina Holding, S.A. (before CTI Holding, S.A.)	Argentina	100.0	**100.0**
AMX Argentina, S.A. (before CTI Compañía de Teléfonos del Interior, S.A.) [4]	Argentina	100.0	**100.0**
Servicios de Comunicaciones de Honduras, S.A. de C.V. (Sercom Honduras)	Honduras	100.0	**100.0**
AM Wireless Uruguay, S. A.	Uruguay	100.0	**100.0**
Claro Chile, S.A .	Chile	100.0	**100.0**
AMX Paraguay, S.A.	Paraguay	100.0	**100.0**
América Móvil Perú, S.A.C.	Peru	100.0	**100.0**
Telecomunicaciones de Puerto Rico, Inc. [3]	Puerto Rico		**100.0**
Oceanic Digital Jamaica, Ltd. [3]	Jamaica		**100.0**

Company	Country	Equity interest at December 31 2006	2007
Affiliates:			
Grupo Telvista, S.A. de C.V.	Mexico	45.0	**45.0**

(1) The name "Telecom Américas" as used hereinafter will refer collectively to the companies Claro Participacoes, Alecan, Americel and BCP, all of which operate under the trademark "Claro".

(2) The name "CTE" as used hereinafter will refer collectively to the companies CTE, Personal, Cablenet, Telecomoda and Publicom.

(3) Companies acquired in 2006 and 2007 (see Note 10).

(4) In January 2007, CTI PCS, S.A. was merged into CTI Compañía de Teléfonos de Interior, S.A. de C.V., the surviving company. Such merger had no effect on the Company's consolidated financial statements. The companies changed their name in July 2007.

The above mentioned subsidiaries provide mobile telephony services. Telgua, CTE, Enitel, Dominicana and Puerto Rico provide mainly, 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.

On February 29, 2008, América Móvil's Chief Executive Officer, General Counsel and Chief Financial Officer authorized the issuance of the accompanying financial statements and these notes as of December 31, 2006 and 2007 and for each of the three years in the period ended December 31, 2007, which must be also approved by the Company's Board of Directors, Audit Committee and stockholders in their next meetings.

2 Summary of Significant Accounting Policies and Practices

The most significant accounting policies and practices observed in the preparation of these financial statements, in conformity with Mexican Financial Reporting Standards (Mexican FRS), are described below:

a) Consolidation and basis of translation of financial statements of foreign subsidiaries

i) Consolidation and equity method

The consolidated financial statements include the accounts of América Móvil and those of its subsidiaries. All 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.

The investment in associated companies is valued using the equity method, which basically consists of recognizing the Company's proportional share in the net income or loss and the stockholders' equity of its investees.

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

The results of operations of the subsidiaries and affiliates were included in the Company's consolidated financial statements as of the month following the acquisition.

ii) Basis of translation of financial statements of foreign subsidiaries

The financial statements of foreign subsidiaries and affiliates, which in the aggregate account for approximately 51%, 54% and 59% of the Company's total operating revenues for 2005, 2006 and 2007, respectively, and approximately 65% and 75% of the Company's total assets at December 31, 2006 and 2007, were translated into Mexican pesos as follows:

The financial statements as reported by the subsidiaries abroad, in the local currency, were adjusted to conform to Mexican Financial Reporting Standard in force and later restated to constant pesos based on the inflation rate of the country in which the subsidiary operates.

Balance sheet amounts, except for stockholders' equity, are translated at the prevailing exchange rate at year-end. Stockholders' equity accounts are translated at the prevailing exchange rate at the time capital contributions were made and earnings were generated. Income statement amounts were translated to constant Mexican pesos using the prevailing exchange rate at the end of the reporting period.

Translation differences are recorded in stockholders' equity in the caption "Effect of translation of foreign entities" under "Other comprehensive income items". At December 31, 2005, 2006 and 2007, the translation (loss) gain was Ps. (347,774), Ps. 1,273,306 and Ps. 10,001,762, respectively.

The financial statements at December 31, 2005 and 2006 of the subsidiaries abroad were restated to Mexican pesos with purchasing power at December 31, 2007, based on the rate of inflation in Mexico. The effects of inflation and variances in the exchange rates of each country were not material.

Exchange differences and the monetary position effect derived from intercompany monetary items are included in the consolidated statements of income.

b) Revenue recognition

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 in the case of prepayments 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 are recognized at the time services are provided. Billed revenues for the service not yet rendered are recognized as deferred revenues.

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.

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 and written messages, call information, ring tones, emergency services, among others). Revenues from such services are recognized at the time they are provided or in the case of ring tones, when the services are downloaded.

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

Discounts granted on the sale of cellular equipment to wholesalers, retailers and department store chains are recognized as reductions in sales prices.

Telgua, ENITEL, CTE, Dominicana and Puerto Rico's revenues from telephone line installation fees (net of related costs) are deferred and recognized over the estimated average life of subscribers.

The Company usually does not charge activation fees to its customers; however, in certain regions, depending upon market, 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 taken as a whole.

c) Cost of cellular telephone equipment

The cost related to cellular telephone equipment is recognized in the statements 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.

Cellular equipment and accessories inventories are valued at their cost of acquisition using the average cost method.

d) Interconnection costs

Interconnection costs represent the costs of outgoing calls from the Company's cellular networks 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, ports and measured usage), 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 in the system and may begin using the Company's network.

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 to distributors for customers that remain so for a specified period of time, and sales volume commissions are paid at the time the distributor reaches certain ranges of activated customers.

f) Recognition of the effects of inflation

The Company recognizes the effects of inflation on its financial information. Consequently, the amounts shown in the accompanying financial statements and in these notes are expressed in thousands of Mexican pesos with purchasing power at December 31, 2007. The restatement factors applied to the financial statements at December 31, 2005 and 2006 as originally issued were 1.0796 and 1.0375, respectively, as determined based on the Mexican National Consumer Price Index (NCPI) published by Banco de México.

The most important inflation accounting concepts and procedures are described below:

- Stockholders' equity

Stockholders' equity accounts were restated based on the NCPI.

- Net monetary position gain

This represents the effect of inflation on monetary assets and liabilities. The related amounts are included in the statements of income as a part of the caption Comprehensive financing cost.

Other accumulated comprehensive income items include: the deficit from restatement of stockholders' equity, which consists of the accumulated monetary position gain at the time the provisions of Bulletin B-10 were first applied, of Ps. 19,327, and the loss from holding non-monetary assets, which represents the difference between restatement by the specific indexation method and restatement based on the NCPI, which at December 31, 2005, 2006 and 2007 aggregates Ps. (15,513,949), Ps. (14,062,719) and Ps. (14,562,294), respectively.

The statement of changes in financial position is prepared based on the financial statements expressed in constant Mexican pesos. The source and application of resources represent the differences between beginning and ending financial statement balances in constant Mexican pesos. Monetary and foreign exchange gains and losses are not treated as non-cash items in the determination of resources provided by operations.

g) 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, similar to market value.

h) Trading securities and available-for-sale securities

Investments trading and available-for-sale securities are represented by equity securities. All investments in trading and available for sale securities are presented at market value. Changes in the fair value of instruments classified as trading securities are recognized in results of operations. Change in the market value of instruments classified as available-for-sale are included in stockholders' equity until they are sold.

Should there be objective and lasting evidence of impairment in the value of either its instruments available for sale or held to maturity, the Company determines the amount of the related loss and recognizes such loss as part of the comprehensive financing income (cost). For the years ended at December 31, 2006 and 2007, since the loss on fair value of securities available-for-sale was other than temporary, the Company decided to include an impairment loss of Ps. 1,375,713 and Ps. 1,362,900, respectively, in the statements of income.

Those changes associated with the purchase, sale and maturity of financial instruments classified as available-for-sale and held-to-maturity 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.

During the years ended December 31, 2006 and 2007, there were no transfers between financial asset categories.

i) Allowance for doubtful accounts

The Company recognizes periodically in its results of operations an allowance for doubtful accounts for its portfolios of postpaid customers, distributors and network operators (basically for interconnection fees). The allowance is based primarily on past write-off experience and on the aging of accounts receivable balances, as well as management's estimates as to when dispute proceedings with operators are resolved.

Collection policies and procedures vary by the type of credit extended, payment history of customers and the age of the unpaid calls.

j) Inventories
Cellular equipment inventories are initially recognized at historical acquisition cost, as valued using the average-cost method, and are subsequently restated to constant Mexican pesos (considering inventory turnover). The stated value of inventories is not in excess of net realizable value. Cost of sales represents estimated replacement cost at the time inventories were sold, restated in constant pesos at year-end.

k) Business acquisitions and goodwill
Business acquisitions are recorded using the purchase method. The acquisition of minority interest is considered a transaction between entities under common control and any difference between the purchase price and the book value of net assets acquired is recognized as an equity transaction.

Goodwill represents the difference between the purchase price and the fair value of the net assets acquired at purchase date.

Goodwill is recorded initially at acquisition cost and is then restated using adjustment factors derived from the NCPI.

Goodwill is no longer amortized, but rather is subject to annual impairment valuations and adjustments at the end of each year, or during the year if there are indications of impairment.

At December 31, 2006 and 2007, there are no impairment losses recognized by the Company.

l) Telephone plant, property and equipment
Telephone plant, property and equipment and construction in progress are restated as described below:

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

Effective January 1, 1997, the use of this procedure for the restatement of plant, property and equipment was disallowed and therefore, as of such date, this caption is restated in each country as follows:

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

The appraised value of land and 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, 2007 and 2006, approximately 85% of the book value of plant, property and equipment at such dates, has been restated using specific indexation factors.

Depreciation is computed on restated values 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%

As of January 1, 2007, the Company adopted the provisions of Mexican FRS D-6, Capitalization of the Comprehensive Cost of Financing, establishing that entities must capitalize comprehensive financing cost (CFC), which corresponds to net costs of interest expense, exchange differences, the monetary position result and other related financial costs.

Comprehensive financing costs incurred during the building and installation period are capitalized and restated using the NCPI.
Through December 31, 2006, the Company did not capitalize the CFC. The net effect of the capitalization of CFC in 2007 was an increase in net income of 2007 of Ps. 1,158,576 (Ps. 834,175 net of taxes).

The value of plant, property and equipment is reviewed on an annual basis. When the recoverable value of an asset, which is the greater between its selling price and value in use (the present value of future cash flows), is lower than its net carrying amount, the difference is recognized as an impairment loss.

Due to technology obsolescence, the Company wrote-off in full the remaining carrying value of TDMA technology in Colombia and Ecuador during the year ended December 31, 2007. This write-down of Ps. 2,735 million was included as a component of “other (expenses) income, net” in the accompanying consolidated statement of income. No impairment charges were recorded in either 2006 or 2005.

m) Licenses and trademarks
Licenses to operate wireless telecommunications networks are accounted for at cost or at fair value, restated based on the inflation factors of each country, and amortized using the straight-line method over periods ranging from 15 to 40 years, that correspond to the usage period of each license.

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

The values of the Company’s intangible assets with defined useful lives is reviewed annually and whenever there are indications of impairment in such values. When the recovery value of an asset, which is the greater between its selling price and value in use (the present value of future cash flows), is lower than its net carrying amount, the difference is recognized as an impairment loss.

Intangible assets with indefinite useful lives, including those that are not yet available for use and intangibles with defined useful lives whose amortization period exceeds 20 years from the date they were available for use, are tested for impairment at the end of each year.

At December 31, 2005, 2006 and 2007, the Company recorded no loss from impairment in the value of intangibles shown in the consolidated balance sheet.

n) Leases
- Sale and leaseback
The Company entered into sales and leaseback agreements that meet the conditions for consideration as a financial leases. Such agreements give rise to losses derived from the difference between the asset’s sale price and its value in books that result in the recognition of deferred charges that are being amortized based on the remaining useful life of the related assets at the time of sale.

- Operating leases
Rent paid under operating leases is recognized in results of operations as it accrues.

- Financial leases
Lease arrangements are recognized as capital leases if (i) the ownership of the leased asset is transferred to the lessee upon termination of the lease; (ii) the agreement includes an option to purchase the asset at a reduced price; (iii) the term of the lease is basically the same as the remaining useful life of the leased asset; or (iv) the present value of minimum lease payments is basically the same as the market value of the leased asset, net of any benefit or scrap value.

o) Exchange differences
Transactions in foreign currency 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 differences determined from such date to the time foreign currency denominated assets and liabilities are settled or translated at the balance sheet date are charged or credited to operations, except for those arising on foreign currency denominated loans for the construction of fixed assets, as such costs are capitalized as comprehensive financing costs during the construction stage.

See Note 15 for the Company's foreign currency position at the end of each year and the exchange rates used to translate foreign currency denominated balances.

p) Accounts payable and accrued liabilities
Accruals 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 related 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. Also, contingencies are only recognized when they will generate a loss.

q) Labor obligations
In the subsidiaries of certain countries in which the Company operates, as is the case of the subsidiaries in Mexico (Radiomóvil Dipsa, S.A. de C.V.) and in Puerto Rico (Telecomunicaciones de Puerto Rico, S.A.), there are defined contribution plans that require the valuation and recognition of the accumulated effects of retirement and post-retirement labor obligations. Such effects are determined based on actuarial studies performed by independent experts using the projected unit-credit method.

In Ecuador, the Company has an individual capitalization pension plan, whereby it purchases a single-premium deferred annuity from an insurance company, for which the Company only makes a yearly premium payment. In accordance with Mexican accounting Bulletin D-3, Labor Obligations, this plan falls under the category of a defined contribution plan and thus, only the net period cost of the plan must be disclosed.

In conformity with the labor laws of the rest of the countries in which the Company operates, there are no statutory defined benefit plans or compulsory defined contribution structures for companies. However, the foreign subsidiaries make contributions to national pension, social security and severance plans in accordance with the percentages and rates established by the applicable laws.

Such contributions are made to bodies designated by each government and are recorded as expenses when incurred.

r) Income tax and employee profit sharing
The Company recognizes deferred taxes using the asset and liability method. Under this method, deferred taxes are recognized on basically all temporary differences in balance sheet accounts for financial and tax reporting purposes, using either the enacted income tax rate or the flat-rate business tax (FRBT) rate, as the case may be, at the balance sheet date, or the rate that will be in effect at the time the temporary differences giving rise to deferred tax assets and liabilities are expected to be recovered or settled.

The Company evaluates periodically the probability 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.

