

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

GROUP SIMEC SA DE CV
Form 6-K
April 27, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of April, 2006.

Group Simec, Inc.

(Translation of Registrant's Name Into English)

Mexico

(Jurisdiction of incorporation or organization)

Av. Lazaro Cardenas 601, Colonia la Nogalera, Guadalajara, Jalisco, Mexico 44440

(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information
contained in this form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of
1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant
in connection with Rule 12g3-2(b): 82-_____.)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934,
the Company has duly caused this report to be signed on its behalf by the
undersigned, thereunto duly authorized.

GRUPO SIMEC, S.A. de C.V.

(Registrant)

Date: April 27, 2006.

By:

Name: Luis Garcia Limon
Title: Chief Executive Officer

[LOGO] GRUPO
SIMEC

PRESS RELEASE

Contact: Jose Flores Flores
Grupo Simec, S.A. de C.V.

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

Calzada Lazaro Cardenas 601
44440 Guadalajara, Jalisco, Mexico
52 33 1057 5734

GRUPO SIMEC ANNOUNCES RESULTS OF OPERATIONS FOR THE FIRST THREE MONTHS OF 2006

GUADALAJARA, MEXICO, April 25, 2006- Grupo Simec, S.A. de C.V. (AMEX-SIM) ("Simec") announced today its results of operations for the three-month period ended March 31, 2006. Net sales increased 208% to Ps. 5,612 million in the first quarter of 2006 compared to Ps. 1,824 million in the same period of 2005, due to the inclusion of net sales of Ps. 4,067 million generated by the newly acquired plants of PAV Republic, Inc. ("Republic") in July 2005. Simec recorded net income of Ps. 442 million in the first three months of 2006 versus net income of Ps. 332 million in the first three months of 2005.

On July 22, 2005 Simec and its parent company Industrias CH, S.A. de C.V. ("ICH") acquired 100% of the stock of Republic. Simec, ICH's largest subsidiary, acquired 50.2% of Republic's stock, and ICH purchased the remaining 49.8%. The cash purchase price of U.S. \$229 million was financed by internally generated funds. At March 31, 2006, Republic repaid in full its outstanding bank debt, which had maturities through 2009. Republic is the leading producer of special bar quality (SBQ) steel in the United States and, together with Simec, is the largest producer of this kind of steel in North America.

Simec sold 680,602 metric tons of basic steel products during the three-month period ended March 31, 2006 (including 436,999 metric tons sold by the newly acquired plants of Republic), an increase of 176% as compared to 246,202 metric tons in the same period of 2005. Exports (including sales by U.S. subsidiaries) of basic steel products were 467,729 metric tons in the three-month period ended March 31, 2006 (including 436,999 metric tons sold by the newly acquired plants of Republic) versus 36,796 metric tons in the same period of 2005. Additionally Simec sold 1,290 metric tons of billet in the three-month period ended March 31, 2006 as compared to 12,870 metric tons of billet in the same period of 2005. Prices of finished products (excluding sales by Republic) sold in the three-month period ended March 31, 2006 decreased 13% in real terms versus the same period of 2005.

Simec's direct cost of sales increased 303% to Ps. 4,684 million in the three-month period ended March 31, 2006 (including Ps. 3,671 million relating to the newly acquired plants of Republic) compared to Ps. 1,161 million in the same period of 2005. The average cost of raw materials used to produce steel products (excluding the production of Republic) decreased 9% in real terms in the three-month period ended March 31, 2006 versus the same period of 2005, primarily as a result of decreases in the price of scrap and certain other raw materials.

Indirect manufacturing, selling, general and administrative expenses (including depreciation) were Ps. 319 million in the three-month period ending March 31, 2006 (including Ps. 148 million relating to the newly acquired plants of Republic), compared to Ps. 189 million in the same period of 2005.

Simec's operating income increased 28% to Ps. 609 million during the first quarter 2006 (including Ps. 248 million relating to the newly acquired plants of Republic) from Ps. 474 million in the first quarter of 2005. Operating income was 11% (23% excluding the operating income of Republic) of net sales in the first quarter of 2006 compared to 26% of net sales in the first quarter of 2005.

Simec recorded other income, net, from other financial operations of Ps. 11 million in the three-month period ended March 31, 2006 compared to other income, net, of Ps. 5 million in the same period of 2005. In addition, Simec recorded a

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

provision for income tax and employee profit sharing of Ps. 94 million in the three-month period ended March 31, 2006 versus a provision of Ps. 148 million in the same period of 2005.

Simec recorded financial expense of Ps. 5 million in the three-month period ended March 31, 2006 compared to financial income of Ps. 1 million in the same period of 2005 as a result of (i) net interest income of Ps. 1 million in the three-month period ended March 31, 2006 compared to Ps. 2 million of net interest income in the same period of 2005, (ii) an exchange gain of Ps. 1 million in the three-month period ended March 31, 2006 compared to an exchange gain of Ps. 6 million in the same period of 2005 reflecting a decrease of 1.6% in the value of the peso versus the dollar in the three-month period ended March 31, 2006 compared to a decrease of 0.3% in the value of the peso versus the dollar in the same period of 2005 and (iii) a loss from monetary position of Ps. 7 million in the three-month period ended March 31, 2006 compared to a loss from monetary position of Ps. 7 million in the same period of 2005, reflecting the domestic inflation rate of 0.9% in the three-month period ended March 31, 2006 compared to the domestic inflation rate of 0.8% in the same period of 2005.

At March 31, 2006 Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at March 31, 2006 was U.S. \$316,356 dollars). At December 31, 2005, Simec's total consolidated debt consisted of approximately \$38 million of U.S. dollar-denominated debt.

All figures were prepared in accordance with Mexican generally accepted accounting principles and are stated in constant Pesos at March 31, 2006.

Simec is a mini-mill steel producer in Mexico and manufactures a broad range of non-flat structural steel products and its subsidiary Republic is the leading producer of special bar quality (SBQ) steel in the United States.

###

MEXICAN STOCK EXCHANGE SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

CONSOLIDATED FINANCIAL STATEMENT AT MARCH 31 OF 2006 AND 2005 (thousands of Mexican pesos)

REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s01	TOTAL ASSETS	15,070,235	100
s02	CURRENT ASSETS	7,150,332	47
s03	CASH AND SHORT-TERM INVESTMENTS	344,603	2
s04	ACCOUNTS AND NOTES RECEIVABLE (NET)	2,570,961	17

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

s05	OTHER ACCOUNTS AND NOTES RECEIVABLE	353,334	2
s06	INVENTORIES	3,675,837	24
s07	OTHER CURRENT ASSETS	205,597	1
s08	LONG-TERM	0	0
s09	ACCOUNTS AND NOTES RECEIVABLE (NET)	0	0
s10	INVESTMENT IN SHARES OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0
s11	OTHER INVESTMENTS	0	0
s12	PROPERTY, PLANT AND EQUIPMENT (NET)	7,196,338	48
s13	LAND AND BUILDINGS	2,381,478	16
s14	MACHINERY AND INDUSTRIAL EQUIPMENT	6,577,022	44
s15	OTHER EQUIPMENT	170,393	1
s16	ACCUMULATED DEPRECIATION	2,478,230	16
s17	CONSTRUCTION IN PROGRESS	545,675	4
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	717,864	5
s19	OTHER ASSETS	5,701	0
s20	TOTAL LIABILITIES	4,920,161	100
s21	CURRENT LIABILITIES	2,955,697	60
s22	SUPPLIERS	1,734,263	35
s23	BANK LOANS	0	0
s24	STOCK MARKET LOANS	3,307	0
s25	TAXES PAYABLE	155,203	3
s26	OTHER CURRENT LIABILITIES	1,062,924	22
s27	LONG-TERM LIABILITIES	0	0
s28	BANK LOANS	0	0
s29	STOCK MARKET LOANS	0	0
s30	OTHER LOANS	0	0
s31	DEFERRED LIABILITIES	0	0
s32	OTHER NON-CURRENT LIABILITIES	1,964,464	40
s33	CONSOLIDATED STOCKHOLDERS' EQUITY	10,150,074	100
s34	MINORITY INTEREST	2,049,604	20
s35	MAJORITY INTEREST	8,100,470	80

