

GROUP SIMEC SA DE CV
Form 6-K
February 28, 2008

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

COMMISSION FILE NUMBER 1-11176

For the month of February , 2008.

Group Simec, Inc.

(Translation of Registrant's Name Into English)

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 is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1)

Yes ☐ No ☒

Indicate by check mark whether the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7)

Yes ☐ No ☒

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.B. de C.V.

(Registrant)

Date: February 28, 2008.

By: /s/ Luis García Limón

Name: Luis García Limón
Title: Chief Executive Officer

PRESS RELEASE

Contact: Sergio Vigil González
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Grupo Simec Announces Preliminary (Unaudited) Results of Operations for the Year Ended December 31, 2007

GUADALAJARA, Mexico, Feb. 27 /PRNewswire-FirstCall/ Grupo Simec, S.A.B. de C.V. (AMEX: SIM) (Simec) announced today its preliminary (unaudited) results of operations for the year ended December 31, 2007.

Acquisition of Corporacion Aceros DM, S.A. de C.V.

On February 21, 2008, Simec executed an agreement to acquire 100% of the shares of Corporacion Aceros DM, S.A. de C.V. and certain of its affiliates (Grupo San).

Grupo San is a long products steel mini-mill and the second-largest corrugated rebar producer in Mexico. Grupo San's operations are based in San Luis Potosi, Mexico. Its plants and its 1,457 employees rely on cutting edge technology to produce 700 thousand tons of finished products annually.

With this acquisition, Simec and Industrias CH, S.A. de C.V. (ICH) position themselves as the second largest producers of rebar and the largest steel producers in Mexico, with a production capacity of approximately 4.5 million tons of liquid steel and 3.8 million tons of finished products.

With this strategic acquisition, Simec and ICH will achieve a more diversified product mix and sales mix, with 50% of sales in Mexico and 50% outside Mexico, both of which will allow them to better address the natural cycles of the steel industry at the domestic and global levels. Additionally, Simec and ICH have already identified significant synergies and economies of scale that will increase Simec's operating margins. Grupo San's central location in Mexico, where Simec and ICH are not currently present, also represents a strong competitive advantage since it provides several strategic benefits mainly related to distribution given its proximity to Mexico's main cities, sea ports, and borders.

In addition, Grupo San has aggressive expansion plans in its corrugated rebar business, which ICH and Simec will support and promote to satisfy the growing demand for this product resulting from the Mexican Government's aggressive infrastructure plan.

Simec, the main subsidiary of ICH, will acquire 100% of the shares of Grupo San. The transaction is valued at 850 million U.S. dollars, 85% of which will be paid with cash generated by the company's operations and by the company's stock public offering, which took place in February 2007.

This acquisition confirms the growth strategy that has characterized ICH, reaffirming its position as a consolidator in the steel sector.

This acquisition is subject to the approval of Mexico's federal competition commission, Comision Federal de Competencia, as well as Simec's shareholders' meeting.

Grupo San's shareholders were advised by Lehman Brothers, Inc. and by the law office of Galicia y Robles, S.C. Simec was represented by the law office of Mijares, Angoitia, Cortes y Fuentes, S.C.

Year Ended December 31, 2007 compared to Year Ended December 31, 2006

Net Sales

Net sales increased 3% to Ps. 24,106 million in 2007 compared to Ps. 23,515 million in 2006. Shipments of finished steel products increased 0.5% to 2,693 thousand tons in 2007 compared to 2,673 thousand tons in 2006. Total sales outside of Mexico in 2007 increased 7% to Ps. 17,031 million compared with Ps. 15,939 million in 2006, while total Mexican sales decreased 7% from 7,576 million in 2006 to Ps. 7,075 million in 2007. The increase in sales can be explained by higher shipments during 2007, compared with 2006 (14,000 tons increase). The increase in tons shipped originated mainly in the plant of Apizaco and compensated for the two unexpected stoppages in the rolling lines of the plants in Guadalajara and Apizaco due during the periods July 5-8, July 10-13, and September 10-15, as a result of the shortage of natural gas due to the explosions on the property of Petroleos Mexicanos.

Direct Cost of Sales

Direct cost of sales increased 7% from Ps. 19,132 million in 2006 to Ps. 20,398 million in 2007. Direct cost of sales as a percentage of net sales represented 85% in 2007 compared to 81% in 2006. The increase in the Direct Cost of Sales is attributable mainly to an increase of 6% in real terms in the average cost of raw materials used to produce steel products in 2007 versus 2006, primarily as a result of increases in the price of scrap and certain other raw materials and an increase in the labor costs per ton sold, due to the three unexpected stoppages in the rolling lines of the plants in Guadalajara and Apizaco due during the periods July 5-8, July 10-13, and September 10-15, as a result from the shortage in natural gas due to the explosions on the property of Petroleos Mexicanos.

Gross Profit

Gross profit in 2007 decreased 15% to Ps. 3,708 million compared to Ps. 4,383 million in 2006. Gross profit as a percentage of net sales in 2007 was 15% compared to 19% in 2006. The decline in gross profit is due to the increase in cost of goods sold due to the reasons previously mentioned.