Asset tax is offset against deferred income tax, making the appropriate evaluation of its recoverability.

s) Advertising
Advertising costs are expensed as incurred. For the years ended December 31, 2005, 2006 and 2007, advertising expense aggregated Ps.6,121,140, Ps.5,408,146 and Ps.7,175,663, respectively.

t) Comprehensive income
Comprehensive income consists of current year net income plus the following items applied to stockholders' equity: the effect of translation of financial statements of foreign entities, changes in minority interest, the result from holding non-monetary assets, the changes in the fair value of instruments classified as available-for-sale, the effect of the swap valuation, and the effect of current year deferred taxes. At December 31, 2005, 2006 and 2007, an analysis of other accumulated comprehensive income items (different from net income) is as follows:

	2005	2006	**2007**
Net monetary position gain upon adoption of B-10	Ps. 19,327	Ps. 19,327	**Ps. 19,327**
Valuation effect of available-for-sale securities	(371,183)	–	**–**
Valuation effect of swaps	(53,138)	–	**–**
Effect of translation of foreign entities	(1,707,888)	(373,879)	**9,769,836**
Result from holding non-monetary assets	(15,513,949)	(14,062,719)	**(14,562,294)**
Deferred taxes	711,625	851,596	**771,928**
	Ps. (16,915,206)	Ps. (13,565,675)	**Ps. (4,001,203)**

u) 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. In determining the average weighted number of shares issued and outstanding, shares acquired by repurchase have been excluded. As a result of the merger mentioned in Note 3, all information relative to shares and earnings per share has been retroactively adjusted to recognize the net cancellation of shares mentioned in Note 3.

v) Use of estimates
The preparation of financial statements in conformity with Mexican FRS requires the use of estimates and assumptions that could affect the amounts reported in the financial statements and in the accompanying notes. Actual results could differ from these estimates.

w) 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 from fluctuations in exchange rates.

Approximately 45%, 34% and 21% of the Company's aggregate interconnection expenditures for the years ended December 31, 2005, 2006 and 2007, respectively, represented services rendered by one supplier; approximately 65%, 63%, and 75%, respectively, of the aggregate cost of cellular telephone equipment for such periods represented purchases from three suppliers; and approximately 41%, 81% and 58%, respectively, 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's business and results of operations could be adversely affected.

x) Derivative financial instruments
To protect itself against fluctuations in interest and exchange rates, the Company uses derivatives; however, since their designation as hedges has not been formally documented, they have thus not been accounted for as hedges.

Derivatives are recognized at their fair value in the balance sheet and the changes in their fair value are recognized in results of operations.

y) Income statement presentation
Costs and expenses in the Company's income statement are presented on a combined basis between their nature and function, which allows operating income levels to be shown, since such classification allows the captions to be compared with other companies in the Telecommunications industry.

Although Mexican FRS B-3 does not require the presentation of operating income, this caption is in fact shown in the income statement, since operating income is an important indicator used for evaluating the Company's performance. Operating income consists of ordinary revenues and operating costs and expenses and thus excludes Other ordinary income (expenses).

This presentation is comparable to the one used in the financial statements at and for the years ended December 31, 2005 and 2006.

z) Operating segments
Segment information is prepared based on information used by the Company in its decision-making processes based on the geographical areas in which América Móvil operates.

zz) New accounting pronouncements
i) The most important new pronouncements that came into force in 2007 are as follows:

-Mexican Financial Reporting Standards

Mexican FRS B-3, Statement of Operations
Mexican FRS B-3 establishes the guidelines for classifying income, costs and expenses as either ordinary or non-ordinary and modifies certain Mexican FRS. The primary sections of the statement of income have been redefined to embody the concepts of "ordinary items" and the classification of income. Also, the caption Initial accumulated effect of accounting changes has been eliminated from such statement, as established in Mexican FRS B-1, Accounting Changes and Error Corrections.

Mexican FRS B-3 also allows entities to present costs and expenses in the statement of operations, based on their function or nature or a combination of both. Mexican FRS B-3 does not require the presentation of operating income in the statement of operations, but still allows for it when operating income is deemed to be an important indicator for evaluating a particular entity's performance. When an entity does decide to include the operating income caption, Mexican FRS B-3 requires the disclosure of the items comprising such caption and a justification for its inclusion in the statement of income.

Mexican FRS C-13, Related Parties
This Mexican FRS broadens the concept of related parties to include joint business involving the reporting entity and immediate family members of key management personnel or directors and funds derived from labor obligation plans, as well. Mexican FRS C-13 also includes the following disclosures: i) the relationship between the controlling company and its subsidiaries, irrespective of whether transactions were carried out between them in the period; ii) the name of the direct controlling company and, when different from such, the name of the principal controlling company of the economic entity to which the entity belongs; and iii) compensations granted to the entity's key management personnel or directors (in the case of public companies). This standard also allows entities to disclose that the considerations for transactions carried out with its related parties are similar to prices that would be established for similar transactions between third parties, provided that such parity may be demonstrated.

The adoption of the requirements of Mexican FRS C-13 had no effect on the Company's financial position or on its results of operations.

Mexican FRS D-6, Capitalization of the Comprehensive Cost of Financing
Mexican FRS D-6 establishes that entities must capitalize comprehensive financing cost (CFC), which had been optional, under the previous Mexican accounting Bulletin C-6, Property, Plant and Equipment.

Capitalizable CFC is defined as the amount attributable to qualifying assets that could have been avoided if such acquisition had not taken place, and includes in the case of Mexican peso denominated financing, interest and the net monetary position, and in the case of foreign currency denominated financing, it also includes both exchange gains and exchange losses. Qualifying assets are defined as those assets acquired by an entity requiring a prolonged acquisition or construction period for their use, as well as assets that are to be sold or leased that require a prolonged period to be acquired or readied for sale or lease. The capitalization of the comprehensive cost of financing starts and continues provided the investments in the acquisition are actually being made, the activities required for conditioning the asset for sale or use are underway and interest is being accrued.

Mexican FRS D-6 establishes that the amount of capitalizable CFC is to be determined based on the proportional part of loans used to acquire assets, or by applying the weighted average capitalization rate for financing to the weighted average number of investments in qualifying assets made during the acquisition period. Financing with imputed interest cost may be capitalized against the cost of acquired assets, since the financing is recognized at its present value.

For the year ended December 31, 2007, the adoption of Mexican FRS D-6 represented a decrease in comprehensive financing cost and an increase in current year income for the year of Ps. 1,158,576 (Ps. 834,175 net of deferred taxes). Had the Company adopted Mexican FRS D-6 for the years ended December 31, 2005 and 2006, comprehensive financing cost would have decreased by Ps. 1,266,249 and Ps. 1,379,688, respectively.

Interpretations to Mexican Financial Reporting Standards

Interpretation to Mexican FRS 4, Presentation of Employee Profit Sharing in the Statement of Operations

The Interpretation to Mexican FRS 4 establishes, based on the result of the analysis of Mexican FRS B-3, Mexican FRS D-3 and Mexican FRS D-4, that employee profit sharing must be presented in the statements of income as an ordinary expense.

Interpretation to Mexican FRS 8, Effects of the Flat-Rate Business Tax

In December 2007, the CINIF issued the Interpretation to Mexican FRS 8, which is effective for years beginning on or after October 1, 2007. Such standard was created as a result of the need to clarify whether the new flat rate business tax (FRBT) should be treated as a tax on profits and to establish the guidelines for its accounting treatment.

The Interpretation to Mexican FRS 8 establishes that the FRBT is a tax on profit and that for the year ended December 31, 2007, its effects should be recognized in conformity with the provisions of Mexican accounting Bulletin D-4, Accounting for Income Tax, Asset Tax and Employee Profit Sharing, and as of January 1, 2008, in conformity with Mexican FRS D-4, Taxes on Profits. Based on the conclusions of this Interpretation, an entity must first determine whether its tax base generates FRBT payable or income tax payable. To do so, taxpayers should carry out financial projections to determine if their tax-on-profits base will be for income tax or FRBT. Based on the results of these projections, taxpayers will be able to plan in advance for either FRBT or income tax as it arises each year.

Entities that have determined that they will essentially pay FRBT must recognize the effects of deferred FRBT in their financial statements dated between October 1 and December 31, 2007. This deferred tax must correspond to the temporary differences and FRBT credits existing in 2007 for which payment or recovery of FRBT is expected as of or after 2008. Therefore, those entities that have determined that they will essentially pay FRBT in the future must recognize, at the date of the corresponding financial statements, the deferred FRBT asset or liability and at the same time eliminate the deferred income tax asset or liability recognized at such date. These adjustments give rise to an expense or income that must be recognized in the 2007 statement of operations as part of the caption Taxes on profit or in stockholders' equity when it relates to other comprehensive items.

The deferred tax rate is the rate enacted and established in the tax provisions at the date of the report on the financial statements, which is expected to be in force at the time the deferred FRBT assets and liabilities will be realized (16.5% in 2008, 17% in 2009 and 17.5% in 2010 and subsequent years).

Deferred FRBT for the period must be recognized as a deferred tax expense or income in the income statement of the period as part of the tax on profits caption (in stockholders' equity for those amounts associated with comprehensive income items) and as a non-current asset or long-term liability in the balance sheet. In the notes to the financial statements, the Company must disclose an analysis of the taxes on profit presented in the income statement, listing the amounts of payable and deferred FRBT. The entity must also mention the deferred FRBT related to other comprehensive items.

Based on the FRBT Law, an entity must determine the amount of asset tax generated through 2007 that it will be able to recover as of 2008. This amount must be recognized in the 2007 financial statements as a tax account receivable and any amount of asset tax considered unrecoverable must be cancelled from the 2007 balance sheet and recognized as an expense in the statement of operations of the same period as part of the Taxes on profit caption. As of 2008, the balance of recoverable taxes must be reviewed on each financial statement closing date and written down when there is evidence that some amounts may not be recoverable after all.

The deferred effects from the application of this new tax in lieu of the asset tax, represented a decrease in the 2007 net income of Ps. 117,237.

ii) The most important new pronouncements that came into force in 2008 are as follows:

Mexican FRS B-2, Statement of Cash Flows

In November 2007, Mexican FRS B-2 was issued by the CINIF to replace Mexican accounting Bulletin B-12, Statement of Changes in Financial Position. This standard establishes that the statement of changes in financial position will be substituted by a statement of cash flows as part of the basic financial statements. The main differences between both statements lie in the fact that the statement of cash flows will show the entity's cash receipts and disbursements for the period, while the statement of changes in financial position showed the changes in the entity's financial structure rather than its cash flows. In an inflationary environment, the amounts of both financial statements are expressed in constant Mexican pesos. However, in preparing the statement of cash flows, the entity must first eliminate the effects of inflation for the period and, accordingly, determine cash flows at constant Mexican pesos, while in the statement of changes in financial position, the effects of inflation for the period are not eliminated.

Mexican FRS B-2 establishes that in the statement of cash flows, the entity must first present cash flows derived from operating activities, then from investing activities, the sum of these activities and finally cash flows derived from financing activities. The statement of changes in financial position first shows the entity's operating activities, then financing activities and finally its investing activities. Under this new standard, the statement of cash flows may be determined by applying the direct or indirect method.

The transitory rules of Mexican FRS B-2 establish that the application of this standard is prospective. Therefore, the financial statements for years ended prior to 2008 presented for comparative purposes, should include a statement of changes in financial position, as established by Mexican accounting Bulletin B-12.

The Company is analyzing the method to be applied as of January 1, 2008.

Mexican FRS B-10, Effects of Inflation

In July 2007, the CINIF issued Mexican FRS B-10, Effects of Inflation, which is applicable for years beginning on or after January 1, 2008 and replaces Mexican accounting Bulletin B-10, Accounting Recognition of the Effects of Inflation on Financial Information. Mexican FRS B-10 defines the two economic environments in Mexico that will determine whether or not entities must recognize the effects of inflation on financial information: i) inflationary, when inflation is equal to or higher than 26%; accumulated in the preceding three fiscal years (an 8% annual average); and ii) non-inflationary, when accumulated inflation for the preceding three fiscal years is less than the aforementioned accumulated 26%. Based on these definitions, the effects of inflation on financial information must be recognized only when entities operate in an inflationary environment.

Mexican FRS B-10 also establishes the accounting rules applicable whenever the economy changes from any type of environment to the other. When the economy changes from an inflationary environment to a non-inflationary one, the entity must maintain in its financial statements the effects of inflation recognized through the immediate prior year, since the amounts of prior periods are taken as the base amounts of the financial statements for the period of change and subsequent periods. Whenever the economy changes from a non-inflationary environment to an inflationary one, the effects of inflation on the financial information must be recognized retrospectively, meaning that all information for prior periods must be adjusted to recognize the accumulated effects of inflation of the periods in which the economic environment was considered non-inflationary.

This standard also abolishes the use of the specific-indexation method for the valuation of imported fixed assets and the replacement-cost method for the valuation of inventories, thus eliminating the result from holding non-monetary assets. Therefore, at the date this Mexican FRS comes into force, entities which have recognized any accumulated result from holding non-monetary assets in their stockholders' equity, under Retained earnings (accumulated deficit), must identify the realized and unrealized portions of such result.

The realized result from holding non-monetary assets must be reclassified to Retained earnings, while the unrealized portion must be maintained as such within stockholders' equity, and reclassified to results of operations when the asset giving rise to it is realized. Whenever it is deemed impractical to separate the realized from the unrealized result from holding non-monetary assets, the full amount of this item may be reclassified to the Retained earnings caption.

The effect of the adoption of this standard on the Company's 2008 financial statements shall be the Company's ceasing to recognize the effects of inflation on its financial information and its reclassifying the total amount of the result from holding non-monetary assets to retained earnings.

Mexican FRS B-15, Foreign Currency Translation

In November 2007, the CINIF issued Mexican FRS B-15, Foreign Currency Translation, which is effective for years beginning on or after January 1, 2008. This standard replaces the previous Mexican accounting Bulletin B-15, Transactions in Foreign Currency and Translation of Financial Statements of Foreign Operations, as of its effective date.

Since Mexican FRS B-15 includes the concepts of recording currency, functional currency and reporting currency, the standard eliminates the concept of integrated foreign operations and foreign entity established in Mexican accounting Bulletin B-15. The recording currency is defined as that currency in which accounting records are kept. Functional currency is the currency in which cash flows are generated and the reporting currency is that in which the financial statements are presented.

Derived from the adoption of the aforementioned concepts, this standard also establishes new procedures for translating transactions with companies abroad, from the recording currency to the functional currency, and from the functional currency to the reporting currency.

Under FRS B-15, the first step in the translation of foreign operations is to determine the functional currency, which is usually the currency of the primary economic environment in which the foreign operation is carried out. However, the functional currency may in some cases differ from the local currency or recording currency, which occurs when these currencies do not represent the currency in which cash flows of foreign operations are expressed.

If the functional currency differs from the recording currency, the financial statements must be translated into their functional currency, as follows: i) monetary assets and liabilities by applying the exchange rates at the balance sheet date; ii) non-monetary assets and liabilities, as well as stockholders' equity accounts, at the historical exchange rate; and iii) revenues, costs and expenses at the historical exchange rate, except for the effects of non-monetary assets and liabilities on results of operations of the period, such as depreciation and cost of sales, which must be translated at the historical exchange rate used in the translation of the corresponding balance sheet item. Translation differences shall be carried directly to the income statement.

Once the financial statements have been expressed in the functional currency, they must be translated into the reporting currency by applying: i) the exchange rates at the balance sheet date to all asset, liability and stockholders' equity accounts and ii) the historical exchange rate to revenues, costs and expenses. Any difference resulting from the translation or the consolidation process or from applying the equity method must be recognized as a cumulative translation adjustment as part of Comprehensive income in stockholders' equity.