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

s36	CONTRIBUTED CAPITAL	4,453,402	44
S79	CAPITAL STOCK	3,520,255	35
s39	PREMIUM ON ISSUANCE OF SHARES	933,147	9
s40	CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	0
s41	EARNED CAPITAL	3,647,068	36
s42	RETAINED EARNINGS AND CAPITAL RESERVES	5,026,570	50
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	(1,379,502)	(14)
s80	SHARES REPURCHASED	0	0

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

CONSOLIDATED FINANCIAL STATEMENT
BREAKDOWN OF MAIN CONCEPTS
(thousands of Mexican pesos)

REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s03	CASH AND SHORT-TERM INVESTMENTS	344,603	100
s46	CASH	304,092	88
s47	SHORT-TERM INVESTMENTS	40,511	12
s07	OTHER CURRENT ASSETS	205,597	100
s81	DERIVATIVE FINANCIAL INSTRUMENTS	18,293	9
s82	DISCONTINUED OPERATIONS	0	0
s83	OTHER	187,304	91
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	717,864	100
s48	DEFERRED EXPENSES	477,876	67
s49	GOODWILL	166,988	23
s50	DEFERRED TAXES	0	0

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

s51	OTHER	73,200	10
s19	OTHER ASSETS	5,701	100
s84	INTANGIBLE ASSET FROM LABOR OBLIGATIONS	3,335	58
s85	DERIVATIVE FINANCIAL INSTRUMENTS	0	0
s50	DEFERRED TAXEX	2,366	42
s86	DISCONTINUED OPERATIONS	0	0
s87	OTHER	0	0
s21	CURRENT LIABILITIES	2,955,697	100
s52	FOREIGN CURRENCY LIABILITIES	1,674,917	57
s53	MEXICAN PESOS LIABILITIES	1,280,780	43
s26	OTHER CURRENT LIABILITIES	1,062,924	100
s88	DERIVATIVE FINANCIAL INSTRUMENTS	0	0
s89	INTEREST LIABILITIES	3,464	0
s68	PROVISIONS	371,930	35
s90	DISCONTINUED OPERATIONS	0	0
s58	OTHER CURRENT LIABILITIES	687,530	65
s27	LONG-TERM LIABILITIES	0	0
s59	FOREIGN CURRENCY LIABILITIES	0	0
s60	MEXICAN PESOS LIABILITIES	0	0
s31	DEFERRED LIABILITIES	0	0
s65	NEGATIVE GOODWILL	0	0
s67	OTHER	0	0
s32	OTHER NON CURRENT LIABILITIES	1,964,464	100
s66	DEFERRED TAXES	1,843,044	94
s91	OTHER LIABILITIES IN RESPECT OF SOCIAL INSURANCE	12,388	1
s92	DISCONTINUED OPERATIONS	0	0
s69	OTHER LIABILITIES	109,032	6
s79	CAPITAL STOCK	3,520,255	100
s37	CAPITAL STOCK (NOMINAL)	2,048,257	58
s69	RESTATEMENT OF CAPITAL STOCK	1,471,998	42

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

CONSOLIDATED FINANCIAL STATEMENT
BREAKDOWN OF MAIN CONCEPTS
(thousands of Mexican pesos)

REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s42	RETAINED EARNINGS AND CAPITAL RESERVES	5,026,570	100
s93	LEGAL RESERVE	0	0
s43	RESERVE FOR REPURCHASE OF SHARES	87,784	2
s94	OTHER RESERVES	0	0
s95	RETAINED EARNINGS	4,496,845	89
s45	NET INCOME FOR THE YEAR	441,941	9
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	(1,379,502)	100
s70	ACCUMULATED MONETARY RESULT	0	0
s71	RESULT FROM HOLDING NON-MONETARY ASSETS	(484,485)	35
s96	CUMULATIVE RESULT FROM FOREIGN CURRENCY TRANSLATION		
s97	CUMULATIVE RESULT FROM DERIVATIVE FINANCIAL INSTRUMENTS	12,774	(1)
s98	CUMULATIVE EFFECT OF DEFERRED INCOME TAXES	(907,791)	66
s99	LABOR OBLIGATION ADJUSTMENT	0	0
s100	OTHER	0	0

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

BALANCE SHEETS
OTHER CONCEPTS
(thousands of Mexican pesos)

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

REF S	CONCEPTS	CURRENT YEAR	PREVIOUS
		AMOUNT	AMOUNT
S72	WORKING CAPITAL	4,194,635	2,377
S73	PENSIONS FUND AND SENIORITY PREMIUMS	0	
S74	EXECUTIVES (*)	59	
S75	EMPLOYERS (*)	1,165	
S76	WORKERS (*)	3,248	1
S77	COMMON SHARES (*)	140,404,902	133,542
S78	REPURCHASED SHARES (*)	0	
S101	RESTRICTED CASH	0	
S102	NET DEBT OF NON CONSOLIDATED COMPANIES	0	

(*) THESE ITEMS SHOULD BE EXPRESSED IN UNITS

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

STATEMENTS OF INCOME
FROM JANUARY 1 TO MARCH 31 OF 2006 AND 2005
(thousands of Mexican pesos)

REF R	CATEGORIES	CURRENT YEAR	
		AMOUNT	%
r01	NET SALES	5,611,939	100
r02	COST OF SALES	4,683,906	83
r03	GROSS PROFIT	928,033	17
r04	OPERATING EXPENSES	319,519	6
r05	OPERATING INCOME	608,514	11

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

r06	INTEGRAL FINANCING COST	4,631	0
r07	INCOME AFTER INTEGRAL FINANCING COST	603,883	11
r08	OTHER EXPENSE AND INCOME (NET)	(11,639)	0
r44	SPECIAL ITEMS	0	0
r09	INCOME BEFORE INCOME TAXES AND EMPLOYEES' PROFIT SHARING	615,522	11
r10	PROVISIONS FOR INCOME TAXES AND EMPLOYEES' PROFIT SHARING	94,360	2
r11	NET INCOME AFTER TAXES AND EMPLOYEES' PROFIT SHARING	521,162	9
r12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0
r13	CONSOLIDATED NET INCOME FROM CONTINUING OPERATIONS	521,162	9
r14	INCOME FROM DISCONTINUED OPERATIONS	0	0
r15	CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS	521,162	9
r16	EXTRAORDINARY ITEMS, NET EXPENSES (INCOME)	0	0
r17	CUMULATIVE EFFECT FROM ACCOUNTING CHANGE, NET	0	0
r18	NET CONSOLIDATED INCOME	521,162	9
r19	NET INCOME OF MINORITY INTEREST	79,221	1
r20	NET INCOME OF MAJORITY INTEREST	441,941	8

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

STATEMENTS OF INCOME
BREAKDOWN OF MAIN CONCEPTS
(thousands of Mexican pesos)

REF	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
r01	NET SALES	5,611,939	100
r21	DOMESTIC	1,348,524	24
r22	FOREIGN	4,263,415	76

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

r23	TRANSLATED INTO DOLLARS (***)	389,220	
r06	INTEGRAL FINANCING COST	4,631	100
r24	INTEREST EXPENSE	3,017	65
r42	LOSS (GAIN) ON RESTATEMENT OF UDI'S	0	0
r45	OTHER FINANCE COSTS	0	0
r26	INTEREST INCOME	3,998	86
r46	OTHER FINANCIAL INCOME	0	0
r25	FOREIGN EXCHANGE LOSS (GAIN) (NET)	(1,759)	(38)
r28	RESULT FROM MONETARY POSITION	7,371	159
r10	PROVISIONS FOR INCOME TAXES AND EMPLOYEES' PROFIT SHARING	94,360	100
r32	INCOME TAX	116,344	123
r33	DEFERRED INCOME TAX	(21,984)	(23)
r34	EMPLOYEES' PROFIT SHARING EXPENSES	0	0
r35	DEFERRED EMPLOYEES' PROFIT SHARING	0	0

(***) THOUSANDS OF DOLLARS

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

STATEMENTS OF INCOME
OTHER CONCEPTS
(thousands of Mexican pesos)