Operating Expenses

Operating expenses increased 3% to Ps. 1,395 million in 2007 compared to Ps. 1,351 million in 2006 (depreciation and amortization increased Ps. 56 million in 2007 compared to 2006) but remained stable at 6% of net sales.

Operating Profit

Operating profit decreased 24% from Ps. 3,032 million in 2006 to Ps. 2,313 million in 2007. Operating profit as a percentage of net sales was 10% in 2007 compared to 13% in 2006. The decline in operating profit is due to the increase in cost of goods sold due to the reasons previously mentioned.

Comprehensive Financial Cost

Comprehensive financial cost in 2007 represented a gain of Ps. 63 million compared with a expense of Ps. 63 million in 2006. Net interest income was Ps. 273 million in 2007, compared with Ps. 47 million in 2006 due to larger cash balances during this year partly reflecting our recent capital increase in February 2007. At the same time we registered an exchange loss of Ps. 38 million in 2007 compared with an exchange loss of Ps. 37 million in 2006, reflecting a 0.1% decrease in the value of the peso versus the dollar in 2007 compared to 2006. Simec recorded a loss from monetary position of Ps. 172 million in 2007 compared to a loss from monetary

position of Ps. 73 million in 2006, reflecting the domestic inflation rate of 3.6% in 2007 as compared to a 4% inflation rate in 2006.

Other Expenses (Income) net

The company recorded other income net of Ps. 49 million in 2007 compared to other income net for Ps. 39 million in 2006.

Income Tax

Income Tax recorded Ps. 601 million in 2007 compared to Ps. 609 million in 2006. In 2006, we amortized Ps. 364 million of our deferred credit which is non-taxable income. This does not affect the cash flow.

Net Profit

As a result of the foregoing, net profit decreased by 24% to Ps. 1,824 million in 2007 from Ps. 2,399 million in 2006.

Liquidity and Capital Resources

At December 31, 2007, Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes (MTNs) due 1998 (accrued interest at December 31, 2007 was U.S. \$363,703 dollars). At December 31, 2006, Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes (MTNs) due 1998 (accrued interest at December 31, 2006 was U.S. \$336,525 dollars).

Net resources provided by operations were Ps. 2,434 million in 2007 versus Ps. 2,434 million of net resources provided by operations in 2006. Net resources provided by financing activities were Ps. 2,384 million in 2007 (which amount includes the capital increase of Ps. 2,421 million in February 2007) versus Ps. 467 million of net resources used by financing activities in 2006. Net resources used in investing activities (to acquire property, plant and equipment, other non-current assets and liabilities) were Ps. 627 million in 2007 versus net resources provided by investing activities (to acquire property, plant and equipment, other non-current assets and liabilities and proceeds for insurance claim) of Ps. 13 million in 2006.

Comparative fourth quarter 2007 vs third quarter 2007

Net Sales

Net sales increased 2% from Ps. 5,737 million for the third quarter 2007 to Ps. 5,824 million for the fourth quarter 2007. Sales in tons of finished steel products increased 7% to 675 thousand tons in the fourth quarter 2007 compared with 635 thousand tons in the third quarter 2007. The total sales outside of Mexico for the fourth quarter 2007 increased 6% to Ps. 4,264 million compared with Ps. 4,038 million for the third quarter 2007. Total Mexican sales decreased from Ps. 1,699 million in the third quarter 2007 to Ps. 1,560 millions in the fourth quarter 2007. Prices of finished products sold in the fourth quarter 2007 decreased approximately 4% in real terms compared to the third quarter 2007.

Direct Cost of Sales

Direct cost of sales increased 8% from Ps. 4,937 million in the third quarter 2007 to Ps. 5,335 million for the fourth quarter 2007. In the fourth quarter 2007, the direct cost of sales represented 92% of net sales compared to 86% for the third quarter 2007. The average cost of raw materials used to produce steel products increased 2% in real terms in the fourth quarter 2007 versus the third quarter 2007, primarily as a result of increases in the price of scrap and certain other raw materials.

Gross Profit

Gross profit for the fourth quarter 2007 decreased 39% to Ps. 489 million compared to Ps. 800 million in the third quarter 2007. Gross profit as a percentage of net sales for the fourth quarter 2007 was 8% compared with 14% for the third quarter 2007. The decline in gross profit is due to the increase in the average cost of raw materials to produce steel products due to the reasons previously mentioned.

Operating Expenses

Operating expenses were Ps. 324 million in the fourth quarter 2007 compared to Ps. 354 million for the third quarter 2007. As a percentage of sales, operating expense represented 6% during the fourth quarter of 2007 compared to 6% in the third quarter of 2007.

Operating Profit

Operating profit decreased 63% from Ps. 446 million in the third quarter 2007 to Ps. 165 million for the fourth quarter 2007. Operating profit as a percentage of net sales decreased to 3% in the fourth quarter 2007 from 8% in the third quarter 2007. This was due to an increase of 2% in the average cost of raw materials.