This procedure is applicable to operations carried out in a non-inflationary environment. For foreign operations are carried out in an inflationary environment, Mexican FRS B-15 requires that the effects of inflation on financial information be recognized prior to translation and in conformity with Mexican accounting Bulletin B-10, using the price index of the country in which the operations are carried out. Once the effects of inflation on financial information have been recognized in the recording currency: i) asset, liability and stockholders' equity accounts must be translated using the prevailing exchange rate at the balance sheet date; ii) income statement accounts must be translated at the exchange rate at the balance sheet date; and iii) difference resulting from the translation or the consolidation process or from applying the equity method must be recognized as a cumulative translation adjustment as part of Comprehensive income in stockholders' equity.

Mexican FRS B-15 establishes that the preparation of comparative financial statements must take into account the economic environment of the reporting entity, since if the entity operates in a non-inflationary economic environment, the financial statements from prior years included for comparative purposes shall be presented with no charge to the translation made at the issuance date. However, if the reporting entity operates in an inflationary economic environment, the financial statements included for comparative purposes must be expressed in Mexican pesos with purchasing power at the latest balance sheet date.

At the date of the audit report on these financial statements, management is evaluating what effect the observance of this accounting pronouncement will have on the Company's results of operations and financial position.

Mexican FRS D-3, Employees Benefits

On January 1, 2008, the new Mexican FRS D-3, Employee Benefits, issued by the CINIF, went into effect and replaced the old Mexican accounting Bulletin D-3, Labor Obligations. The most significant changes contained in Mexican FRS D-3 are as follows: i) shorter periods for the amortization of unamortized items, with the option to credit or charge actuarial gains or losses directly to results of operations, as they accrue; ii) elimination of the recognition of an additional liability and resulting recognition of an intangible asset and comprehensive income item; iii) accounting treatment of current-year and deferred employee profit sharing, requiring that deferred employee profit sharing be recognized using the asset and liability method established under Mexican FRS D-4; and iv) current-year and deferred employee profit sharing expense is to be presented as an ordinary expense in the income statement rather than as part of taxes on profits.

The adoption of this standard in 2008 will require that both the additional liability and the related intangible asset and comprehensive income item be eliminated and that the unamortized items have an effect on results of operations in a period not exceeding five years. The initial effect of the recognition of deferred employee profit sharing must be charged or credited to retained earnings with no effect on results of operations for the year ending December 31, 2008.

At the date of the audit report on these financial statements, management is evaluating what effect the observance of this accounting pronouncement will have on the Company's results of operations and financial position.

Mexican FRS D-4, Taxes on Profits

In July 2007, the CINIF issued Mexican FRS D-4, Taxes on Profits, which is applicable for years beginning on or after January 1, 2008 and replaces Mexican accounting Bulletin D-4, Accounting for Income Tax, Asset Tax and Employee Profit Sharing. The most significant changes included in this standard with respect to Mexican accounting Bulletin D-4 are as follows: i) the concept of permanent differences is eliminated, since the asset and liability method requires the recognition of deferred taxes on all differences in balance sheet accounts for financial and tax reporting purposes, regardless of whether they are permanent or temporary; ii) since current-year and deferred employee profit sharing is considered as an ordinary expense, it is excluded from this standard and is now addressed under Mexican FRS D-3; iii) asset tax is required to be recognized as a tax credit and, consequently, as a deferred income tax asset only in those cases in which there is certainty as to its future realization; and iv) the cumulative effect of adopting Mexican accounting Bulletin D-4 is to be reclassified to retained earnings, unless it is identified with comprehensive items in stockholders' equity not yet taken to income.

Under this standard, the accumulated effect of deferred income tax, derived from the adoption of Mexican accounting Bulletin D-4, will temporarily be reclassified to retained earnings, except for the portion corresponding to comprehensive income items, which will be reclassified to results of operations when the item giving rise to them is taken to income.

zz.1) Convenience translation

U.S. dollar amounts as of December 31, 2007 shown in the financial statements have been included solely for the convenience of the reader and are translated from Mexican pesos with purchasing power as of December 31, 2007, divided by an exchange rate of Ps. 10.87 per dollar, which is the December 31, 2007 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.

zz.2) Reclassifications

Certain captions shown in the 2005 and 2006 financial statements as originally issued have been reclassified for uniformity of presentation with the 2007 financial statements. The changes in these reclassifications were recognized retrospectively in the balance sheet at December 31, 2006, in conformity with Mexican FRS B-1, Accounting Changes and Error Corrections. Based on the provisions of Mexican accounting Bulletin B-3, the Company reclassified from 2005 and 2006, Ps. 5,162 and Ps. 342,637, respectively, from the Taxes on profits caption to the employee profit sharing recognized as part of operating income.

3 Merger

At an extraordinary meeting held on December 13, 2006, the stockholders agreed to merge América Telecom, S.A.B. de C.V. ("AMTEL") and Corporativo Empresarial, S.A. de C.V. ("Corporativo") (disappearing companies) into América Móvil (surviving company).

Prior to the merger, the principal business strategy of AMTEL and Corporativo was to hold equity interest in América Móvil.

Derived from the merger, (i) the stockholders of AMTEL received 4.07128 shares of América Móvil for each of their shares (before the merger, AMTEL hold 14,630,000,000 of América Móvil shares), (ii) América Móvil cancelled, on a net basis, 603,143,698 Series "L" shares (658 and 772 million shares in 2004 and 2005, respectively) and issued 14,026,856,302 shares of the corresponding series.

The stockholders of AMTEL, at their request and subject to not exceeding the limits corresponding to each series of shares and to the holding restrictions contained in América Móvil's bylaws, received shares of América Móvil on a proportional basis (see Note 18).

Derived from the fact that AMTEL and Corporativo were entities under the common control of the Company's majority stockholder, in conformity with Mexican Financial Reporting Standards, América Móvil restructured the financial information from prior years so as to present corporate information of 2005 combining the results of operations of the merged entities in a way similar to a pooling of interest.

Highlights of net income, stockholders' equity and earnings per share comparing amounts as originally disclosed in 2005 and those including the effects of the merger, are as follows:

	December 31 2005
Net income:	
As issued	Ps. 34,157,057
Restructured	33,052,906
Stockholders' equity:	
As issued	92,472,363
Restructured	77,908,931
Earnings per share:	
As issued	0.90
Restructured	0.92

A summary of the effects of the merger on the statements of income for the year ended December 31, 2005 is as follows:

	Year ended December 31, 2005			
	As issued	Results of merged companies	Eliminations	As adjusted
Total revenues	Ps. 196,637,794	Ps. 356,449	Ps. (356,449)	Ps. 196,637,794
Operating costs and expenses	160,267,554	16,699	(356,449)	159,927,804
Operating income	36,370,240	339,750		36,709,990
Comprehensive financing cost	(1,288,989)	(1,501,464)		(2,790,453)
Other expenses	(440,973)	(762)		(441,735)
Income tax provisions	363,493	(58,324)		305,169
Equity interest in net loss of affiliated companies	(45,734)			(45,734)
Net income (loss) before minority interest	34,231,052	(1,104,153)		33,126,899
Minority interest	(73,993)			(73,993)
Net income (loss)	Ps. 34,157,059	Ps. (1,104,153)	Ps. –	Ps. 33,052,906

4 Trading Securities and Instruments Available-for-Sale

An analysis of the Company's investments in financial instruments at December 31, 2006 and 2007 is as follows:

	2006		2007	
	Cost	Fair value	Cost	Fair value
For trading securities:				
Equity securities	Ps. 1,029,123	Ps. 1,549,312	**Ps. 52,372**	**Ps. 49,931**
Available-for-sale securities:				
USCO	595,318	595,318	–	–
	Ps. 1,624,441	Ps. 2,144,630	**Ps. 52,372**	**Ps. 49,931**

a) At December 31, 2005, 2006 and 2007, the net unrealized gain (loss) on for-trading securities was Ps. (23,166), Ps. 520,189 and Ps. (2,441), respectively. The net realized gain was Ps. 98,142, Ps. 15,214 and Ps. 29,604 for the years ended December 31, 2005, 2006 and 2007, respectively. All such valuation results are recognized in results of operations.

b) At December 31, 2005, the net unrealized loss on investments classified as available-for-sale of Ps. 371,182 was recorded under other accumulated comprehensive income items in the statement of changes in stockholders' equity. At December 31, 2006, the amount of the unrealized loss resulting from the loss of the market value mentioned in the following paragraph, was reclassified to comprehensive cost of financing under the other financial expenses caption, as a result of the loss in market value as described below.

c) As a result of the loss in the market value of the securities of the issuer USCO, in 2006 and 2007, the Company recorded an other than temporary loss of Ps. 1,375,713 and Ps. 1,362,900, respectively, in its results of operations under the other financing costs, net caption. In December 2007, USCO's shares were ceded at cost (using the most recent quote made in November 2007) to the Carso Foundation (related party) as a donation.

5 Accounts Receivable

a) An analysis of this caption at December 31 is as follows:

	December 31	
	2006	2007
Subscribers	Ps. 17,169,209	**Ps. 22,724,331**
Distributors	9,080,482	**11,341,424**
Cellular operators for interconnections and other connections	7,161,102	**7,961,177**
Recoverable taxes	5,830,178	**6,656,109**
Sundry debtors	3,111,413	**2,117,730**
	42,352,384	**50,800,771**
Less: Allowance for doubtful accounts of customers and distributors	(4,324,981)	**(6,044,433)**
Total	Ps. 38,027,403	**Ps. 44,756,338**

b) An analysis of activity in the allowance for doubtful accounts for the years ended December 31, 2005, 2006 and 2007 is as follows:

	2005	2006	2007
Balance at the beginning of the period	Ps. (3,452,083)	Ps. (4,042,952)	**Ps. (4,324,981)**
Increase through charge to expenses	(3,024,632)	(2,908,572)	**(4,642,250)**
Charges to allowance	2,433,763	2,626,543	**2,922,798**
Balance at the end of the period	Ps. (4,042,952)	Ps. (4,324,981)	**Ps. (6,044,433)**

c) In 2005 and 2006, Enitel sold, without recourse, its fully reserved bad debt portfolio to unrelated parties for Ps. 161 (USD 13) and Ps. 1,749 (USD 155), respectively.

6 Inventories

An analysis of inventories is as follows:

	December 31	
	2006	2007
Cellular telephones, accessories, cards and others	Ps. 21,075,155	**Ps. 22,193,767**
Less:		
Reserve for obsolete and slow-moving inventories	(1,006,440)	**(1,133,737)**
Total	Ps. 20,068,715	**Ps. 21,060,030**

7 Other Assets

a) An analysis of this caption at December 31 is as follows:

	December 31			
		2006		2007
Current assets:				
Sale and leaseback of a portion of the telephone plant	Ps.	1,619,243	Ps.	1,647,361
Advances to suppliers (including advertising, insurance and maintenance)		2,040,667		1,345,239
Other		146,030		161,185
	Ps.	3,805,940	Ps.	3,153,785
Non-current assets:				
Long-term taxes	Ps.	1,088,986	Ps.	1,189,069
Sale and leaseback of a portion of the telephone plant		6,149,266		4,865,308
Use of optic fiber				1,029,529
Other		649,814		1,751,349
Total	Ps.	7,888,066	Ps.	8,835,255

a) From January 2003 to December 2007, the Company sold part of its telephone plant to unrelated parties for Ps. 6,793 million and then again leased the plant under financial leaseback agreements. Such assets are being amortized based on the remaining useful lives of the assets at the time of sale.

Amortization expense for the years ended December 31, 2005, 2006 and 2007 was Ps. 1,570,831, Ps. 2,397,096 and Ps. 3,118,875, respectively.

8 Plant, Property and Equipment

a) An analysis of plant, property and equipment is as follows:

	December 31			
		2006		2007
Telephone plant and equipment	Ps.	194,541,015	Ps.	259,846,353
Land and buildings		9,404,080		16,218,421
Other assets		23,966,060		31,130,595
		227,911,155		307,195,369
Less: Accumulated depreciation		(97,967,307)		(161,588,087)
Net		129,943,848		145,607,282
Construction in progress and advances to equipment suppliers		11,808,647		19,740,478
Inventories, primarily for use in the construction of the telephone plant		1,337,460		1,736,146
Total	Ps.	143,089,955	Ps.	167,083,906

b) Included in plant, property and equipment are assets held under capital leases at December 31, 2006 and 2007, as follows:

		2006		2007
Assets under capital leases	Ps.	6,113,779	Ps.	6,793,053
Accumulated depreciation		(1,792,126)		(3,136,116)
	Ps.	4,321,653	Ps.	3,656,937

c) Depreciation expense for the years ended December 31, 2005, 2006 and 2007 was Ps. 16,559,682, Ps. 19,774,627 and Ps. 31,162,660, respectively.

d) Given the speed in which important breakthroughs and changes in telecommunications equipment technology arise, the Company reevaluates periodically the estimated useful life of its telephone plant and adjusts the plant's remaining useful life accordingly. In 2007, the Company increased the depreciation rate of TDMA technology assets primarily in Brazil and Colombia to better reflect in its books the technological advances of telecommunications equipment.