REF	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
R		AMOUNT	AMOUNT
r36	TOTAL SALES	5,800,749	1,945,316
r37	TAX RESULT FOR THE YEAR	0	0
r38	NET SALES (**)	16,984,967	6,717,349
r39	OPERATION INCOME (**)	1,776,944	2,129,087

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

r40	NET INCOME OF MAJORITY INTEREST (**)	1,342,373	1,430,851
r41	NET CONSOLIDATED INCOME (**)	1,234,276	1,430,851
r47	OPERATIVE DEPRECIATION AND AMORTIZATION	109,170	66,022

(**) RESTATED INFORMATION FOR THE LAST TWELVE MONTHS

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

QUARTERLY STATEMENTS OF INCOME
FROM JANUARY 1 TO MARCH 31 OF 2006 AND 2005
(thousands of Mexican pesos)

REF R	CATEGORIES	CURRENT YEAR	
		AMOUNT	%
rt01	NET SALES	5,611,939	100
rt02	COST OF SALES	4,683,906	83
rt03	GROSS PROFIT	928,033	17
rt04	OPERATING EXPENSES	319,519	6
rt05	OPERATING INCOME	608,514	11
rt06	INTEGRAL FINANCING COST	4,631	0
rt07	INCOME AFTER INTEGRAL FINANCING COST	603,883	11
rt08	OTHER EXPENSE AND INCOME (NET)	(11,639)	0
rt44	SPECIAL ITEMS	0	0
rt09	INCOME BEFORE INCOME TAXES AND EMPLOYEES' PROFIT SHARING	615,522	11
rt10	PROVISIONS FOR INCOME TAXES AND EMPLOYEES' PROFIT SHARING	94,360	2
rt11	NET INCOME AFTER TAXES AND EMPLOYEES' PROFIT SHARING	521,162	9
rt12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0
rt13	CONSOLIDATED NET INCOME FROM CONTINUING OPERATIONS	521,162	9
rt14	INCOME FROM DISCONTINUED OPERATIONS	0	0

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

rt15	CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS	521,162	9
rt16	EXTRAORDINARY ITEMS, NET EXPENSES (INCOME)	0	0
rt17	CUMULATIVE EFFECT FROM ACCOUNTING CHANGE, NET	0	0
rt18	NET CONSOLIDATED INCOME	521,162	9
rt19	NET INCOME OF MINORITY INTEREST	79,221	1
rt20	NET INCOME OF MAJORITY INTEREST	441,941	8

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

QUARTERLY STATEMENTS OF INCOME
BREAKDOWN OF MAIN CONCEPTS
(thousands of Mexican pesos)

REF R	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
rt01	NET SALES	5,611,939	100
rt21	DOMESTIC	1,348,524	24
rt22	FOREIGN	4,263,415	76
rt23	TRANSLATED INTO DOLLARS (***)	389,220	
rt06	INTEGRAL FINANCING COST	4,631	100
rt24	INTEREST EXPENSE	3,017	65
rt42	LOSS (GAIN) ON RESTATEMENT OF UDI'S	0	0
rt45	OTHER FINANCE COSTS	0	0
rt26	INTEREST INCOME	3,998	86
rt46	OTHER FINANCIAL INCOME	0	0
rt25	FOREIGN EXCHANGE LOSS (GAIN) (NET)	(1,759)	(38)
rt28	RESULT FROM MONETARY POSITION	7,371	159
rt10	PROVISIONS FOR INCOME TAXES AND EMPLOYEES' PROFIT SHARING	94,360	100
rt32	INCOME TAX	116,344	123

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

rt33	DEFERRED INCOME TAX	(21,984)	(23)
rt34	EMPLOYEES' PROFIT SHARING EXPENSES	0	0
rt35	DEFERRED EMPLOYEES' PROFIT SHARING	0	0

(***) THOUSANDS OF DOLLARS

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

QUARTERLY STATEMENTS OF INCOME
OTHER CONCEPTS
(thousands of Mexican pesos)

REF	CONCEPTS	CURRENT YEAR
R		
C		AMOUNT
rt47	OPERATIVE DEPRECIATION AND AMORTIZATION	109,170

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

STATEMENTS OF CHANGES IN FINANCIAL POSITION
FROM JANUARY 1 TO MARCH 31 OF 2006 AND 2005
(thousands of pesos)

REF	CONCEPTS	CURRENT YEAR	PREVI
C			
		AMOUNT	AM
c01	CONSOLIDATED NET INCOME	521,162	33
c02	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE CASH	87,186	2
c03	RESOURCES FROM NET INCOME FOR THE YEAR	608,348	35

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

c04	RESOURCES PROVIDED OR USES IN OPERATION	211,933	(49)
c05	RESOURCES PROVIDED BY (USED FOR) IN OPERATING ACTIVITIES	820,281	30
c06	RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES	(252,999)	
c07	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	122,438	
c08	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	(130,561)	
c09	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(554,991)	(30)
c10	NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	134,729	27
c11	CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD	209,874	52
c12	CASH AND SHORT TERM INVESTMENTS AT THE END OF PERIOD	344,603	80

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

STATEMENTS OF CHANGES IN FINANCIAL POSITION
BREAKDOWN OF MAIN CONCEPTS
(thousands of pesos)

REF C	CONCEPTS	CURRENT YEAR AMOUNT	PREVIOUS YEAR AMOUNT
c02	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE CASH	87,186	
c13	DEPRECIATION AND AMORTIZATION FOR THE YEAR	109,170	
c41	+ (-) OTHER ITEMS	(21,984)	(4)
c04	RESOURCES PROVIDED OR USED IN OPERATION	211,933	(4)
c18	+ (-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLES	(170,217)	(17)
c19	+ (-) DECREASE (INCREASE) IN INVENTORIES	(64,730)	
c20	+ (-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLES	110,368	1
c21	+ (-) DECREASE (INCREASE) IN SUPPLIERS	330,338	(17)
c22	+ (-) DECREASE (INCREASE) IN OTHER LIABILITIES	6,174	(10)

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

c06	RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES	(252,999)	
c23	+ BANK FINANCING	0	
c24	+ STOCK MARKET FINANCING	0	
c25	+ DIVIDEND RECEIVED	0	
c26	OTHER FINANCING	157,178	
c27	BANK FINANCING AMORTIZATION	(410,177)	
c28	(-) STOCK MARKET FINANCING AMORTIZATION	0	
c29	(-) OTHER FINANCING AMORTIZATION	0	
c42	+ (-) OTHER ITEMS	0	
c07	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	122,438	
c30	+ (-) INCREASE (DECREASE) IN CAPITAL STOCK	36,156	
c31	(-) DIVIDENDS PAID	0	
c32	+ PREMIUM ON ISSUANCE OF SHARES	86,282	
c33	+ CONTRIBUTION FOR FUTURE CAPITAL INCREASES	0	
c43	+ (-) OTHER ITEMS	0	
c09	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(554,991)	(3)
c34	+ (-) INCREASE (DECREASE) IN PERMANENT STOCK INVESTMENTS	0	
c35	(-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(108,144)	(
c36	(-) INCREASE IN CONSTRUCTION PROGRESS	0	
c37	+ SALE OF OTHER PERMANENT INVESTMENTS	0	
c38	+ SALE OF TANGIBLE FIXED ASSETS	0	
c39	+ (-) OTHER ITEMS	(446,847)	(2)