The effect of the depreciation rate increase was a Ps. 5,796 million increase in depreciation for 2007.

e) During the year ended December 31, 2007, the Company acquired assets that qualify to determine a capitalized interest, the amount of those assets was Ps. 21,103,165 and capitalized comprehensive financing income for the same period of Ps. 1,158,576. An analysis is as follows:

		2007
Accumulated amount of investment to acquire qualifying assets	Ps.	21,103,165
Capitalized comprehensive financing cost		1,158,576
Amortization or depreciation terms		7 years
Annual capitalization rate		5.8%

The capitalization of the telephone plant began in January 2007 and ended in December 2007.

f) An analysis of the comprehensive cost of financing to capitalized accounts for the year is as follows:

		Year ended December 31, 2007
Total comprehensive cost of financing accrued	Ps.	(1,546,061)
Capitalized amount		1,158,576
Comprehensive cost of financing	Ps.	(387,485)

9 Intangible Assets

An analysis of intangible assets at December 31, 2006 and 2007 is as follows:

	December 31, 2006					
	Balance at beginning of year	Acquisitions	Reversals	Amortization expense	Effects of translation of foreign subsidiaries, net	Balance at the end of the year
Licenses	Ps. 33,039,628	Ps. 2,875,783	Ps. (116,422)			Ps. 35,798,989
Effect of translation	12,415,675				Ps. 4,075,626	16,491,301
Accumulated amortization	(11,716,941)	(838,233)	42,712	Ps. (5,072,797)		(17,585,259)
Net	Ps. 33,738,362	Ps. 2,037,550	Ps. (73,710)	Ps. (5,072,797)	Ps. 4,075,626	Ps. 34,705,031
Trademarks	Ps. 10,204,951	Ps. 214,203				Ps. 10,419,154
Effect of translation	(709,573)				Ps. (6,458)	(716,031)
Accumulated amortization	(2,665,097)			Ps. (904,049)		(3,569,146)
Net	Ps. 6,830,281	Ps. 214,203		Ps. (904,049)	Ps. (6,458)	Ps. 6,133,977
Goodwill	Ps. 16,735,161	Ps. 13,557,536				Ps. 30,292,697
Effect of translation	2,246,938				Ps. (67,440)	2,179,498
Accumulated amortization	(5,763,776)					(5,763,776)
Net	Ps. 13,218,323	Ps. 13,557,536			Ps. (67,440)	Ps. 26,708,419

	December 31, 2007					
	Balance at beginning of year	Acquisitions	Reversals	Amortization expense	Effects of translation of foreign subsidiaries, net	Balance at the end of the year
Licenses	**Ps. 35,798,989**	**Ps. 2,089,815**				**Ps. 37,888,804**
Effect of translation	**16,491,301**				**Ps. 5,468,598**	**21,959,899**
Accumulated amortization	**(17,585,259)**			**Ps. (5,699,140)**		**(23,284,399)**
Net	**Ps. 34,705,031**	**Ps. 2,089,815**		**Ps. (5,699,140)**	**Ps. 5,468,598**	**Ps. 36,564,304**
Trademarks	**Ps. 10,419,154**	**Ps. 370,785**				**Ps. 10,789,939**
Effect of translation	**(716,031)**				**Ps. (66,002)**	**(782,033)**
Accumulated amortization	**(3,569,146)**			**Ps. (837,606)**		**(4,406,752)**
Net	**Ps. 6,133,977**	**Ps. 370,785**		**Ps. (837,606)**	**Ps. (66,002)**	**Ps. 5,601,154**
Goodwill	**Ps. 30,292,697**	**Ps. 17,649,528**				**Ps. 47,942,225**
Effect of translation	**2,179,498**				**Ps. 366,925**	**2,546,423**
Accumulated amortization	**(5,763,776)**					**(5,763,776)**
Net	**Ps. 26,708,419**	**Ps. 17,649,528**			**Ps. 366,925**	**Ps. 44,724,872**

a) A description of the principal changes in the caption Licenses at December 31, 2006 and 2007 is as follows:

For the year ended December 31, 2007:

In March 2007, acquisition of Telecomunicaciones de Puerto Rico licenses' (see note 10.I)

In September 2007, the Company was ceded the rights to exploit the 1,895 and 1,970 MHZ radio spectrum frequency F sub-bands to operate and provide cellular telephony services in El Salvador. The amount paid by the Company for such licenses was Ps. 177,269.

In September 2007, the Company acquired a B band license for frequencies between 835 and 894 MHZ to operate and provide cellular telephony services in Peru. The amount paid by the Company for such licenses was Ps. 251,965.

For the year ended December 31, 2006:

1) A definitive ruling issued by the Federal Tax and Administration Court in favor of Telcel established that:

i) The consideration paid by Telcel to the Federal Government in the amount of Ps. 116,422 as initial payment and additional payments of Ps. 1,998,539 for the annual share of gross revenues derived from the 15-year extension (expiring in October 2015) to the concession originally granted by the Ministry of Communications and Transportation (SCT) in October 2000, was unjustified, since such considerations were determined based on a law that was no longer in force.

ii) Telcel should in fact have made a one-time payment for the granting of the concession, in conformity with the law applicable at that time. On April 11, 2006, the SCT ordered a one-time modification to the amount of the consideration from Ps. 116,422 to Ps. 2,265,931, for the extension and modification of the concession granted.

Thus in April 2006, the Company adjusted the value of the license considering what best reflects the current status of the asset, in conformity with Mexican FRS, as follows: i) recognizing the value of the concession granted by the Federal Government and its corresponding amortization through April 2006, based on the new value assigned by the SCT, which gave rise to a net investment for licenses of Ps. 1,354,070 (Ps. 2,265,931 in investment, less Ps. 838,151 in accumulated amortization, less Ps. 73,710 of the original net cost of the investment); ii) recognizing an increase in the value of the license of Ps. 2,149,509, covered by a cash payment of Ps. 150,970 and a recovery of Ps. 1,998,539 of the payment made to Federal Government for its share in gross income; and iii) recording a credit to results of operations of Ps. 1,203,100 in the other income caption.

2) Pursuant to amendments to the Federal Contributions Law (Ley Federal de Derechos) enacted in 2003,owners of concessions in Mexico granted or renewed on or after January 1, 2003 are required to pay annual fees (derechos) for the use and exploitation of radio spectrum bands. Telcel has challenged its obligation to pay such annual fees (derechos) as it believes it is contrary to the Mexican Constitution and certain provisions of the Telecommunications Law. Telcel has obtained a preliminary injunction against the payment of these fees. The authorities appealed such resolution before the corresponding court, which sent this matter to the Mexican Supreme Court (Suprema Corte de Justicia de la Nación or the “Mexican Supreme Court”) for final resolution. If the Mexican Supreme Court confirms the favorable resolution issued by the lower court that granted the injunction to Telcel, Telcel may register a gain as a result of such final resolution.

3) In May 2006, the Company acquired two 800 MHz licenses to operate and provide cellular telephony services in Santiago, Chile. The amount paid by the Company for such licenses was Ps. 542,483.

c) License amortization and trademark amortization expense for the year ended December 31, 2005 was Ps. 3,938,607 and Ps. 899,563, respectively.

10 Equity Investments and Others

An analysis of this caption at December 31, 2006 and 2007 is as follows:

		2006		2007
Investments in:				
Affiliates (Grupo Telvista, S.A. de C.V.)	Ps.	468,881	Ps.	527,524
Other investments		111,848		62,091
Total	Ps.	580,729	Ps.	589,615

I. Investments in subsidiaries

During 2006 and 2007, the Company made a number of investments in subsidiaries as described below:

The Company determined the fair value of the net assets acquired. An analysis of the acquisition price of the net assets acquired per company based on fair values at the acquisition date is as follows:

– **2007 Acquisitions**

		Telecomunicaciones de Puerto Rico, Inc.		Oceanic Digital Jamaica Limited		Total
Current assets	Ps.	4,747,995	Ps.	160,850	Ps.	4,908,845
Fixed assets		12,086,219		420,641		12,506,860
Licenses		1,318,675		271,995		1,590,670
Trademarks		397,597				397,597
Other assets		4,564,892				4,564,892
Less:						
Total liabilities		19,697,347		174,530		19,871,877
Fair value of net assets acquired		3,418,031		678,956		4,096,987
% of equity acquired		100%		100%		
Net assets acquired		3,418,031		678,956		4,096,987
Amount paid		20,946,236		800,279		21,746,515
Goodwill generated	Ps.	17,528,205	Ps.	121,323	Ps.	17,649,528

a) Telecomunicaciones de Puerto Rico

As a result of its expansion in Latin America, on March 30, 2007, the Company acquired 100% of the outstanding shares of Telecomunicaciones de Puerto Rico, Inc. The shares were acquired from Verizon Communications, the government of Puerto Rico, Banco Popular and the employees of such company, who before the sale respectively held 52%, 28%, 13% and 7% of the total shares at such date. The Company paid Ps. 20,946,236 (USD 1,890 million before the net debt assumed, which was approximately Ps. 4,104,288 or USD 370,830). Telecomunicaciones de Puerto Rico provides telecommunication services, including fixed-line and cellular services in Puerto Rico. Puerto Rico’s result of operations have been included in the consolidated financial statements since April 2007.

At the time of acquisition, the Company recognized a liability for the new subsidiary’s retirement and post-retirement labor obligations of approximately Ps. 10,216 (USD 934 million).

b) Oceanic Digital Jamaica Limited

In August 2007, the Company acquired from foreign investors 100% of the outstanding shares of Oceanic Digital Jamaica, LTD. Oceanic Digital Jamaica (ODJ) provides mobile telephone and value added services in the Republic of Jamaica. The amount paid for the acquisition was Ps. 800,279 (USD 73,648) before net cash of Ps. 15,548 (USD 1,431). Jamaica’s result of operations have been included in the consolidated financial statements since December 2007.

An analysis of the preliminary purchase price of the net assets acquired per company based on fair values at the acquisition date is presented in the table above. At December 31, 2007, the Company is waiting on obtaining the final purchase price allocation report.

– **2006 Acquisitions**

a) On December 1, 2006, the Company acquired 100% of the shares of Compañía Dominicana Teléfonos C. por A. from Verzion Communications, Inc., for which the Company paid Ps. 27,557,056 (USD 2,415,000) (USD 2.06 billion before net cash adjustments). Dominicana’s results of operations have been included in the consolidated financial statements since that date. Compañía Dominicana provides telecommunication services, including fixed-line and cellular services in the Dominican Republic. The Company expects the acquisition of Dominicana to contribute to the strategy of becoming the leading wireless communication provider in Latin America. An analysis of the fair value of the net assets acquired is as follows:

		Compañía Dominicana de Teléfonos C. por A.
Current assets	Ps.	7,336,616
Fixed assets		8,965,886
Trademarks		214,203
Other assets		296,328
Less:		
Total liabilities		2,813,513
Fair value of net assets acquired	Ps.	13,999,520

% of equity acquired		100%
Net assets acquired		13,999,520
Amount paid		27,557,056
Goodwill generated	Ps.	13,557,536

– **Other acquisitions**

a) In 2006 and 2007, the Company paid Ps. 11,247 and Ps. 53,184, respectively, to acquire minority interests in Guatemala, El Salvador, Nicaragua and Colombia. The book value of such shares was Ps. 10,590 and Ps. 46,580, respectively, and the difference between the book value and price paid is reflected in stockholder' equity. As a result of these acquisitions, the Company's equity interest increased from 99.1% to 99.2% in Guatemala; from 99.3% to 99.5% in Nicaragua; and from 99.2% to 99.4% in Colombia.

b) On October 31, 2006, the Company exercised its option to acquire 1.1% of Telecom América's capital stock from a minority stockholder, thus increasing its shareholding from 98.9% to 100%. The Company paid Ps. 1,916,630 (USD 172.5 million) for the shares whose book value was Ps. 491,256. The difference between the book value and price paid is reflected in stockholder' equity.

– **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 pro forma financial data**

The following unaudited consolidated pro forma financial data for the years ended December 31, 2005, 2006 and 2007 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 licenses and adjustments related to depreciation of fixed assets of the acquired companies.

The unaudited pro forma adjustments assume that the acquisitions were made at the beginning of the year of acquisition 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 for the years ended December 31			
		2005		2006
Operating revenues	Ps.	210,666,487	Ps.	252,186,067
Income from continued operations		34,990,027		47,205,180
Net income		34,990,027		47,205,180
Earnings per share (in Mexican pesos)		0.94		1.28

	Unaudited pro forma consolidated for the years ended December 31			
		2006		**2007**
Operating income	Ps.	266,221,150	**Ps.**	**315,134,489**
Income from continued operations		49,007,976		**58,786,349**
Net income		49,007,976		**58,786,349**
Earnings per share (in Mexican pesos)		1.38		**1.67**

11 Financial instruments

At December 31, 2006 and 2007, the financial instruments contracted by the Company are as follows:

	Amounts in millions							
	2006				**2007**			
Financial instrument		**Notional amount**		**Fair value**		**Notional amount**		**Fair value**
Interest-rate swaps in Mexican pesos	Ps.	3,000	Ps.	79	**Ps.**	**2,000**	**Ps.**	**79**
Cross-currency swaps	USD	1,410		(208)	**USD**	**1,110**		**(245)**
Interest-rate swaps and cross-currency swaps	USD	400		(319)	**USD**	**350**		**(134)**
Forwards dollar-peso	USD	770		(609)	**USD**	**1,650**		**(17)**
Total			Ps.	(1,057)			**Ps.**	**(317)**

With respect to the aforementioned financial instruments the valuation gain (loss) at December 31, 2005, 2006 and 2007 amounted Ps. (1,308,843), Ps. 504,771 and Ps. 23,851, respectively. Such amounts were included in the statement of income as part of comprehensive cost of financing under the caption Other financing costs, net.

12 Labor Obligations

The Company's obligations for post-retirement seniority premiums, pension and retirement plans and medical services in the countries in which it operates and that have benefit and defined contribution plans are as follows:

a) Puerto Rico

Pension plan

In accordance with the provisions of the Employee Retirement Income Security Act issued in 1974, all full-time employees are entitled to a pension plan and the contributions to such plan are income tax deductible.

This pension plan is comprised of two types of payment:

a) Life-long or retirement pension to which employees are entitled to when they have reach a certain number of years of service and that is computed by applying certain percentages to the number of years of service and based on the employee's salary of the last three years.

b) The payment of an amount that ranges from 9 to 12 months of the employee's current salary. The number of months (9 to 12) also depends on the years of service.

The benefit costs and obligations, together with the status of the funds and costs related to these post-retirement pension plans, are as follows:

	Pensions and sum of benefits	Post-retirement benefits
Projected benefit obligation at beginning of year	Ps. –	Ps. –
Acquisition effect	15,199,076	7,122,088
Labor cost	184,291	57,113
Financial cost on projected benefit obligation	670,336	322,672
Actuarial loss		84,343
Other amended plans		(164,536)
Payments from trust fund	(810,293)	(276,686)
Projected benefit obligation at end of year	Ps. 15,243,410	Ps. 7,144,994
Changes in plan assets:		
Established fund at beginning of year	Ps. –	
Acquisition effect	12,514,255	
Projected return on plan assets	781,597	
Employee contributions	1,041,210	Ps. 276,686
Payments from trust fund	(810,295)	(276,686)
Established fund at end of year	Ps. 13,526,767	Ps. –
Net liabilities	Ps. (1,716,642)	Ps. (7,144,994)
Unrecognized actuarial loss, net	(2,065)	84,343
Liabilities	Ps. (1,718,707)	Ps. (7,060,651)
Balance sheet amounts are comprised of the following:		
Current liability items		Ps. (318,173)
Non-current liability items	Ps. (1,716,642)	(6,826,821)
Net pension liability	Ps. (1,716,642)	Ps. (7,144,994)
Projected benefit obligation	Ps. 15,243,410	Ps. 7,144,994
Accumulated benefit obligation	13,953,983	7,144,994
Fair value of plan assets	13,526,767	–

Net period cost

The net period cost at December 31 is comprised of the following elements:

	Pensions and sum of benefits	Post-retirement benefits
Labor cost	Ps. 184,291	Ps. 47,779
Financial cost on projected benefit obligation	670,336	322,672
Projected return on plan assets	Ps. (779,532)	
	Ps. 75,095	Ps. 370,451

Actuarial assumption

The average actuarial rates used to determine labor obligations are as follows:

	Pensions and sum of benefits	Post-retirement benefits
Discount rate	6.05%	6.15%
Salary increase rate	4.00%	4.00%

The average rates used to determine the net period cost are as follows:

	Pensions and sum of benefits	Post-retirement benefits
Discount rate	6.05%	6.15%
Long-term rate of return	8.50%	
Rate of future salary increases	4.00%	4.00%

The average rates and other actuarial assumptions used in determining post-retirement obligations for medical services and others are as follows:

	Post-retirement benefits
Cost percentage of increase in health care for the following year	**7.00%**
Cost percentage due to death	**5.00%**
Year to which this level will be maintained	**2010**

The average rates and other actuarial assumptions used to determine the net period cost of post-retirement obligations are as follows:

	Post-retirement benefits
Cost percentage of increase in health care for the following year	**8.50%**
Cost percentage due to death	**5.00%**
Year to which this level will be maintained	**2010**

Plan assets

The Company invests its plan assets at the following percentages:

Capital instruments	**61%**
Debt instruments	**35%**
Other	**4%**
	100%

Cash flows

During 2007, the Company contributed approximately Ps. 2,184 (USD 201) to the pension plan fund and Ps. 359 (USD 33) to the post-retirement obligations fund. In accordance with current regulations, during 2008, the Company expects to contribute approximately Ps. 1,445 (USD 133) to the pension plan fund and Ps. 315 (USD 29) to the post-retirement obligations fund.

Estimated future payments

An analysis of the payments for labor obligations the Company expects to make in succeeding years is as follows:

	Pensions and sum of benefits	Post-retirement benefits
2008	Ps. **978,697**	Ps. **355,629**
2009	**980,783**	**381,143**
2010	**977,958**	**403,234**
2011	**971,666**	**422,532**
2012	**963,680**	**441,374**
2013-2017	**5,122,283**	**2,470,333**

An analysis of future payments for medicines is as follows:

	Post-retirement benefits
2008	Ps. **37,445**
2009	**39,455**
2010	**40,966**
2011	**42,063**
2012	**42,987**
2013-2017	**221,877**

b) For Mexico and Ecuador, the net period cost in 2005, 2006 and 2007 is Ps.2,713, Ps.3,323 and Ps.3,819, respectively, for Mexico and Ps.6,730, for Ecuador. The balance of labor obligations at December 2006 and 2007 is Ps.14,084 and Ps.17,652, respectively, for Mexico and Ps.23,321 and Ps.30,051, respectively, for Ecuador.

13 Accounts Payable and Accrued Liabilities

a) An analysis of accounts payable and accrued liabilities caption is as follows:

	December 31 2006	December 31 2007
Suppliers	Ps. 43,509,043	Ps. **51,512,873**
Sundry creditors	5,703,895	**5,900,047**
Interest payable	2,069,327	**2,115,082**
Accrued expenses and other provisions	8,515,755	**11,967,926**
Guarantee deposits	511,590	**541,345**
Dividends	519,952	**854,691**
Total	Ps. 60,829,562	Ps. **72,891,964**

b) At December 31, 2006 and 2007, an analysis of accrued expenses and other provisions is as follows:

	Balance at December 31, 2006	Increase of the year	Payments: Payments	Payments: Reversals	Balance at December 31, 2007
Vacations	Ps. 575,273	Ps. 951,652	Ps. (397,370)	Ps. (105,235)	Ps. **1,024,320**
Office expenses	830,110	112,248	(362,679)	(3,119)	**576,560**
Fees	79,006	339,727	(300,527)	(254)	**117,952**
Retirement of assets provision	1,134,366	742,695	(338,406)	(218,860)	**1,319,795**
Loyalty program provision	500,084	719,173	(350,619)		**868,638**
Quantifiable contingencies provision	5,209,555	2,868,819	(76,976)	(783,546)	**7,217,852**
Other provisions	187,361	2,140,397	(1,484,949)		**842,809**
	Ps. 8,515,755	Ps. 7,874,711	Ps. (3,311,526)	Ps. (1,111,014)	Ps. **11,967,926**

14 Debt

The Company's short- and long-term debt consists of the following:

Currency	Item	2006 Rate	2006 Maturity from 2007 to	Total 2006	2007 Rate	2007 Maturity from 2008 to	Total 2007
U.S. dollars							
	Credits from Exim Banks	2.71%- 3.2%	2010	Ps. 909,046	**2.71% - 3.2%**	**2010**	**Ps. 705,654**
	Syndicated loans	L + 0.25%	2011	22,578,075	**L + 0.25%**	**2011**	**8,149,650**
	Fixed-rate senior notes	4.125% to 6.375%	2035	31,530,282	**4.125% to 6.375%**	**2037**	**41,215,497**
	Variable-rate senior notes	L 0.10% to L + 0.625%	2008	9,031,230	**L + 0.10%**	**2008**	**5,433,100**
	Lines of credit (variable)	L + 0.40%	2007	338,671	**L +0.15% to L + 2.50%**	**2009**	**3,429,362**
	Leases	8.28% to 8.31% and L + 1.50%	2009	1,009,670	**5.40% to 8.75% and L +1.53% to L + 2.90%**	**2012**	**1,022,195**
	Subtotal dollars			65,396,974			**59,955,458**
Mexican pesos							
	Domestic senior notes	Sundry	2010	16,651,875	**Sundry**	**2017**	**10,150,000**
	Lines of credit	7.35% to 7.42%	2007	5,135,625	**8.07%**	**2008**	**2,500,000**
	Leases	TIIE + 0.15%	2008	3,666,525	**TIIE +0.15%**	**2008**	**3,534,000**
	Fixed-rate senior notes	8.46% to 9.00%	2036	13,487,500	**8.46% to 9.00%**	**2036**	**13,000,000**
	Commercial paper	7.23% to 7.46%	2007	3,112,500	**7.04% to 7.88%**	**2008**	**3,000,000**
	Subtotal Mexican pesos			42,054,025			**32,184,000**
Brazilian reais							
	Lines of credit	10.5% to 11.9%	2014	855,390	**10.5% to 11.9%**	**2014**	**1,452,482**
	Subtotal Brazilian reais			855,390			**1,452,482**
Colombian pesos							
Commercial paper		7.80%	2007	756,371			
	Bonds	CPI + 6.8% to 7.50% and fixed rate 7.59%	2013	4,538,225	**CPI + 6.8% to 7.50% and fixed rate 7.59%**	**2016**	**4,853,968**
	Subtotal Colombian pesos			5,294,596			**4,853,968**
Other currencies							
	Bonds				**6.41%**	**2012**	**453,212**
	Lines of credit	4.65% to 12.25%	2007	1,650,211	**5.60% to 10.00%**	**2012**	**5,853,274**
	Subtotal other currencies			1,650,211			**6,306,486**
TOTAL DEBT				115,251,196			**104,752,394**
	Less short-term debt and current portion of long-term debt			**26,213,688**			**19,952,907**
	Long-term debt			**Ps.89,037,508**			**Ps.84,799,487**

(1) L = LIBOR or London Interbank Offer Rate

(2) TIIE = Weighted interbank interest rate determined daily by the Banco de Mexico and published in the Official Gazette.

(3) DTF = Fixed-term deposits

(4) CPI = Consumer price index

Except for the fixed-rate senior notes, interest rates on the Company's debts are subject to variances in international and local rates. The Company's weighted average cost of borrowed funds at December 31, 2007 was approximately 7.18% (6.88% in 2006).

Such rate does not include interest, commissions or the reimbursements for Mexican tax withholdings (typically 4.9% of the interest payment) that the Company must make to international lenders. In general, fees on financing transactions add ten basis points to financing costs.

An analysis of the Company's short-term debt at December 31, 2006 and 2007 is as follows:

Debt	2006	2007
Domestic senior notes	Ps. 11,308,750	**Ps. 8,433,100**
Variable-rate securities	3,386,711	
Lines of credit used	7,124,498	**4,032,553**
Commercial paper	3,868,871	**3,000,000**
Other loans		**3,664,004**
Total	Ps. 25,688,830	**Ps. 19,129,657**
Weighted average interest rate	7.44%	**7.16%**

An analysis of maturities of the Company's long-term debt is as follows:

Years	Amount
2009	Ps. 10,929,794
2010	5,252,877
2011	8,384,282
2012	5,778,771
2013	1,146,200
2014 and thereafter	53,307,563
Total	Ps. 84,799,487

Senior Notes.- At December 31, 2005, the Company had senior notes of USD 3,253 (Ps. 35,349 million) maturing in 2009 and 2035. During 2006 and 2007, América Móvil has issued the following senior notes:

a) In December 2006, Ps. 8,000 million, maturing in 2036 and bearing annual interest of 8.46%, which is payable semiannually in June and December, beginning on June 18, 2007. In 2006 and 2007, accrued interest on the notes was Ps. 25,357 and Ps. 686,200, respectively.

b) In December 2006, USD 500 million (Ps. 5,644 million), maturing in 2008 and bearing variable annual interest at the three-month LIBOR plus 10 base points, which is payable quarterly beginning on March 27, 2007. In 2006 and 2007, accrued interest on the notes was Ps. 3,428 and Ps. 298,171, respectively.

c) In October 2007, USD 600 million (Ps. 6,520 million), maturing in 2017 and bearing fixed annual interest at 5.625%, and USD 400 million (Ps. 4,346 million), maturing in 2037 and bearing fixed annual interest at 6.125%; interest on both loans is payable biannually beginning on May 15, 2008. In 2007, accrued interest on the loans was Ps. 62,141 and Ps. 45,110, respectively.

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, 2006 and 2007 is Ps. 909,046 (USD 81 million) and Ps. 705,654 (USD 65 million), respectively.

Domestic senior notes - The Mexican Banking and Securities Commission (CNBV) has authorized the Company to establish five programs for the issuance of domestic senior notes guaranteed by Telcel, four of these programs are for Ps. 5,000 million each, and the most recent program authorized by the CNBV in April 2006, is for Ps. 10,000 million. At December 31, 2006, the Company had made various issues for the first three programs for amounts ranging from Ps. 400 million to Ps. 1,750 million and maturities ranging from 3 to 7 years. At December 31, 2006 and 2007, the domestic senior note debt aggregates Ps. 7,314,375 and Ps. 10,150,000, respectively. In general, these issues bear a floating interest rate established as a percentage of either the Mexican weighted interbank interest rate (TIIE) or the Mexican treasury certificate (CETES) rate.

In addition to the above, the Company has a commercial paper program authorized by the CNBV of Ps. 3,000 million which, at December 31, 2007, has been entirely issued.

- General

At December 31, 2006 and 2007, the Company had a number of bank facilities for approximately Ps. 22,917 million (USD 2,000 million) and Ps. 11,579 million (USD 1,066 million), respectively, bearing interest at the LIBOR plus a spread. Such facilities have similar terms as to covenants, and under all of the facilities América Móvil and Telcel are guarantors.

The Company is subject to financial and operating covenants under the loan agreements that limit America Móvil's ability to pledge assets, carry out certain types of mergers and sell off all or substantially all of its assets. The covenants also restrict the ability of the subsidiaries to pay dividends or other 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 of no less than 2.5 to 1 (based on the terms of the loan agreements). For some of its loans, 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 in the Company's control. At December 31, 2006 and 2007, the Company was in compliance with all of its loan covenants.

At December 31, 2007, approximately 74% of the total outstanding consolidated debt is guaranteed by Telcel.

15 Foreign Currency Position and Transactions

At December 31, 2006 and 2007, América Móvil has the following foreign currency denominated assets and liabilities:

	Foreign currency in millions at December 31			
	2006		2007	
	Amount	Exchange rate-Mexican peso per currency	Amount	Exchange rate-Mexican peso per currency
Assets				
U.S. dollars	2,945	10.88	**3,169**	**10.87**
Quetzal (Guatemala)	3,550	1.43	**1,719**	**1.42**
Brazilian reais	2,633	5.09	**2,747**	**6.13**
Colombian peso	535,902	0.005	**49,626**	**0.005**
Argentinean peso	621	3.55	**1,092**	**3.45**
Uruguayan peso	887	0.445	**912**	**0.504**
Cordoba (Nicaragua)	1,160	0.604	**1,425**	**0.575**
Lempira (Honduras)	336	0.572	**400**	**0.571**
Chilean peso	104,002	0.02	**91,007**	**0.02**
Peruvian sol	293	3.40	**318**	**3.6**
Guarani (Paraguay)	136,906	0.002	**162,092**	**0.002**
Dominican peso	22,478	0.322	**32,175**	**0.316**
Jamaican dollars			**243**	**0.152**
Euro	108	14.36		
Swiss franc	53	8.93	**95**	**9.59**

	Foreign currency in millions at December 31			
	2006		2007	
	Amount	Exchange rate-Mexican peso per currency	Amount	Exchange rate-Mexican peso per currency
Liabilities				
U.S. dollars	(8,951)	10.88	**(9,197)**	**10.87**
Quetzal (Guatemala)	(1,348)	1.43	**(2,720)**	**1.42**
Brazilian reais	(4,769)	5.09	**(4,966)**	**6.13**
Colombian peso	(1,405,956)	0.005	**(1,586,363)**	**0.005**
Argentinean peso	(909)	3.55	**(2,131)**	**3.45**
Uruguayan peso	(374)	0.445	**(510)**	**0.504**
Cordoba (Nicaragua)	(1,219)	0.604	**(2,026)**	**0.575**
Lempira (Honduras)	(945)	0.572	**(1,955)**	**0.571**
Chilean peso	(149,079)	0.02	**(322,795)**	**0.02**
Peruvian sol	(67)	3.40	**(643)**	**3.63**
Guarani (Paraguay)	(154,906)	0.002	**(247,585)**	**0.002**
Dominican peso	(10,120)	0.322	**(11,770)**	**0.316**
Jamaican dollars			**(426)**	**0.152**

At February 29, 2008, the date of the audit report on these financial statements, the exchange rates are as follows:

Foreign currency	Exchange rate-Mexican peso per currency
U.S. dollars	10.73
Quetzal (Guatemala)	1.39
Brazilian reais	6.38
Colombian peso	0.006
Argentinean peso	3.40
Uruguayan peso	0.52
Cordoba (Nicaragua)	0.56
Lempira (Honduras)	0.56
Chilean peso	0.023
Peruvian sol	3.72
Guarani (Paraguay)	0.002
Dominican peso	0.32
Euro	16.29
Swiss franc	11.17
Jamaican dollars	0.15

In the years ended December 31, 2005, 2006 and 2007, the Company had the following transactions denominated in foreign currencies. Currencies other than the U.S. dollar were translated to U.S. dollars using the average exchange rate for the years:

	U.S. dollars (thousands)		
	2005	2006	**2007**
Net revenues	8,576,256	11,622,733	**17,131,480**
Operating costs and expenses	8,531,766	10,549,571	**14,576,815**
Interest income	249,558	253,616	**375,254**
Interest expense	385,090	435,937	**608,093**
Other expenses, net	(54,288)	(31,348)	**(465,427)**

16 Commitments and Contingencies

a) As of December 31, 2007, 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 generally run from one to fourteen years.