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

RATIOS
CONSOLIDATED

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

REF P	CATEGORIES	QUARTER OF PRESENT FINANCIAL YEAR
YIELD		
p01	NET INCOME TO NET SALES	9.28%
p02	NET INCOME TO STOCKHOLDERS' EQUITY (**)	16.57%
p03	NET INCOME TO TOTAL ASSETS (**)	8.19%
p04	CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME	0.00%
p05	INCOME DUE TO MONETARY POSITION TO NET INCOME	(1.41)%
ACTIVITY		
p06	NET SALES TO NET ASSETS (**)	1.12 times
p07	NET SALES TO FIXED ASSETS (**)	2.36 times
p08	INVENTORIES TURNOVER (**)	3.82 times
p09	ACCOUNTS RECEIVABLE IN DAYS OF SALES	35.85 days
p10	PAID INTEREST TO TOTAL LIABILITIES WITH COST (**)	1,098.67%
LEVERAGE		
p11	TOTAL LIABILITIES TO TOTAL ASSETS	32.64%
p12	TOTAL LIABILITIES TO STOCKHOLDERS' EQUITY	0.48 times
p13	FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES	34.04%
p14	LONG-TERM LIABILITIES TO FIXED ASSETS	0.00%
p15	OPERATING INCOME TO INTEREST PAID	201.69 times
p16	NET SALES TO TOTAL LIABILITIES (**)	3.45 times
LIQUIDITY		
p17	CURRENT ASSETS TO CURRENT LIABILITIES	2.41 times
p18	CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES	1.17 times
p19	CURRENT ASSETS TO TOTAL LIABILITIES	1.45 times
p20	AVAILABLE ASSETS TO CURRENT LIABILITIES	11.65%
CASH FLOW		

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

p21	RESOURCES FROM NET INCOME TO NET SALES	10.84%
p22	RESOURCES FROM CHANGES IN WORKING CAPITAL TO NET SALES	4.79%
p23	RESOURCES GENERATED (USED) IN OPERATING TO INTEREST PAID	290.81 times
p24	EXTERNAL FINANCING TO RESOURCES PROVIDED BY (USED FOR) FINANCING	193.77%
p25	INTERNAL FINANCING TO RESOURCES PROVIDED (USED FOR) FINANCING	(93.77)%
p26	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	17.55%

(**) IN THESE RATIOS FOR THE DATA TAKE INTO CONSIDERATION THE LAST TWELVE MONTHS

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

DATE PER SHARE
CONSOLIDATED

REF D	CATEGORIES	QUARTER OF PRESENT FINANCIAL YEAR
d01	BASIC PROFIT PER ORDINARY SHARE (**)	\$ 8.95
d02	BASIC PROFIT PER PREFERED SHARE (**)	\$ 0.00
d03	DILUTED PROFIT PER ORDINARY SHARE (**)	\$ 0.00
d04	CONTINUING OPERATING PROFIT PER COMMON SHARE (**)	\$ 8.95
d05	EFFECT OF DISCONTINUED OPERATIONS ON CONTINUING OPERATING PROFIT PER SHARE (**)	\$ 0.00
d06	EFFECT OF EXTRAORDINARY PROFIT AND LOSS ON CONTINUING OPERATING PROFIT PER SHARE (**)	\$ 0.00
d07	EFFECT BY CHANGES IN ACCOUNTING POLICIES ON CONTINUING OPERATING PROFIT PER SHARE (**)	\$ 0.00
d08	CARRYING VALUE PER SHARE	\$ 57.69
d09	CASH DIVIDEND ACCUMULATED PER SHARE	\$ 0.00
d10	DIVIDEND IN SHARES PER SHARE	0.00 shares
d11	MARKET PRICE TO CARRYING VALUE	1.33 times
d12	MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE	8.58 times

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

d13 MARKET PRICE TO BASIC PROFIT PER PREFERENTE SHARE (**) 0.00 times

(**) TO CALCULATE THE DATE PER SHARE USE THE NET INCOME FOR THE LAST TWELVE MONTHS.

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

FINANCIAL STATEMENT NOTES

CONSOLIDATED

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

On July 22, 2005 Simec and its parent company ICH have acquired 100% of the Stock of PAV Republic, Inc. ("Republic"). Simec, ICH's largest subsidiary, has acquired 50.2% of Republic's stock, and ICH purchased the remaining 49.8%. The cash purchase price of USD \$229 million was financed by internally generated funds. Republic is the leading producer of special bar quality (SBQ) steel in the United States and, together with Simec, will become the largest producer of this kind of steel in North America. Simec began to operate the plants of Republic on July 22, 2005 and, as a result the operation is reflected in Simec's financial results as of such date.

According with the established in the articles 35 and 81 of the dispositions of general character applicable to the registrants and other participants of the market of values in Mexico, next consolidated earning statements from January 1 to March 31, appear pro forma of Simec by the period 2005, in order to be comparable and the consolidated balance sheet appear Pro Forma of Simec at March 31, 2005 in order to be comparable against March 31, 2006.

CONSOLIDATED EARNING STATEMENT
(Thousands of Pesos)
FROM JANUARY 1 TO MARCH 31 OF 2006

	Simec without Republic	Republic	Consolidated Simec Earning Statement
Steel Sales (Metric Tons)	243,603	436,999	680,602
Net Sales	1,545,177	4,066,762	5,611,939
Cost of Sales	1,012,994	3,670,912	4,683,906
Gross Income	532,183	395,850	928,033
Operating Expenses	171,460	148,059	319,519
Operating Income	360,723	247,791	608,514

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

Total Financing Cost	2,403	2,228	4,631
Other Financial Operations	(3,026)	(8,613)	(11,639)
Income Taxes	(956)	95,316	94,360
Net Income Before Minority Interest	362,302	158,860	521,162
Minority Interest	0	79,221	79,221
Net Income	362,302	79,639	441,941

CONSOLIDATED PRO FORMA EARNING STATEMENT
(Thousands of Pesos)
FROM JANUARY 1 TO MARCH 31 OF 2005

	Simec without Republic	Republic	Consolidated Simec Earning Statement
Steel Sales (Metric Tons)	246,202	445,163	691,365
Net Sales	1,824,077	4,500,768	6,324,845

	Simec without Republic	Republic	Consolidated Simec Earning Statement
Cost of Sales	1,160,976	3,839,199	5,000,175
Gross Income	663,101	661,569	1,324,670
Operating Expenses	188,728	158,248	346,976
Operating Income	474,373	503,321	977,694
Total Financing Cost	(513)	46,656	46,143
Other Financial Operations	(5,100)	(3,766)	(8,866)
Income Taxes	148,147	174,964	323,111
Net Income Before Minority Interest	331,839	285,467	617,306
Minority Interest	0	142,105	142,105
Net Income	331,839	143,362	475,201

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

The earnings statement Pro forma for the period January 1 to March 31 2005, includes the information of Republic corresponded to the previous owners.

CONSOLIDATED BALANCE SHEET
(Thousands of Pesos)
AT MARCH 31

	2006		Pro-forma 2005
	Consolidated Simec Balance Sheet	Simec without Republic	Consolidated Adjustments Republic
Current assets	7,150,332	3,300,372	4,136,305
Property, Plant and Equipment	7,196,338	5,911,063	357,103
Other Intangible Assets and Deferred Assets	723,565	234,967	160,607
Total Assets	15,070,235	9,446,402	4,654,015
Current Liabilities	2,955,697	922,599	1,260,714
Other non Current Liabilities	1,964,464	1,417,363	2,058,624
Total Stockholders' Equity	10,150,074	7,106,440	1,334,677

The Plants of Republic already are integrated in the consolidated balance sheet at March 31 of 2006 and the consolidated balance sheet Pro forma includes the adjustments of Republic at March 31, 2005.

s79 Stockholders' Equity:

Effects of inflation - The effects of inflation on stockholders' equity at March 31, 2006 are as follows:

	Historical Cost	Restated Amount	Total
Capital stock	Ps. 2,048,257	Ps. 1,471,998	Ps. 3,520,255
Additional paid-in capital	788,394	144,753	933,147
Premium on Issuance of Shares	20,000	67,784	87,784
Retained earnings	3,864,180	632,665	4,496,845
Effect deferred income tax Bulletin D-4	(662,340)	(245,451)	(907,791)

s39 Premium on Issuance of Shares made in March 29, 2001, April 29, 2005 and February 13, 2006.

s66 In 1999, the Mexican Institute of Public Accountants issued Bulletin D-4, "Accounting for Income and Asset Taxes and Employee Profit Sharing", which is effective for all fiscal years beginning January 1, 2000. Bulletin