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

At December 31, 2007, the Company had the following commitments under non-cancelable leases:

Year ended December 31	Capital lease	Operating lease
2008	**Ps. 4,185,822**	**Ps. 3,235,302**
2009	**470,646**	**2,678,127**
2010	**125,211**	**2,306,543**
2011	**5,733**	**1,911,185**
2012	**3,921**	**1,472,402**
2013 and thereafter		**2,325,320**
Total	**4,791,333**	**Ps. 13,928,879**
Less interest	**(235,138)**	
Present value of minimum net rental payments	**4,556,195**	
Less current portion	**(3,975,648)**	
Long-term obligations	**Ps. 580,547**	

Rent charged to expenses in 2005, 2006 and 2007 aggregated Ps. 2,929,426, Ps. 4,092,642 and Ps. 5,052,082, respectively.

b) Commitments

At December 31, 2007, some of the Company's subsidiaries had commitments to acquire equipment for their GSM networks for up to approximately USD 205 million (approximately Ps. 2,228 million). The estimated completion period for projects in progress ranges from 3 to 6 months, depending on the type of project and the equipment supplier, as well as the type of asset.

c) Contingencies

Telcel

Cofeco

In December 2007 and April 2008, the Comisión Federal de Competencia ("Mexican Federal Antitrust Commission" or "Cofeco") initiated general market investigations to ascertain whether one or more cellular operators have substantial market power on (i) the termination (interconnection) of calls made as part of the national and international calling party pays system and (ii) local voice services, respectively. As is contemplated by applicable law, Cofeco requested Radiomóvil Dipsa, S.A. de C.V. ("Telcel") and certain of its subsidiaries to participate in the investigations. As of the date of the accompanying financial statements, Telcel and its subsidiaries have reserved their right to participate in the future, depending on the evolution of the investigation and the scope of preliminary findings (dictamen preliminar) to be published by Cofeco, as is required by law. The investigations are scheduled to conclude during 2008. According to the Ley Federal de Competencia Económica ("Mexican Antitrust Law") and the Ley Federal de Telecomunicaciones ("Mexican Telecommunications Law"), if substantial market power is determined by Cofeco on one or more carriers, the Comisión Federal de Telecomunicaciones (the "Mexican Federal Communications Commission" or "Cofetel") could impose specific dominant carrier regulations on such operators with respect to tariffs, quality of service and information, which may result in significant limitations on the ability of those operators to continue conducting business as currently conducted.

In addition to the investigation described above, since December 2007, Cofeco has initiated several other general market investigations to ascertain whether one or more operators have substantial market power on other telecommunications markets, including (i) leasing of local and long distance transmission circuits or lines; (ii) fixed local and long distance voice termination; (iii) voice local origination services and (iv) voice local transit services provided by local fix operators. As is contemplated by applicable law, Cofeco requested Telcel and certain of its subsidiaries to participate in the investigations. As of the date of the accompanying financial statements, Telcel and its subsidiaries have reserved their right to participate in the future, depending on the evolution of the investigation and the scope of preliminary findings (dictamen preliminar) to be published by Cofeco, as is required by law. These investigations are scheduled to conclude during 2008.

During the past six years, Cofeco has initiated administrative proceedings against Telcel for alleged anti-competitive behavior primarily in connection with (i) actions by certain distributors of Telcel in relation to the purchase and sale of cellular phones; (ii) exclusivity agreements with certain content providers; and (iii) antitrust practices in the interconnection market. These proceedings are in varying procedural stages, and no final ruling against Telcel has been issued.

Adverse determinations against Telcel in any of these proceedings could result in material fines, penalties or restrictions on Company's operations. Telcel has not made provisions in the accompanying financial statements for these potential liabilities since as of the date of the accompanying financial statements, the amount of the possible contingency could not be reasonably estimated.

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 promoted by the Cofetel and the related agreements were registered with Cofetel.

Certain telecommunications service providers challenged the tariff framework, arguing that the proposed interconnection fees did not properly take into account certain costs, and initiated proceedings with Cofetel to obtain their intervention in resolving the matter. In September 2006, Cofetel ruled on these challenges and established a framework of fees applicable to the operators that challenged the previous framework. Based on Cofetel's ruling, the interconnection rate for "calling party pays" calls that the dissenting operators must pay Telcel from January 2005 through December 2010 are as follows: P.1.71 per minute or fraction thereof during 2005; P.1.54 per minute or fraction thereof from January through September 2006; P.1.23 per minute or fraction thereof from October through December 2006; P.1.23 per minute during 2007; P.1.12 per minute during 2008; P.1.00 per minute during 2009; and P.0.90 per minute during 2010. In addition, Cofetel ruled that starting in 2007, interconnection fees would be charged based on the total number of seconds used during all completed calls for the month rounded to the next minute, rather than by rounding each call to the next minute, as had been the practice. In order to mitigate the effects of this change, Cofetel ruled that wireless operators were entitled to a surcharge of 25% in 2007, 18% in 2008 and 10% in 2009 over the interconnection fees billed to fixed-line operators.

Telcel initiated legal proceedings (juicio de amparo) challenging the resolution, and in addition, began participating in negotiations among fixed-line and wireless operators to establish a mutually acceptable interconnection tariff framework and resolve disputes arising from the resolution. During the last quarter 2006 and first quarter 2007, Telcel reached agreement with all cellular operators and a majority of the local fixed operators, including Telmex and some of the dissenting operators, to apply the following rates from 2007 through 2010: P.1.34 per minute or fraction of interconnection during 2007, P.1.21 per minute or fraction of interconnection during 2008, P.1.09 per minute or fraction of interconnection during 2009 and P.1.00 per minute or fraction of interconnection during 2010. These interconnection fees are not calculated based on the actual number of seconds of use, but rather on rounding each call to the next minute. These agreements cover approximately 93% of all the traffic terminated in Telcel's network.

In December 2007, a competent court granted in part Telcel's request for relief (amparo), and declared null and void the September 2006 resolution on one of the dissenting parties. However, the court requested Cofetel to issue a new resolution covering the period from 2005 through 2007. Based on Cofetel's 2008 ruling, the interconnection rates for "calling party pays" calls that the dissenting operator must pay Telcel are as follows: P.1.71 per minute or fraction thereof during 2005; P.1.54 per minute or fraction thereof from January through September 2006; P.1.23 per minute or fraction thereof from October through December 2006; P.1.23 per minute during 2007. Under the ruling, Cofetel maintained its position that interconnection fees applicable during 2007 are to be charged based on the total number of seconds used during all completed calls for the month rounded to the next minute, rather than by rounding each call to the next minute, as had been the practice, and that wireless operators are entitle to charge a 25% premium over interconnection fees billed to fixed-line operators during 2007. Telcel expects to receive similar resolutions in connection with the other dissenting parties. Telcel has initiated legal proceedings (juicio de amparo) challenging the 2008 resolution, but is charging "under protest" the lower fees contemplated by the Cofetel resolutions to the remaining dissenting operators, while its challenges to the resolutions are pending. If such challenge is successful, Telcel will seek to collect from dissenting operators any difference in fees arising from the applicability of lower rates in previous periods.

During April 2008, Cofetel notified Telcel of new challenges to the interconnection framework filed by one of the original dissenting parties. Telcel has responded to this new challenge, and it expects that the administrative proceeding regarding this interconnection dispute will be concluded by Cofetel during second quarter of 2008. Any new order from Cofetel may result in a significant reduction to applicable interconnection rates.

Short message services (SMS)

Under the terms of its concessions for the 800 megahertz spectrum, Telcel must pay the federal government a royalty based on gross revenues from concessioned services. The royalty is levied at rates that vary from region to region, and 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 has made provisions in the accompanying financial statements for this potential liability. As of December 31, 2007, Telcel had provisioned P.412.2 million.

Trademarks tax assessment

In March 2006, the Servicio de Administración Tributaria ("Mexican Tax Administration Service" or "SAT"), notified Telcel of an assessment of P.281.7 million (P.155.8 million plus adjustments, fines and late fees) as a result of a tax deduction made by Telcel in 2003 of P.1,267.7 million in connection with royalty payments made to another of the Company's subsidiaries for the use of certain trademarks. In June 2007, the SAT notified the Company of an additional assessment of P.541.5 million (P.258.5 million plus adjustments, fines and late fees) as a result of a tax deduction made by the Company in 2003 in connection with the aforementioned royalty payments. The Company and Telcel believe that these deductions were made in accordance with applicable law and have challenged the validity of these assessments.

In December 2007, the SAT notified Telcel of a new assessment of P.453.6 million (P.243.6 million plus adjustments, fines and late fess) in connection with a deduction of advertising expenses made by Telcel in 2004 in the amount of P.1,678.6 million. The SAT is challenging the validity of this deduction, alleging that the deduction is unfounded because Telcel is already paying a royalty for the use of the trademarks. Telcel believes that the SAT's argument is unfounded and has challenged the assessment in court.

Based on these assessments, The Company expects that the SAT will challenge deductions made during 2005, 2006 and 2007 for royalty payments and/or expenses associated with the trademarks. The Company has not made specific provisions in the accompanying financial statements for these potential liabilities.

Comcel

Voice/IP

In March 2000, the Superintendencia de Industria y Comercio (the "Colombian Superintendency of Industry and Commerce" or "SIC") issued Resolution No. 4954, requiring Comunicación Celular, S.A. ("Comcel") to pay a fine of approximately US$100 thousand (approximately P.1 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.760 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 June 2002 decision and ordered the continuance of the procedure for the determination of damages to the other operators.

In January 2008, SIC determined damages payable by Comcel to other operators to amount to US$1.8 million (approximately P.19 million). Both parties have appealed the SIC's decision, and the appeal is pending before the Tribunal Superior de Bogotá (the "Superior Court of Bogota").

Telecom Américas

Related Anatel inflation adjustments

The Agência Nacional de Telecomunicações (the "Brazilian Federal Communications Commission" 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 shortfalls.

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 with respect to the declaratory action filed by Tess.

The aggregate contested amounts are approximately US$178 million (including potential penalties and interest) (approximately P.1,922 million). On December 31, 2005, both ATL and Tess were merged into BCP, S.A. ("BCP").

The Company has made specific provisions in the accompanying financial statements for these potential liabilities.

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 with respect to 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.1,777 million). The Company does not believe that BNDESPar has valid grounds for its claims against Telecom Americas. The Company cannot provide assurance, however, that Telecom Americas will ultimately prevail in this dispute. The Company has not made specific provisions in the accompanying financial statements for this potential liability.

Lune Patent Case

A Brazilian company claims that wireless operators in Brazil have infringed its patent over certain caller I.D. 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 other 23 defendants. Although the Company believes that the patent does not cover the technology that is used by Americel to provide caller I.D. 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 I.D. technology. This injunction was later upheld on appeal, and the proceeding for judicial review on the merits of the validity of the patent is in its initial stages.

Americel filed three special appeals against the decision of the state court in Brasilia, 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 Americel's special appeals will be heard by the Superior Court of Justice. Americel's request for a special appeal before the Supreme Court was denied. Americel filed a motion requesting the reversal of this decision which is still pending.

The cases against the other operators are currently suspended as a result of the preliminary injunction suspending the effects of the patent. The plaintiff has brought these cases to the same state trial court that heard the case against Americel, but the defendants have requested that the cases be remitted to another court on jurisdictional grounds. The Americel judgment does not bind other state courts or federal courts of Brazil. The Company does not expect that there will be a resolution of these other cases within this year.

In the case against Americel, the plaintiff has requested the court to initiate the necessary proceedings for the execution of judgment. The court has estimated that the award for damages could amount to as much as approximately US$270 million (approximately P.2,916 million). In September 2006, the Higher Court of Justice of Brazil unanimously ruled to stay the trial, due to the injunction suspending the validity of the patent in question. The Company expects that the trial will remain stayed as long as the patent remains suspended. Furthermore, Americel benefits from a limited contractual indemnity from its equipment supplier (Nortel Networks) in respect of trademark infringement. The Company has not made specific provisions in the accompanying financial statements to cover these potential liabilities.

Tax Assessments against Americel

In December 2005, the Secretaria da Receita Federal do Brasil (the "Brazilian Federal Revenue Service") issued three tax assessments against Americel in respect of withholding income taxes and PIS and COFINS taxes (contributions levied on gross revenue) for 2000 through 2005. The total amount of the tax assessments is of approximately R$224.2 million (approximately P.1,376 million), including R$88.8 million (approximately P.541 million) of taxes and contributions plus fines and interest. The Company has challenged these assessments, and its challenge is pending before the Conselho de Contribuintes ("Brazilian Taxpayers Council") in Brasilia. The Company did not make any specific provisions in the accompanying 2007 financial statements to cover these potential liabilities.

Tax Assessments against ATL

In March 2006, the Brazilian Federal Revenue Service issued two tax assessments against ATL in respect of certain tax credits claimed by ATL and derived from non-cumulative contributions levied on gross income (PIS and COFINS). Under the Brazilian tax legislation, the calculation and payment of PIS and COFINS has two different regimes, the cumulative and non-cumulative regimes. The applicability of a regime depends on the nature of the company and its business sector. The cumulative regime applies to revenues derived from the provision of telecommunications services, while the sale of handsets is taxed under the non-cumulative regime. The non-cumulative regime is based on the value-added concept and allows the taxpayer to claim tax credits corresponding to preceding transactions. ATL (as well as other of the Company's Brazilian subsidiaries) offsets the tax credit derived from the non-cumulative regime for the sale of handsets (the balance between the purchase and sale of handsets), against contributions owed under the cumulative regime. The Brazilian Federal Revenue Service Federal is arguing that tax credits derived from the non-cumulative regime may not be used to offset contributions owed under the cumulative regime. The total amount of the tax assessments is approximately R$54.9 million (approximately P.334 million), including R$24.1 million (approximately P.147 million) of taxes and contributions plus R$30.8 million (approximately P.188 million) of fines and interest. The Company has challenged these assessments, and its challenge is pending before the Brazilian Taxpayers Council. The Company did not make any specific provisions in the accompanying 2007 financial statements to cover these potential liabilities. On December 31, 2005, ATL was merged into BCP.

Conecel

Expiration of Conecel's license

The Consorcio Ecuatoriano de Telecomunicaciones, S.A. (CONECEL) ("Conecel") license expires in August 2008. As of the date of the accompanying financial statements, Conecel has been in negotiations with the Ecuadorian government to define the terms and conditions applicable to a new license to operate a mobile network and provide mobile services in Ecuador, including the economic terms and payments to be made to the Ecuadorian Government for the new license. As of the date of the accompanying financial statements, there are uncertainties as to Conecel's ability to renew the license agreement before such date, in order to continue providing mobile telecommunications services in Ecuador for an additional 15-year term.

Tax Assessments

In December 2007 and January 2008, the Servicio de Rentas Internas de Ecuador (the "Ecuadorian Revenue Service" or the "SRI") informed Conecel that it intends to issue tax assessments against Conecel amounting to approximately US$138 million (not including interest or penalties) (approximately P.1,490 million), in respect of special consumption (ICE), value-added, income and withholding taxes for the years 2003 to 2006. As of December 31, 2007, Conecel had provisioned US$19.6 million (approximately P.213 million). In March 2008, the SRI issued tax assessments against Conecel in respect of such taxes amounting to approximately US$46 million (not including interest or penalties) (approximately P.496 million), and Conecel expects to receive additional assessments in respect of the remainder during 2008. Conecel has agreed to pay $14.3 million (approximately P.155 million) to the SRI in respect of the assessments issued in March 2008. Conecel believes that no additional amounts are due by it in respect of these assessments and potential assessments.

17 Related Parties

a) An analysis of balances due from/to related parties at December 31, 2006 and 2007 is provided below. All the companies are considered affiliates, since América Móvil's primary stockholders are also either direct or indirect stockholders of the related parties.

	December 31			
		2006		2007
Accounts receivable:				
Teléfonos de México, S.A.B. de C.V. and subsidiaries (except Embratel)	Ps.	1,003,263	**Ps.**	**1,003,718**
Sanborns Hermanos, S.A. de C.V.		197,164		**133,207**
Sears Roebuck, S.A. de C.V.		102,350		**119,590**
Grupo Telvista, S. A. de C.V.		17,789		
Other		73,480		**78,095**
Total	Ps.	1,394,046	**Ps.**	**1,334,610**
Accounts payable:				
Fianzas Guardiana Inbursa, S.A. de C.V.	Ps.	51,621	**Ps.**	**59,596**
Seguros Inbursa, S.A. de C.V.		80,729		**64,511**
Embratel Participacoes, S.A.		2,046,479		**1,074,597**
Other		121,771		**51,071**
Total	Ps.	2,300,600	**Ps.**	**1,249,775**

b) América Móvil receives services from several subsidiaries of Grupo Carso, S.A. de C.V., Grupo Financiero Inbursa, S.A. de C.V. (Inbursa) and Teléfonos de México and subsidiaries (Telmex). The Company's transactions with Telmex include, among others, the interconnection of their respective networks and the use of the related party's facilities, specifically the co-location of switchboard equipment in the facilities owned by Telmex. The Company's transactions with Inbursa include insurance and bank services, among others.

c) América Móvil has entered into an agreement with AT&T to receive consultancy services. In 2007, the Company paid USD 321.7 million (Ps. 3,495.6 million) for services received.

In 2006, the Company paid USD 28.5 million (Ps. 322 million) to AMTEL (with whom América Móvil had an agreement before the merger) and USD 1 million (Ps. 11.2 million) to AT&T for services received.

d) For the years ended December 31, 2005, 2006 and 2007, the Company conducted the following transactions with related parties (mainly with Telmex):

		2005		2006		2007
Revenues:						
Calling Party Pays interconnection fees and others	Ps.	13,342,790	Ps.	13,909,498	**Ps.**	**19,702,718**
Costs:						
Payments for long-distance, circuits and others		6,213,592		6,541,648		**6,891,049**
Commercial, administrative and general expenses:						
Advertising		821,897		811,248		**1,229,726**
Other, net		544,694		766,314		**896,249**
Interest expense, net		(367,623)		(380,787)		

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

f) In July 2005, Claro Chile and Telmex Chile (subsidiaries of Telmex) entered into an agreement for the provision of capacity, whereby the latter agrees to provide capacity and infrastructure use over the following 20 years. Such agreement gives rise to a monthly disbursement of USD 17.5 million (Ps. 190 million), beginning in September 2005. The amount recorded in results of operations of 2006 and 2007 for this agreement was USD 218 million (Ps. 2,368 million) and USD 222 million (Ps. 2,412 million), respectively. Such disbursement is presented as part of sales and services.

g) In 2005, Telmex Argentina, a subsidiary of Telmex, and AMX Argentina (formerly, CTI Móvil) agreed to jointly install a network of fiber optic trunk lines in Argentina approximately 1,943 kilometers in length. The project will be completed in 2008 for an approximate cost of Ps. 260,785 (USD 24 million).

h) Telecom Americas (through its operating subsidiaries) and Embratel, a subsidiary of Telmex, both provide telecommunications services in certain regions of Brazil; consequently, they have significant operating relationships between themselves, mainly the interconnection of their respective networks and the provision of long-distance services by Embratel.

i) In November 2005, Embratel entered into a contract with Telecom Américas to provide trunk line capacity to the operating subsidiaries in Brazil for a period of 20 years. Through this contract, the subsidiaries in Brazil are obligated to pay monthly fees to Embratel of between R. 4.0 million and R. 6.0 million (approximately Ps. 24.5 million and Ps. 36.8 million, respectively), depending on the capacity established in the contract for each subsidiary. Such amounts are included in cost of services.

j) In the normal course of operations, the Company's subsidiaries in Brazil have entered into lease agreements with Embratel. The total annual rent under such lease agreements is approximately R. 71.6 million (approximately Ps. 439.2 million). As well, Embratel leases properties from América Móvil's subsidiaries in Brazil. The total annual rent received by the subsidiaries is R. 14.9 million (approximately Ps. 91.4 million). The net amount of rent between the Brazilian subsidiaries is included in the caption Cost of sales and services in the statement of income.

k) On December 26, 2006, CICSA Perú S.A., Telmex Peru, S.A. and América Móvil Perú, SAC entered into a turnkey fiber optic network construction contract for approximately USD 43 million. At the date of the contract, América Móvil Perú, SAC. has made payments equal to 20% of the value of six sections of the network in use of USD 2.6 million.

l) An analysis of employee benefits granted to the Company's key managers or relevant directors is as follows:

		2005		2006		2007
Current and Non-current Direct Benefits	Ps.	17,224	Ps.	19,991	**Ps.**	**30,302**

During the years ended December 31, 2005, 2006 and 2007 there were no termination benefits.

18 Stockholders' Equity

Shares

a) Before the merger described in Note 3, the Company's capital stock consisted of a fixed amount of Ps. 402,900 (historical), represented by 48,348 million shares (including treasury shares for re-subscription in terms of the Securities Trading Act and the general provisions issued by the CNBV), divided into: (i) 11,420 million common registered Series "AA" shares, with no par value; (ii) 980 million common registered Series "A" shares, with no par value and; (iii) 35,948 million registered Series "L" shares, with no par value and limited voting rights. All of the above-mentioned shares were fully subscribed and paid in.

b) As a result of the merger, the Company's capital stock consisted of a fixed amount of Ps. 397,873 (historical), represented by 47,744 million shares (including treasury shares for re-subscription in terms of the Securities Trading Act and the general provisions issued by the CNBV), divided into: (i) 11,717 million common registered Series "AA" shares, with no par value; (ii) 599 million common registered Series "A" shares and; (iii) 35,428 million registered Series "L" shares. All of the above-mentioned shares were fully subscribed and paid in.

c) In July 2005, the Company carried out a three-for-one share split of the Company's outstanding shares, as was approved at the ordinary stockholders' meeting held on April 27, 2005; consequently, the Company's capital stock at December 31, 2005, 2006 and 2007 was represented by 36,246 million shares (10,914 million of Series "AA", 760 million of Series "A" and 24,570 million of Series "L") for 2005, 35,907 million shares (10,860 million of Series "AA", 571 million of Series "A" and 24,475 million of Series "L") for 2006 and 34,897 million shares (11,712 million of Series "AA", 547 million of Series "A" and 22,638 million of Series "L") for 2007. Such amounts include the retroactive effect of the split and the effects of the merger and represent fixed capital stock at such date.

d) At December 31, 2005, 2006 and 2007, the Company had treasury shares for re-subscription in terms of the Securities Trading Act and the general provisions issued by the CNBV as follows: 12,098 million shares (12,067 million Series "L" and 31 million Series "A") for 2005, 12,440 million shares (12,409 million Series "L" and 31 million Series "A") for 2006 and 12,847 million shares (12,815 million Series "L" and 32 million Series "A") for 2007.

e) Holders of Series "AA" and Series "A" shares have full voting rights. Holders of Series "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:. Extension of the term of América Móvil, its voluntary dissolution or a change in its corporate purpose, change in its nationality, transformation of América Móvil from one type of company to another, any merger of América Móvil, as well as the cancellation of the registration of the shares issued by the Company in the National Registry of Securities and Intermediaries and in other foreign stock exchanges, with the exception of valuation systems or other markets not organized as stock exchanges. All Series "AA", "A" and "L" shares confer the same rights and obligations on the holders.

The Company's bylaws contain restrictions and limitations related to the subscription and acquisition of Series "AA" shares by foreign investors.

f) In conformity with the Company's bylaws, Series "AA" shares must represent at all times no less than 20% and no more than 51% of the Company's capital stock and also must represent at all times no less than 51% of the combined number of Series "AA" and Series "A" common shares with full voting rights.

Series "AA" shares may only be subscribed or acquired by Mexican individuals, Mexican corporations and/or trusts expressly authorized to do so in conformity with the applicable legislation in force. Common "A" shares, which may be freely subscribed, must account for no more than 19.6% of the Company's capital stock and no more than 49% of the common shares. Common registered shares (with full voting rights represented by Series "AA" and Series "A" shares) may not exceed 51% of the Company's capital stock. Lastly, 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 the Company's capital stock. For purposes of determining these restrictions, the percentages mentioned above refer only to the number of shares outstanding.

Dividends

g) In April 2005, and, the stockholders approved payment of a cash dividend of $ 0.046 peso per share for a total dividend of Ps. 1,701,709 payable in four installments in June, September and December of 2005, and in March 2006.

On December 13, 2005, the stockholders approved payment of an extraordinary cash dividend to be distributed in a single payout on December 23, 2005 at $ 0.19 peso per share for a total dividend of Ps. 6,996,767.

On April 26, 2006, the Company's stockholders approved payment of a cash dividend of $ 0.06 peso per share payable in full on July 26, 2006 for a total amount of Ps. 2,289,219.

On April 27, 2007, the Company's stockholders approved payment of a cash dividend of $ 0.20 peso per Series "AA", "A" and "L" share, for a total distribution of Ps. 7,240,625, payable in full on July 27, 2007 against coupon No. 22 of the titles that represent the Company's capital stock.

On October 29, 2007, the Company's stockholders approved payment of a cash dividend of $ 1.00 peso per Series "AA", "A" and "L" share, for a total distribution of Ps. 35,414,993, payable in full on November 6, 2007 against coupon No. 23 of the titles that represent the Company's capital stock.

All the information has been adjusted to give retroactive effect to the business combination and split carried out; consequently, the information above may not necessarily coincide with the information shown in the legal records of the dates on which the stockholders' meetings were held.

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

Repurchase of shares

h) During the three-year period ended December 31, 2007, the Company has repurchased shares, as shown below. The amount of the repurchase price in excess of the capital stock represented by the shares was charged to retained earnings:

	No. of shares in millions		Amount in thousands of Mexican pesos		Historical amount in thousands of Mexican pesos	
Year	**Series "L"**	**Series "A"**	**Series "L"**	**Series "A"**	**Series "L"**	**Series "A"**
2005	547	1.5	Ps. 5,648,851	Ps. 21,238	Ps. 5,101,008	Ps. 19,357
2006	338	0.5	Ps. 7,788,888	Ps. 10,040	Ps. 7,262,485	Ps. 9,382
2007	**405**	**0.8**	**Ps. 12,829,295**	**Ps. 27,143**	**Ps. 12,617,400**	**Ps. 26,915**

i) In conformity with Article 20 of the Mexican Corporations Act, at least 5% of the Company's net income of the year must be appropriated to increase the legal reserve. This practice must be continued each year until the legal reserve reaches at least 20% of capital stock.

19 Income Tax, Flat Rate Business Tax, Asset Tax and Employee Profit Sharing

a) Mexico

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

2) As of 2007, the 1.25% asset tax rate is payable on the average value of most assets net of certain liabilities. Through December 31, 2006, asset tax was payable at the 1.8% rate on the average value of most assets net of certain liabilities. Asset tax payable for the years ended December 31, 2005, 2006 and 2007 was Ps. 1,156,120, Ps. 701,224 and Ps. 1,854,082, respectively. Such amounts were remitted through the crediting of income tax paid in both years. The 2005 asset tax was offset by the excess of income tax over asset tax paid in prior years in the amount of Ps. 570,534.

Asset tax for the year ended December 31, 2006 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, since the 2005 consolidated tax profit of Ps. 36,381,148 was decreased by the available tax loss carryforward in the same amount, which consequently gave rise to a gain of Ps. 10,914,344 in the statement of income.

The Flat Rate Business Tax (FRBT) Law was published in the Official Gazette on October 1, 2007. This Law will come into force as of January 1, 2008 and abolish the Asset Tax Law. The FRBT Law establishes a procedure for determining asset tax payable through December 2007, which can be recovered as of 2008.

3) Statutory corporate tax rate

a) The corporate income tax rate applicable in 2005, 2006 and 2007 was 30%, 29% and 28%, respectively. In subsequent years, the income tax rate shall be 28% provided no change in the rate is legislated.

b) 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 Ps. 56 million charge to results of operations.

4) At December 31, 2007, the balance of the Company's Restated contributed capital account (CUCA) and Net tax profit account (CUFIN) (including the effects of the merger) aggregated Ps. 53,190,710 and Ps. 33,670,552, respectively.

As a result of the merger of América Telecom (disappearing company) into América Móvil (surviving company), the Company's CUCA balance decreased by Ps. 21,768,825 and its CUFIN balance increased by Ps. 12,064,275.

5) An analysis of income tax charged to results of operations for the years ended December 31, 2005, 2006 and 2007 is as follows:

	2005	2006	2007
In Mexico:			
Current year income tax		Ps. 13,445,810	**Ps. 11,096,983**
Deferred income tax	Ps. (2,357,968)	(887,063)	**5,250,377**
Deferred FRBT			**117,237**
Asset tax	585,586	701,224	**1,080,303**
Abroad:			
Current year income tax	2,628,562	2,821,020	**5,617,616**
Deferred income tax	(551,011)	937,153	**(708,249)**
Total	Ps. 305,169	Ps. 17,018,144	**Ps. 22,454,267**

Since current Mexican 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 included in the income tax expense of the year.

6) Tax credits

The 2005 income tax of Mexican subsidiaries includes a tax credit of Ps. 1,014 million (Ps. 895 million historical) resulting from the favorable ruling in an appeal against the tax authority's rejection of certain deductions in connection with the tax treatment given the loss on sale of shares (Ps. 565,309 in 2007 from the recovery of asset tax paid on prior years).