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

D-4 establishes financial accounting and reporting standards for the effects of asset tax, income tax and employee profit sharing that result from enterprise activities during the current and preceding years. Simec's long-term liabilities resulted of the adoption of this Bulletin was Ps. 1,843,044 at March 31, 2006 compared to Ps. 1,394,442 at March 31, 2005. The effect on Simec's consolidated statement of income in the first quarter of 2006, was an decrease of Ps. 21,984 in the provision for income tax and employee profit sharing compared to a decrease of Ps. 44,105 in the same period of 2005. These provisions do not affect the cash flow of Simec.

c02 Consolidated Statements of Changes in Financial Position

The net loss in money exchange and net profit in liabilities actualization are as follows:

	March 31, 2006	March 31, 2005
Net loss (profit) in money exchange	Ps. 52	Ps. 9
Net loss (profit) in liabilities actualization	(3,566)	(28)

MEXICAN STOCK EXCHANGE SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

DIRECTOR REPORT

ANNEX 1

CONSOLIDATED

INFORMATION CONCERNING LIQUIDITY AND CAPITAL RESOURCES AND DEBT OBLIGATIONS WITH BANKS AND COMMERCIAL CREDITORS

Liquidity and Capital Resources

At March 31, 2006 Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at March 31, 2006 was U.S. \$316,356 dollars. At December 31, 2005, Simec's total consolidated debt consisted of U.S. \$38 million (Ps. 410 million), of which \$33.4 million was debt held by GE Capital, \$4.3 million dollars held by the Ohio Department of Development Loan, and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at December 31, 2005 was U.S. 309,311 dollars).

On July 22, 2005 Simec and its parent company ICH acquired 100% of the stock of PAV Republic, Inc. ("Republic"). Simec, ICH's largest subsidiary, acquired 50.2% of Republic's stock, and ICH purchased the remaining 49.8%. The cash purchase price of U.S. \$229 million was financed by internally generated funds. At March 31, 2006, Republic repaid in full its outstanding bank debt, which had maturities through 2009. Republic is the leading producer of special bar quality (SBQ) steel in the United States and, together with Simec, will become the largest producer of this kind of steel in North America.

Net resources provided by operations were Ps. 820 million in the three-month period ended March 31, 2006 versus Ps. 305 million of net resources provided by operations in the same period of 2005. Net resources used by financing activities were Ps. 131 million in the three-month period ended March 31, 2006 (which amount includes the capital contribution from ICH to Republic of Ps. 141

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

million, the prepayment of Ps. 410 million (U.S. \$37.7 million) of Republic's bank debt and a capital contribution of certain minority shareholders of Simec of Ps. 122 million) versus Ps. 0 million of net resources provided by financing activities in the same period of 2005. Net resources used in investing activities (to acquire property, plant and equipment and other non-current assets) were Ps. 555 million in the three-month period ended March 31, 2006 versus net resources used in investing activities of Ps. 30 million in the same period of 2005.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three-Month Period Ended March 31, 2006 compared to Three-Month Period Ended March 31, 2005

Net Sales

Net sales of Simec increased 208% to Ps. 5,612 million in the three-month period ended March 31, 2006 (including the net sales generated by the newly acquired plants of Republic of Ps. 4,067 million), compared to Ps. 1,824 million in the same period of 2005. Sales in metric tons of basic steel products increased 176% to 680,602 metric tons in the three-month period ended March 31, 2006 (including 436,999 metric tons generated by the newly acquired plants of Republic) compared to 246,202 metric tons in the same period of 2005. Exports (including sales by U.S. subsidiaries) of basic steel products increased 1,171% to 467,729 metric tons in the

three-month period ended March 31, 2006 (including 436,999 metric tons generated by the newly acquired plants of Republic) versus 36,796 metric tons in the same period of 2005. Additionally, Simec sold 1,290 metric tons of billet in the three-month period ended March 31, 2006, compared to 12,870 tons of billet in the same period of 2005. The average price of steel products (excluding the sales of Republic) decreased 13% in real terms in the three-month period ended March 31, 2006 versus the same period of 2005.

Direct Cost of Sales

Simec's direct cost of sales increased 303% to Ps. 4,684 million in the three-month period ended March 31, 2006 (including Ps. 3,671 million relating to the newly acquired plants of Republic) compared to Ps. 1,161 million in the same period of 2005. Direct cost of sales as a percentage of net sales was 83% (66% excluding the cost of sales of Republic) in the three-month period ended March 31, 2006 compared to 64% in the same period of 2005. The average cost of raw materials used to produce steel products (excluding the production of Republic) decreased 9% in real terms in the three-month period ended March 31, 2006 versus the same period of 2005, primarily as a result of decreases in the price of scrap and certain other raw materials.

Marginal Profit

Simec's marginal profit increased 40% to Ps. 928 million in the three-month period ended March 31, 2006 (including Ps. 396 million relating to the newly acquired plants of Republic) compared to Ps. 663 million in the same period of 2005. As a percentage of net sales, marginal profit was 11% (34% excluding the marginal profit of Republic) in the three-month period ended March 31, 2006 compared to 36% in the same period of 2005.

Indirect Manufacturing, Selling, General and Administrative Expenses

Indirect manufacturing, selling, general, and administrative expenses (which

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

include depreciation and amortization) increased 69% to Ps. 319 million in the three-month period ended March 31, 2006 (including Ps. 148 million relating to the newly acquired plants of Republic) from Ps. 189 million in the same period of 2005; Simec recorded an increase of Ps. 43 million in depreciation and amortization expense, which in the three-month period ended March 31, 2006 was Ps. 109 million (including Ps. 45 million relating to the newly acquired plants of Republic) compared to Ps. 66 million in the same period of 2005.

Operating Income

Simec's operating income increased 28% to Ps. 609 million in the three-month period ended March 31, 2006 (including Ps. 248 million relating to the newly acquired plants of Republic) compared to Ps. 474 million in the same period of 2005. Operating income was 11% (23% excluding the operating income of Republic) of net sales in the three-month period ended March 31, 2006 and 26% of net sales in the same period of 2005.

Financial Income (Expense)

Simec recorded financial expense of Ps. 5 million in the three-month period ended March 31, 2006 compared to financial income of Ps. 1 million in the same period of 2005. Simec recorded an exchange gain of approximately Ps. 1 million in the three-month period ended March 31, 2006 compared to an exchange gain of Ps. 6 million in the same period of 2005, reflecting a 1.6% decrease in the value of the peso versus the dollar in the three-month period ended March 31, 2006 compared to a 0.3% decrease in the value of the peso versus the dollar in the same period of 2005. Net interest income was Ps. 1 million in the three-month period ended March 31, 2006 versus net interest income of Ps. 2 million in the same period of 2005. Simec recorded a loss from monetary position of Ps. 7 million in the three-month period ended March 31, 2006 compared to a loss from monetary position of Ps. 7 million in the same period of 2005, reflecting the domestic inflation rate of 0.9% in the three-month period ended March 31, 2006 as compared to 0.8% in the same period of 2005.

Other Income (Expense), Net

Simec recorded other income, net, of Ps. 11 million in the three-month period ended March 31, 2006 compared to other income, net, of Ps. 5 million in the same period of 2005.

Income Tax and Employee Profit Sharing

Simec recorded a provision of Ps. 94 million for income tax and employee profit sharing in the three-month period ended March 31, 2006 (including a decrease in the provision of Ps. 22 million with respect to deferred income tax) compared to a provision of Ps. 148 million in the same period of 2005 (including a decrease in the provision of Ps. 44 million with respect to deferred income tax).

Net Income Before Minority Interest

Simec recorded net income before minority interest of Ps. 521 million in the three-month period ended March 31, 2006 compared to net income before minority interest of Ps. 332 million in the same period of 2005.

Minority Interest

Simec recorded minority interest of Ps. 79 million in the three-month period ended March 31, 2006 versus no minority interest recorded in the same period of 2005. The minority interest reflects the 49.8% interest in Republic held by ICH.

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

Net Income

As a result of the foregoing Simec recorded net income of Ps. 442 million in the three-month period of 2006 compared to net income of Ps. 332 million in the same period of 2005.

Pronouncements Applicable to Mexican GAAP

In 1999, the Mexican Institute of Public Accountants issued Bulletin D-4, "Accounting for Income and Asset Taxes and Employee Profit Sharing", which is effective for all fiscal years beginning January 1, 2000. Bulletin D-4 establishes financial accounting and reporting standards for the effects of asset tax, income tax and employee profit sharing that result from enterprise activities during the current and preceding years. Simec's long-term liability resulting from the adoption of this Bulletin was Ps. 914 million at March 31, 2006 compared to Ps. 1,394 million at March 31, 2005. The effect on Simec's consolidated statement of income in the three-month period ended March 31, 2006 was a decrease of Ps. 22 million in the provision for income tax and employee profit sharing compared to a decrease in the provision of Ps. 44 million in the same period of 2005. These provisions do not affect the cash flow of Simec.

MEXICAN STOCK EXCHANGE SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

FINANCIAL STATEMENT NOTES ANNEX 2

CONSOLIDATED

(1) Operations preparation bases and summary of significant accounting policies:

Grupo Simec, S.A. de C.V. and its Subsidiaries ("the Company") are subsidiaries of Industrias CH, S.A. de C.V. ("ICH"), and their main activities consist of the manufacturing and sale of steel products primarily destined for the construction sector of Mexico and other countries.

Significant accounting policies and practices followed by the Companies which affect the principal captions of the financial statements are described below:

a. Financial statement presentation - The consolidated financial statements have been prepared in accordance with principles generally accepted in Mexico, which include the recognition of the effects of inflation on the financial information and the presentation in constant Mexican pesos.

b. Principles of Consolidation - As part of the financial debt restructuring agreement into during 1997, Compania Siderurgica de Guadalajara, S.A. de C.V. ("CSG") assumed all of the debt of the Company in return for an equity interest in its subsidiaries. As a result of the above, the Company is the principal shareholder of CSG, and CSG is the principal shareholder of the other subsidiaries that Grupo Simec, S.A. de C.V. ("Simec") controlled before the restructuring.

The main subsidiaries of CSG are the following:

- o Compania Siderurgica de California, S.A. de C.V.
- o Industrias del Acero y del Alambre, S.A. de C.V.
- o Pacific Steel Inc.

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

- o SimRep Corporation and PAV Republic and Subsidiaries

All significant intercompany balances and transactions have been eliminated in consolidation.

c. Cash and cash equivalents - The Company considers short-term investments with original maturities not greater than three months to be cash equivalent. Cash equivalents includes temporary investments and Mexican Government Treasury Bonds, and are stated at market value, which approximates cost plus earned interest. Any increase in market value is credited to operations for the period.

d. Inventories - The inventories are originally stated at average cost and subsequently adjusted to replacement value at the balance sheet date. The replacement values do not exceed market and are determined as follows:

Billet finished goods and work in process - At the latest production cost for the month.

Raw materials - According to purchase prices prevailing in the market at the balance sheet date.

Materials, supplies and rollers - At historical cost, restated by applying the steel industry inflation index.

The Company presents as non-current inventories the rollers and spare parts, which according to historical data and production trends will not be used within a one-year period.

e.- Derivative financial instruments-- The Company is using derivative financial instruments for hedging risks associated with natural gas prices and conducted studies on historical consumption, future requirements and commitments; thus it avoided exposure to risks other than the normal operating risks. Management of the Company examines its financial risks by continually analyzing price, credit and liquidity risks.

The Company uses futures contracts for hedging risks from fluctuations in natural gas prices, which are based on demand and supply at the principal international markets.

As applicable, the Company recognized the fair value of instruments either as liabilities or assets. Such fair value and thus, the value of these assets or liabilities were restated at each month's-end. The Company opted for the early adoption of Bulletin C-10 "Derivative Financial Instruments and Hedging"; therefore, at December 31, 2003 the fair value of natural gas in force during 2004, 2005 and 2006 and which effective portions will not be offset against the asset risks until consumed, were recognized within the comprehensive income account in stockholders' equity.

f. Property, plant and equipment - Property, plant and equipment of domestic origin are restated by using factors derived from The National Consumer Price Index ("NCPI") from the date of their acquisition, and imported machinery and equipment are restated by applying devaluation and inflation factors of the country of origin. Depreciation recorded in the consolidated statement of income (loss) is computed based upon the estimated useful life and the restated cost of each asset. In addition, Financial expense incurred during the construction period is capitalized as construction in progress. The capitalized amounts are restated using a factor derived from the NCPI cumulative from the date of capitalization through period-end and are amortized over the average depreciation period of the corresponding assets. The estimated useful lives of

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

assets as of March 31, 2006 are as follows:

	Years -----
Buildings.....	15 to 50
Machinery and equipment	10 to 40
Buildings and improvements (Republic).....	10 to 25
Land improvements (Republic).....	5 to 25
Machinery and equipment (Republic).....	5 to 20

g. Other assets - Organization and pre-operating expenses are capitalized and restated using a factor derived from the NCPI cumulative from the date of generation through period-end, and their amortization is calculated by the straight-line method over a period of 20 years.

h. Seniority premiums and severance payments - According to Federal Labor Law, employees are entitled to seniority premiums after fifteen years or more of services. These premiums are recognized as expenses in the years in which the services are rendered, using actuarial calculations based on the projected unit credit method, and since 1996 by applying real interest and salary increases.

Any other payments to which employees may be entitled in case of separation, disability or death, are charged to operations in the period in which they become payable.

i. Pension plan - Until 1995, the Company provided pension benefits for all personnel with a minimum of 10 years of service and 35 years of age. The Company had established an irrevocable trust for its contributions, which were based on actuarial calculations. In December 1995, the board of directors of the Company, in

agreement with the trade union, discontinued these benefits and related contributions to the trust fund. This decision was made because of the new Mexican pension fund system, Administradoras de Fondos para el Retiro, which establishes similar benefits for the employees. The balance of the trust fund will be applied to the retirement benefits of qualifying employees until the fund is exhausted due to the irrevocable status of the fund.

The Company does not have any contractual obligation regarding the payment of pensions of retirements.

j. Cost of sales - Cost of sales related to sales of inventory items is recorded at standard cost, which approximates the replacement cost at the date of sale.

k. Income tax and employee profit sharing - In 1999, the Mexican Institute of Public Accountants issued Bulletin D-4, "Accounting for Income and Asset Taxes and Employee Profit Sharing", which is effective for all fiscal years beginning January 1, 2000. Bulletin D-4 establishes financial accounting and reporting standards for the effects of asset tax, income tax and employee profit sharing that result from enterprise activities during the current and preceding years.

The Company and its subsidiaries are included in the consolidated tax returns of the company's parent.

l. Foreign currency transactions and exchange differences - All transactions in foreign currency are recorded at the exchange rates prevailing on the date of their execution or liquidation. Foreign currency denominated assets and liabilities are translated at the exchange rates prevailing at the balance sheet date. Any exchange differences incurred with regard to assets or liabilities denominated in foreign currency are charged to operations of the period and are

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

included in financial income (expense) in the accompanying consolidated statements of income (loss).

The financial statements of foreign subsidiaries are translated into Mexican pesos in conformity with Bulletin B-15 "Transactions in Foreign Currency and Translation of Financial Statements of Foreign Operations".

Pacific Steel and Undershaft investments are considered to be "integrated foreign operations", as defined in Bulletin B-15, and accordingly such financial statements were translated as follows:

- Monetary items at the exchange rate at the balance sheet date.
- Non-monetary items and stockholders' equity at the exchange rate prevailing at the date the transactions occurred.
- Income and expense items at an appropriate average exchange rate.
- The resulting foreign currency translation differences are included in the financial income (expense) in the statement of income (loss).
- All resulting Mexican peso amounts are restated for the effects of inflation in accordance with the dispositions of Bulletin B-10 using the NCPI, where such effects are considered significant.