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

	Year ended December 31,		
	2005	2006	2007
Statutory income tax rate in Mexico	30.0%	29.0%	**28.0%**
Effect of non-taxable, non-deductible items:			
Cost of financing	2.82	(0.3)	**0.4**
Effect of decrease in rate	0.22		
Recoverable taxes	(0.65)		
Asset tax	1.69	0.5	**(0.4)**
Deductible employee profit sharing			**(0.1)**
Deferred tax from capital			**5.0**
Tax benefit from tax consolidation			**(1.0)**
Tax benefit derived from carryforward of tax losses	(41.25)	(0.5)	**(1.8)**
Operations of subsidiaries abroad		(1.5)	**(0.9)**
Effect of merger	(0.14)	0.7	
Other	2.22	2.2	**0.7**
Effective tax rate on Mexican operations	(5.09)	30.1	**29.9**
Operations of subsidiaries abroad	6.0	(2.4)	**(2.3)**
Effective income tax rate before effect derived from the recognition of deferred FRBT	0.91%	27.7%	**27.6**
Deferred FRBT			**0.1**
Effective income tax rate	0.91%	27.7%	**27.7%**

8) An analysis of the effects of temporary differences on deferred tax assets and liabilities is as follows:

	December 31	
	2006	2007
Deferred tax assets		
Liability provisions	Ps. (2,298,323)	**Ps. (2,645,603)**
Other	(1,109,892)	**(676,260)**
Deferred income	(1,690,197)	**(1,492,015)**
Tax losses	(12,913,042)	**(17,145,849)**
	(18,011,454)	**(21,959,727)**
Deferred tax liabilities		
Fixed assets	3,341,595	**4,026,668**
Sale and leaseback	2,327,504	**971,445**
Inventories	1,299,436	**888,698**
Licenses	584,869	**759,370**
Deferred effects of tax consolidation in Mexican subsidiaries	1,905,126	**4,101,855**
Deferred tax from capital		**4,084,544**
Royalty advances	458,465	**400,000**
Other		**780,915**
	9,916,995	**16,013,495**
Less: Valuation allowance	13,522,322	**18,325,339**
Deferred FRBT		**117,237**
Total deferred taxes	Ps . 5,427,863	**Ps. 12,496,344**

9) In Mexico and Ecuador the Company is legally required to pay employee profit sharing, in addition to the compensation and benefits to which employees are contractually entitled. The statutory employee profit sharing rate in 2005, 2006 and 2007 was 10% of taxable income in Mexico and 15% in Ecuador.

Starting in 2006, employee profit sharing paid to employees will be deductible under certain circumstances for income tax purposes in Mexico. For Ecuador, employee profit sharing is deductible from current year income tax. This deduction aggregated Ps. 293,847 in 2006 and Ps. 85,476 in 2007 in Mexico.

10) The deferred tax asset of Ps. 820,577 and Ps. 3,395,396 shown in the balance sheet at December 31, 2006 and 2007 refers to TracFone and Enitel's partial reversal of their valuation allowance (for tax loss carryforwards) as a result of both the partial realization of such assets during 2005 and the evaluation of the adequacy of the reserve.

In 2007, the deferred tax asset in Puerto Rico is also included and derives from the income tax benefit this subsidiary will enjoy upon settling its labor obligations. Deferred taxes also includes an account receivable arising from differences in the book and tax values of plant and equipment of Comcel in Colombia.

An analysis of the effect of temporary differences giving rise to the deferred tax asset at December 31, 2006 and 2007 is as follows:

	December 31	
	2006	2007
Deferred tax assets		
Liability provisions	Ps. (209,524)	**Ps. (1,020,968)**
Other	(268,406)	**(755,204)**
Recoverable taxes	(5,418)	
Tax losses	(595,433)	**(299,224)**
	(1,078,781)	**(2,075,396)**
Deferred tax liabilities		
Fixed assets	29,621	**(1,330,956)**
Licenses	(36,151)	
Other	2,682	**(50,807)**
	(3,848)	**(1,381,763)**
Less: Valuation allowance	262,052	**61,763**
Deferred tax asset	Ps. (820,577)	**Ps. (3,395,396)**

11) The Flat Rate Business Tax Law (FRBT) was published on October 1, 2007. This Law will come into force as of January 1, 2008 and abolish the Asset Tax Law.

Current-year FRBT is computed by applying the 17.5% (16.5% in 2008 and 17% in 2009) rate to income determined on the basis of cash flows, net of authorized credits.

FRBT credits derive mainly from the unamortized negative FRBT base and salary credits and social security contributions, as well as credits derived from the deduction of certain investments, such as those made in inventories and fixed assets, during the transition period from the date on which the FRBT comes into force.

FRBT shall be payable only to the extent it exceeds income tax for the same period. In other words, to determine FRBT payable, income tax paid in a given period shall first be subtracted from the FRBT of the same period and the difference shall be the FRBT payable.

Should a negative FRBT base be determined because deductions exceed taxable income, there will be no FRBT payable. The amount of the negative base multiplied by the FRBT rate results in a FRBT credit, which may be applied against income tax for the same year or, if applicable, against FRBT payable in the next ten years.

On the basis of the financial projections for the next four years and future retrospective computations of historical results, the Company considers that most of its Mexican subsidiaries will essentially pay income tax, since the subsidiaries have historically generated income tax and as a result of the immediate deduction of fixed assets acquired for FRBT purposes, income tax in most of the Mexican subsidiaries will be greater than FRBT.

The deferred FRBT shown basically corresponds to the effect of inventories of a subsidiary that historically had asset tax payable.

b) Subsidiaries abroad

1) Results

The foreign subsidiaries determine their income tax based on the individual results of each subsidiary and in conformity with the specific tax regime of each country. An analysis of the aggregate pretax income and aggregate tax provisions of these subsidiaries in 2005, 2006 and 2007 is as follows:

	December 31		
	2005	**2006**	**2007**
Aggregate pretax income	Ps. 9,469,398	Ps. 13,793,495	**Ps. 22,894,721**
Aggregate tax provisions	2,628,562	2,821,020	**5,617,616**

2) Tax losses

At December 31, 2007, América Móvil's foreign subsidiaries have available tax loss carryforwards as follows:

Country	**Available tax loss carryforward in millions of pesos at December 31, 2007**	**Tax benefit**
Brazil	**Ps. 36,269**	**Ps. 12,331**
Argentina	**179**	**63**
USA	**105**	**37**
Ecuador	**8,953**	**1,522**
Chile	**1,326**	**398**
Peru	**539**	**210**
Puerto Rico	**115**	**34**
Total	**Ps. 47,486**	**Ps. 14,595**

The rules for tax loss carryforwards in the different countries in which the Company operates are as follows:

i) In Brazil there is no limit on the carryforward of tax losses; however, the carryforward in each year may not exceed 30% of the tax base for such year, so that in the year on which taxable income is generated, the effective tax rate is 25% rather than the 34% corporate rate.

ii) In Argentina, the tax loss of a given year may be carried forward only against the taxable earnings of the succeeding five years. Of the Ps.179 million shown in the table above shall expire in 2012.

iii) 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 for up to 25% of the taxable earnings of each year, so that the effective tax rate is 18.75% with the tax loss carryforward benefit rather than the 25% rate.

iv) In Chile, the carryforward of tax losses has no expiration. The corporate tax rate is 17%; therefore, at the time tax losses are incurred taxpayers may enjoy a maximum 17% benefit of the amount of the loss.

v) In the U.S. and specifically in the State of Florida, which is where the Company resides, tax losses may be carried forward in the succeeding 20 years. The Company expects to carry forward its tax losses in 2008.

vi) In Peru, the Company entered into a tax stabilization agreement, which establishes among other points, that the Company's tax losses must be carried forward in the following four years, commencing in 2006.

20 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, Uruguay, the Dominican Republic, Puerto Rico and Jamaica The accounting policies for the segments are the same as those described in Note 2.

Company management analyzes the financial and operating information by geographical segment. However, the information for significant subsidiaries, whose income aggregates more than 10% of consolidated revenues and more than 10% of consolidated assets, is presented separately.

	Mexico [1]	Brazil	Mercosur [2]	Colombia
December 31, 2005				
Operating income	119,650,584	32,994,184	13,686,776	16,803,176
Depreciation and amortization	7,157,303	8,432,207	1,120,826	1,906,722
Operating income	36,789,873	(9,478,200)	231,142	1,318,258
Interest paid (includes related parties)	9,359,101	2,309,183	111,189	671,623
Segment assets	382,986,928	77,612,032	20,840,033	28,709,094
Plant, property and equipment, net	34,963,621	31,905,825	12,440,827	15,821,198
Goodwill, net			608,189	3,263,618
Trademarks, net		3,370,332	981,422	1,569,269
Licenses, net	4,533,810	22,616,468	1,248,208	3,074,986
December 31, 2006				
Operating income	160,513,392	41,048,901	20,602,621	22,252,805
Depreciation and amortization	7,671,330	9,842,334	2,016,063	3,066,968
Operating income	50,195,453	(4,315,683)	1,355,055	4,766,373
Interest paid (includes related parties)	8,865,921	807,356	696,225	483,854
Segment assets	518,011,543	79,329,224	27,480,423	33,059,868
Plant, property and equipment, net	33,968,508	35,885,393	16,065,975	20,379,915
Goodwill, net			608,190	3,327,615
Trademarks, net		2,765,771	1,040,011	1,337,500
Licenses, net	5,486,695	22,482,800	1,711,088	2,886,105
December 31, 2007				
Operating income	**190,734,023**	**58,304,614**	**27,236,872**	**29,614,027**
Depreciation and amortization	**8,074,165**	**13,970,397**	**2,664,336**	**6,841,611**
Operating income	**59,160,330**	**607,980**	**2,690,863**	**7,616,334**
Interest paid (includes related parties)	**6,804,449**	**1,012,354**	**728,647**	**575,174**
Segment assets	**571,661,701**	**95,359,385**	**32,281,803**	**40,697,444**
Plant, property and equipment, net	**32,390,036**	**42,547,172**	**19,112,976**	**20,474,373**
Goodwill, net			**588,636**	**3,715,153**
Trademarks, net		**2,209,526**	**978,550**	**1,124,645**
Licenses, net	**4,989,973**	**23,284,334**	**1,686,476**	**2,455,911**

(1) Mexico includes Telcel and corporate operations and assets

(2) Mercosur includes Argentina, Chile, Paraguay and Uruguay

(3) Andean includes Ecuador and Peru.

(4) Central America includes Guatemala, El Salvador, Honduras and Nicaragua.

(5) Caribbean includes Puerto Rico and Jamaica

21 Subsequent Events

a) At a stockholders' meeting held on February 1, 2008, it was agreed to increase the fund to repurchase the Company's own shares by Ps. 15,000,000.

b) At the date of the audit report on these financial statements, the Company has begun to offer so-called third generation (3G) UMTS/HSDPA network services in several Latin American countries. Such services allow customers to access value added high-speed data transfer services, including access to the wireless broad band. The Company expects these services to be available in the most important Latin American cities by the end of 2008.

Andean[3]	Central America [4]	U.S.A.	Caribbean [5]	Dominican Republic	Eliminations	Consolidated total
8,732,402	15,912,247	11,839,872			(22,981,447)	196,637,794
1,022,874	3,105,076	209,725				22,954,733
1,223,187	5,391,187	770,661			463,882	36,709,990
123,295	307,919	17,724			(3,849,118)	9,050,916
16,125,705	33,006,105	5,241,684			(315,350,725)	249,170,856
6,906,028	18,277,905	418,724				120,734,128
3,588,654	4,976,661	781,201				13,218,323
362	908,896					6,830,281
1,310,433	954,457					33,738,362
12,865,551	17,115,907	14,747,812		986,218	(47,128,342)	243,004,865
1,656,420	3,548,013	247,530		99,911		28,148,569
2,794,049	5,105,572	758,790		282,029	92,542	61,034,180
178,946	186,239	1,681			(1,762,677)	9,457,545
17,667,288	35,337,595	6,573,031		17,286,439	(406,420,167)	328,325,244
8,438,546	18,750,751	522,686		9,078,181		143,089,955
3,587,549	4,990,918	781,201		13,412,946		26,708,419
264	776,228			214,203		6,133,977
1,255,176	883,167					34,705,031
16,210,004	**16,917,573**	**15,603,705**	**9,779,538**	**10,990,058**	**(63,790,609)**	**311,579,762**
1,930,027	**3,837,280**	**282,504**	**1,982,504**	**1,235,460**		**40,818,281**
3,724,817	**4,697,885**	**1,503,392**	**1,331,978**	**3,945,926**	**(17,284)**	**85,194,338**
208,798	**185,594**		**212,470**	**64**	**(2,030,521)**	**7,696,967**
21,629,821	**34,747,392**	**6,710,313**	**20,095,070**	**33,059,612**	**(507,113,474)**	**349,121,315**
9,549,744	**20,512,204**	**571,199**	**12,660,352**	**9,265,854**		**167,083,906**
3,474,354	**5,006,284**	**781,201**	**17,649,531**	**13,509,713**		**44,724,872**
195	**671,561**		**328,495**	**288,184**		**5,601,154**
1,437,380	**1,118,672**		**1,591,558**			**36,564,304**

22 Differences between Mexican and U.S. GAAP

The Company's consolidated financial statements are prepared in accordance with Mexican FRS, which differ in certain significant respects from Generally Accepted Accounting Principles in the U.S.A. ("U.S. GAAP"). The principal differences between Mexican FRS and US GAAP, as they relate to the Company, consist of the accounting for deferred income taxes and deferred employee profit sharing (deferred taxes), the restatement of plant, property and equipment. Other differences are the computation methodology for interest on assets under construction and the treatment of minority interest and minority interest acquisitions.

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

A summary reconciliation of net income and total stockholders' equity between Mexican FRS and U.S. GAAP is as follows:

	2005	2006	**2007**
Net income, as reported under Mexican Financial Reporting	Ps. 33,126,899	Ps. 44,509,466	**Ps. 58,697,333**
Total U.S.GAAP adjustments, net	(98,653)	(3,870,766)	**(3,278,261)**
Net income under U.S.GAAP	Ps. 33,028,246	Ps. 40,638,700	**Ps. 55,419,072**
Total stockholders' equity under Mexican Financial Reporting	Ps. 77,908,930	Ps. 113,746,803	**Ps. 126,857,770**
Total U.S. GAAP adjustments, net	14,346,394	11,161,830	**10,168,379**
Total stockholders' equity under U.S.GAAP	Ps. 92,255,324	Ps. 124,908,633	**Ps. 137,026,149**

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.

Licensed pops – Licensed 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.

HSDPA – High-Speed Downlink Packet Access is a 3G mobile telephony communications protocol in the High-Speed Packet Access (HSPA) family, which allows networks based on Universal Mobile Telecommunications System (UMTS) to have higher data transfer speeds and capacity.

UMTS Universal Mobile Telecommunications System (UMTS) – is one of the third-generation (3G) cell phone technologies, which is also being developed into a 4G technology.

3G – is the third generation of mobile phone standards and technology, superseding 2G. Services include wide-area wireless voice telephony and broadband wireless data, all in a mobile environment.

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Symbol: AMX A
"L": Bolsa Mexicana de Valores
Symbol: AMX L

Shares traded in the US
ADS: New York Stock Exchange
Symbol: AMX
One ADS represents
20 "L" shares
ADS: NASDAQ
Symbol: AMOV
One ADS represents
20 "A" shares

Shares traded in Spain
"L": LATIBEX. Mercado de Valores
Latinoamericanos
en Euros
Symbol: XAMXL

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