SimRep and subsidiaries are considered to be "foreign operations", as defined in Bulletin B-15, and accordingly such financial statements were translated as follows:

- Monetary and non-monetary items at the exchange rate at the balance sheet date.
- Income and expense items at the exchange rate at the balance sheet date.
- The resulting foreign currency translation differences are included in the stockholders' equity.
- All resulting Mexican peso amounts are restated for the effects of inflation in accordance with the dispositions of Bulletin B-10 using the NCPI, where such effects are considered significant.

m. Geographic concentration of credit risk - The Company sells its products primarily to distributors for the construction industry with no specific geographic concentration. Additionally, no single customer accounted for a significant amount of the Company's sales, and there were no significant accounts receivable from a single customer or affiliate at March 31, 2006 and 2005. The Company performs evaluations of its customers' credit histories and establishes an allowance for doubtful accounts based upon the credit risk of specific customers and historical trends.

n. Other income (expenses) - Other income (expenses) shown in the consolidated statements of operations primarily includes other financial operations.

o. Gain on monetary position - The gain on monetary position in the consolidated statements of income (loss) is determined by applying to net monetary assets or liabilities at the beginning of each month the factor of inflation derived from the NCPI and is restated at period-end with the corresponding factor.

p. Restatement of capital stock and retained earnings (losses) - This is determined by multiplying capital stock contributions and retained earnings

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

(losses) by factors derived from the NCPI, which measure the cumulative inflation from the date when capital stock contributions were made and earnings (losses) were generated, through the latest period-end.

q. Effect of restatement of stockholders' equity - The effect resulting from restating stockholders' equity includes the accumulated effect from holding non-monetary assets, which represents the change in the specific price level of those assets compared to the change in the NCPI.

(2) Financial Debt:

At March 31, 2006 Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at March 31, 2006 was U.S. \$316,356 dollars). At December 31, 2005, Simec's total consolidated debt consisted of U.S. \$38 million (Ps. 410 million), of which \$33.4 million was debt held by GE Capital, \$4.3 million dollars held by the Ohio Department of Development Loan, and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at December 31, 2005 was U.S. 309,311 dollars).

(3) Commitments and contingent liabilities:

a. Pacific Steel, Inc. (a wholly-owned subsidiary located in the U.S.A.) has been named in various claims and suits relating to the generation, storage, transport, disposal and cleanup of materials classified as hazardous waste. The Company has accrued approximately Ps. 14,687 (U.S. \$1,341,141) at March 31, 2006, (included in accrued liabilities) relating to these actions; the reduction of this reserve from previous levels reflects clean-up activities undertaken by Simec. Management believes the ultimate liability with respect to this matter will not exceed the amounts that have been accrued.

b. The Company is subject to various other legal proceeding and claims, which have arisen, in the ordinary course of its business. It is the opinion of management that their ultimate resolution will not have a material adverse effect on the Company's consolidated financial position or consolidated results of operations.

c. Compania Siderurgica de Guadalajara, S.A. de C.V. has entered into a gas and liquid oxygen purchase agreement with Praxair de Mexico, S.A. de C.V., under which it is committed to acquire monthly over a fifteen-year period beginning January 1, 1989, a certain amount of product. At present required purchases amount to Ps. 1,436 per month.

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

RELATIONS OF SHARES INVESTMENTS
ANNEX 3

CONSOLIDATED

COMPANY NAME

MAIN ACTIVITIES

SUBSIDIARIES

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

CIA SIDERURGICA DE GUADALAJARA	Sub-Holding
ADMINISTRADORA DE CARTERA DE OCCIDENTE	Administracion de Cartera
SIMEC INTERNATIONAL	Production and sales of steel products
Arrendadora Simec	Production and sales of steel products
Controladora Simec	Sub-Holding
Pacific Steel	Scrap purchase
Cia. Siderurgica del Pacifico	Arrendadora de Inmuebles
Coordinadora de Servicios Siderurgicos de Calidad	Administrative services
Administradora de Servicios de la Industria Siderurgica	Administrative services
Industrias del Acero y del Alambre	Sales of steel products
Procesadora Mexicali	Scrap purchase
Servicios Simec	Administrative services
Sistemas de Transporte de Baja California Operadora de Metales	Administrative services
Operadora de Servicios Siderurgicos de Tlaxcala	Administrative services
Administradora de Servicios Siderurgicos de Tlaxcala	Administrative services
Operadora de Servicios de la Industria Siderurgica	Administrative services
SimRep	Sub-Holding
PAV Republic	Production and sales of steel products
TOTAL INVESTMENT IN SUBSIDIARIES	
ASSOCIATEDS	
TOTAL INVESTMENT IN ASSOCIATEDS	
OTHER PERMANENT INVESTMENTS	
TOTAL	

NOTES

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

CREDITS BREAK DOWN

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

(THOUSANDS OF MEXICAN PESOS)
ANNEX 5

CONSOLIDATED

Credit Type / Institution	Amortization Date	Rate of Interest	Denominated In Pesos		Current Year	Amortization of With National E	
			Until 1 Year	More Than 1 Year		Until 1 Year	Un
BANKS							
WITH WARRANTY							
TOTAL BANKS			0	0	0	0	
LISTED IN THE MEXICAN STOCK EXCHANGE							
UNSECURED DEBT							
MEDIUM TERM NOTES	15/12/1998	9.33	0	0	0	0	
TOTAL STOCK EXCHANGE			0	0	0	0	
SUPPLIERS							
VARIOUS			640,732	0	0	0	
TOTAL SUPPLIERS			640,732	0	0	0	
OTHER CURRENT LIABILITIES AND OTHER CREDITS							
VARIOUS			512,663	0	0	0	
OTHER CURRENT LIABILITIES AND OTHER CREDITS			512,663	0	0	0	
TOTAL			1,153,395	0	0	0	

Amortization of Credits in Foreign Currency With Foreign Entities
(Thousands of Pesos)
Time Interval

Credit Type / Institution	Current Year	Until 1 Year	Until 2 Years	Until 3 Years	Until 4 Years	Until 5 Year or more
WITH WARRANTY						
TOTAL BANKS	0	0	0	0	0	0

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

LISTED IN THE MEXICAN
STOCK EXCHANGE

UNSECURED DEBT

MEDIUM TERM NOTES	3,307	0	0	0	0	0
TOTAL STOCK EXCHANGE	3,307	0	0	0	0	0

SUPPLIERS

VARIOUS	0	1,093,531	0	0	0	0
TOTAL SUPPLIERS	0	1,093,531	0	0	0	0

OTHER CURRENT LIABILITIES
AND OTHER CREDITS

VARIOUS	0	174,867	0	0	0	0
OTHER CURRENT LIABILITIES AND OTHER CREDITS	0	174,867	0	0	0	0
TOTAL	3,307	1,268,398	0	0	0	0

NOTES:

- 1.- The exchange rate of the peso to the U.S. Dollar at March 31, 2006 was Ps. 10.9510

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER:1 YEAR: 2006

MONETARY FOREIGN CURRENCY POSITION
(Thousands of Mexican Pesos)

ANNEX 6

FOREIGN CURRENCY POSITION	DOLLARS		OTHER CURRE
	THOUSANDS OF DOLLARS	THOUSANDS OF PESOS	THOUSANDS OF DOLLARS
TOTAL ASSETS	215,323	2,357,994	0
LIABILITIES POSITION	152,674	1,671,950	271
SHORT TERM LIABILITIES POSITION	152,674	1,671,950	271

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

LONG TERM LIABILITIES POSITION	0	0	0
NET BALANCE	62,649	686,044	(271)

NOTES

THE EXCHANGE RATE OF THE PESO TO THE U.S. DOLLAR AT MARCH 31, 2006 WAS PS.
10.9510

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER:1 YEAR: 2006

RESULT FROM MONETARY POSITION
(Thousands of Mexican Pesos)

MONTH	ANNEX 7		ASSET (LIABILITY) MONETARY POSITION	MONTHLY INFLATION	MONTHLY AND
	MONETARY ASSETS	MONETARY LIABILITIES			
JANUARY	3,592,759	2,795,634	797,125	0.59	4
FEBRUARY	3,251,893	2,319,744	932,149	0.15	1
MARCH	3,353,813	2,352,537	1,001,276	0.13	1
ACTUALIZATION					
CAPITALIZATION					
FOREIGN CORPORATION					
OTHER					
TOTAL					7

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER:1 YEAR: 2006

DEBT INSTRUMENTS

ANNEX 8

CONSOLIDATED

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

FINANCIAL LIMITED BASED IN ISSUED DEED AND/OR TITLE

MEDIUM TERM NOTES

- A) Current assets to current liabilities must be 1.0 times or more.
- B) Total liabilities to total assets do not be more than 0.60.
- C) Operating income plus items added to income which do not require using cash must be 2.0 times or more.

This notes was offered in the international market.

ACTUAL SITUATION OF FINANCIAL LIMITED

MEDIUM TERM NOTES

- A) Accomplished the actual situation is 2.42 times.
- B) Accomplished the actual situation is 0.33
- C) Accomplished the actual situation is 237.88

As of March 31, 2006, the remaining balance of the MTNs not exchanged amounts to Ps. 3,307 (\$302,000 dollars).

C.P. Jose Flores Flores
Chief Financial Officer

BONDS AND/OR MEDIUM TERM NOTES CERTIFICATE

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER:1 YEAR: 2006

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9

PLANT OR CENTER	ECONOMIC ACTIVITY	PLANT
GUADALAJARA MINI MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	
MEXICALI MINI MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	
INDUSTRIAS DEL ACERO Y DEL ALAMBRE	SALE OF STEEL PRODUCTS	
APIZACO AND CHOLULA PLANTS	PRODUCTION AND SALES OF STEEL PRODUCTS	
CANTON CASTER FACILITY	PRODUCTION OF BILLET	
LORAIN CASTER FACILITY	PRODUCTION OF BILLET	1
LORAIN HOT-ROLLING MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

LACKAWANNA HOT-ROLLING MILL	PRODUCTION AND SALES OF STEEL PRODUCTS
MASSILLON COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS
GARY COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS
ONTARIO COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER:1 YEAR: 2006

MAIN RAW MATERIALS

ANNEX 10

DOMESTIC	MAIN SUPPLIERS	FOREIGN	MAIN SUPPLIERS	DOMESTIC SUBSTITUTION	PRO
SCRAP	VARIOUS	SCRAP	VARIOUS	YES	
ELECTRICITY	C.F.E			NO	
FERROALLOYS	MINERA AUTLAN	FERROALLOYS	GFM TRADING	YES	
ELECTRODES	UCAR CARBON MEXICANA	ELECTRODES	SGL CARBON GROUP	YES	

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

SELLS DISTRIBUTION BY PRODUCT

ANNEX 11

CONSOLIDATED

DOMESTIC SELLS

MAIN PRODUCTS	NET SALES		MAIN DESTINATION	
	VOLUME	AMOUNT	TRADEMARKS	COSTUMERS
STRUCTURAL PROFILES	44	285,794		
COMMERCIAL PROFILES	35	204,527		
REBAR	41	243,179		

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

FLAT BAR	41	251,878
STEEL BARS	52	361,065
OTHER	0	1,935
BILLET	0	146
HOT-ROLLED BARS		
COLD-FINISHED BARS		
SEMI-FINISHED SEAMLESS TUBE ROUNDS		
OTHER SEMI-FINISHED TRADE PRODUCTS		
T O T A L		4,263,415
FOREIGN SALES		4,263,415
TOTAL		5,611,939

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

SELLS DISTRIBUTION BY PRODUCT

ANNEX 11

CONSOLIDATED

FOREIGN SELLS

MAIN PRODUCTS	NET SELLS		MAIN	
	VOLUME	AMOUNT	TRADEMARKS	COSTUMERS
EXPORTS				
STRUCTURAL PROFILES	9	55,163		
COMMERCIAL PROFILES	4	24,578		
REBAR	7	39,891		
STEEL BARS	7	51,513		
FLAT BAR	2	12,973		
BILLET	1	7,235		
FOREIGN SUBSIDIARIES				

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

HOT-ROLLED BARS	258	2,562,400
COLD-FINISHED BARS	38	523,574
SEMI-FINISHED SEAMLESS TUBE ROUNDS	114	750,707
OTHER SEMI-FINISHED TRADE PRODUCTS	27	235,381
T O T A L		4,263,415

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

CONSOLIDATED

INTEGRATION OF THE PAID SOCIAL CAPITAL STOCK
CHARACTERISTICS OF THE SHARES

SERIES	NOMINAL VALUE	VALID CUPON	NUMBER OF SHARES			CAPITAL (Thousands)	
			FIXED PORTION	VARIABLE PORTION	MEXICAN	FREE SUBSCRIPTION	FIXED
B			30,283,350	110,121,552	0	140,404,902	441,786
TOTAL			30,283,350	110,121,552	0	140,404,902	441,786

TOTAL NUMBER OF SHARES REPRESENTING THE PAID-IN CAPITAL STOCK ON THE DATE OF
SENDING THE INFORMATION: 140,404,902

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

CONSTRUCTION IN PROGRESS

ANNEX 13

CONSOLIDATED

THE PROYECTS IN PROGRESS AT MARCH 31, 2006, ARE:

PROYECTS IN PROGRESS

TOTAL INVESTMENT

CASTER PROJECT IN CANTON AND

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

OTHER PROJECTS IN REPUBLIC MEXICALI	447,525
VARIOUS PROJECTS IN TLAXCALA	40,363
VARIOUS PROJECTS IN GUADALAJARA AND MEXICALI	34,757
TOTAL INVESTMENT AT MARCH 31, 2006	23,030
	545,675
	=====

MEXICAN STOCK EXCHANGE SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

INFORMATION RELATED TO BULLETIN B-15 (FOREIGN CURRENCY TRANSLATION)

ANNEX 14

CONSOLIDATED

Foreign currency transactions and exchange differences - All transactions in foreign currency are recorded at the exchange rates prevailing on the date of their execution or liquidation. Foreign currency denominated assets and liabilities are translated at the exchange rates prevailing at the balance sheet date. Any exchange differences incurred with regard to assets or liabilities denominated in foreign currency are charged to operations of the period and are included in financial income (expense) in the accompanying consolidated statements of income (loss).

The financial statements of foreign subsidiaries are translated into Mexican pesos in conformity with Bulletin B-15 "Transactions in Foreign Currency and Translation of Financial Statements of Foreign Operations".

Pacific Steel and Undershaft investments are considered to be "integrated foreign operations", as defined in Bulletin B-15, and accordingly such financial statements were translated as follows:

- Monetary items at the exchange rate at the balance sheet date.
- Non-monetary items and stockholders' equity at the exchange rate prevailing at the date the transactions occurred.
- Income and expense items at an appropriate average exchange rate.
- The resulting foreign currency translation differences are included in the financial income (expense) in the statement of income (loss).
- All resulting Mexican peso amounts are restated for the effects of inflation in accordance with the dispositions of Bulletin B-10 using the NCPI, where such effects are considered significant.

SimRep and subsidiaries are considered to be "foreign operations", as defined in Bulletin B-15, and accordingly such financial statements were translated as follows:

- Monetary and non-monetary items at the exchange rate at the balance sheet date.
- Income and expense items at the exchange rate at the balance sheet date.

Edgar Filing: GROUP SIMEC SA DE CV - Form 6-K

- The resulting foreign currency translation differences are included in the stockholders' equity.
- All resulting Mexican peso amounts are restated for the effects of inflation in accordance with the dispositions of Bulletin B-10 using the NCPI, where such effects are considered significant.

MEXICAN STOCK EXCHANGE
SIFIC / ICS

STOCK EXCHANGE CODE: SIMEC
GRUPO SIMEC, S.A. DE C.V.

QUARTER: 1 YEAR: 2006

CONSOLIDATED

DECLARATION OF THE COMPANY OFFICIALS RESPONSIBLE
FOR THE INFORMATION CONTAINED IN THIS REPORT.

LUIS GARCIA LIMON AND JOSE FLORES FLORES CERTIFY THAT BASED ON OUR KNOWLEDGE, THIS REPORT DOES NOT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE HEREIN, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH SUCH STATEMENTS WERE MADE, NOT MISLEADING WITH RESPECT TO THE PERIOD COVERED BY THIS FIRST QUARTER REPORT.

ING LUIS GARCIA LIMON
CHIEF EXECUTIVE OFFICER

C.P. JOSE FLORES FLORES
CHIEF FINANCIAL OFFICER

GUADALAJARA, JAL, AT APRIL 25 OF 2006