Comprehensive Financial Cost

Comprehensive financial cost for the fourth quarter 2007 represented an expense of Ps. 145 million compared with an income of Ps. 91 million for the third quarter 2007. Net interest income was Ps. 55 million in the fourth quarter 2007 compared with Ps. 93 million in the third quarter 2007, due to larger cash balances during this year partly reflecting our recent capital increase in February 2007. At the same time, we registered an exchange loss of Ps. 35 million in the fourth quarter 2007 compared with an exchange gain of Ps. 29 million in the third quarter 2007. Simec recorded a loss from monetary position of Ps. 165 million in the fourth quarter 2007 compared to a loss from monetary position of Ps. 31 million in the third quarter 2007.

Other Expenses (Income) net

The company recorded other income net of Ps. 4 million for the fourth quarter 2007 compared with other income net of Ps. 27 million for the third quarter 2007.

Income Tax

Income Tax for the fourth quarter 2007 decreased Ps. 139 million compared to a provision of Ps. 199 million for the third quarter 2007.

Net Profit

As a result of the foregoing, net profit decreased by 55% to Ps. 163 million in the fourth quarter 2007 from Ps. 365 million in the third quarter 2007.

Comparative fourth quarter 2007 vs. fourth quarter 2006

Net Sales

Net sales increased 19% from Ps. 4,898 million for the fourth quarter 2006 compared with Ps. 5,824 million for the same period 2007. Sales in tons of finished steel increased 9% to 675 thousand tons in the fourth quarter 2007 compared with 622 thousand tons in the same period 2006. The total sales outside of Mexico for the fourth quarter 2007 increased 52% to Ps. 4,264 million compared with Ps. 2,813 million for the same period 2006. Total Mexican sales decreased 25% to 1,560 million in the fourth quarter 2007 from Ps. 2,085 millions in the same period 2006. Prices of finished products sold in the fourth quarter 2007 increased approximately 10% in real terms compared to the fourth quarter 2006.

Direct Cost of Sales

Direct cost of sales increased 30% from Ps. 4,106 million in the fourth quarter 2006 to Ps. 5,335 million for the same period 2007. With respect to sales, in the fourth quarter 2007, the direct cost of sales represents 92% compared to 84% for the same period 2006. The average cost of raw materials used to produce steel products increased 20% in real terms in the fourth quarter 2007 versus the fourth quarter 2006, primarily as a result of increases in the price of scrap and certain other raw materials.

Gross Profit

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Gross profit for the fourth quarter 2007 decreased 38% to Ps. 489 million compared to Ps. 792 million in the same period 2006. The gross profit as a percentage of net sales for the fourth quarter 2007 was 8% compared with 16% for the same period of 2006. The decline in gross profit is due to the increase in cost of goods sold due to the reasons previously mentioned.

Operating Expenses

Operating expenses increased 3% to Ps. 324 million in the fourth quarter 2007 compared to Ps. 315 million for the same period 2006, the depreciation and amortization in the fourth quarter 2007 was Ps. 126 million compared to Ps. 119 million in the same period of 2006. Operating expenses as a percentage of net sales represented 6% during the fourth quarter 2007 compared to 6% of the same period 2006.

Operating Profit

Operating profit decreased 65% from Ps. 477 million in the fourth quarter 2006 to Ps. 165 million for the same period 2007. The operating profit as a percentage of net sales in the fourth quarter 2007 was 3% compared to 10% in the same period 2006. The decline in operating profit is due to the increase in cost of goods sold due to the reasons previously mentioned.

Comprehensive Financial Cost

Comprehensive financial cost for the fourth quarter 2007 represented an expense of Ps. 145 million compared with an expense of Ps. 54 million for the fourth quarter 2006. Net interest income was Ps. 55 million in the fourth quarter 2007 compared with Ps. 17 million in the fourth quarter 2006, due to larger cash balances during 2007 partly reflecting our recent capital increase in February 2007. At the same time we registered an exchange loss of Ps. 35 million in the fourth quarter 2007 compared with an exchange loss of Ps. 20 million in the fourth quarter 2006 Simec recorded a loss from monetary position of Ps. 165 million in the fourth quarter 2007 compared to a loss from monetary position of Ps. 51 million in the fourth quarter 2006.

Other Expenses (Income) net

The company recorded other income net of Ps. 4 million for the fourth quarter 2007 compared with other income net of Ps. 11 million for the same period 2006.

Taxes and Profit Sharing

Taxes and profit sharing for the fourth quarter 2007 decreased to Ps. 139 million compared to Ps. 247 million for the same period 2006..

Net Profit

As a result of the foregoing, net profit decreased by 13% to Ps. 163 million in the fourth quarter 2007 from Ps. 187 million in the fourth quarter 2006.

(Millions of pesos)	Year ended December 31, 2007	Year ended December 31, 2006	2007 vs 2006
Sales	24,106	23,515	3%
Cost of Sales	20,398	19,132	7%
Gross Profit	3,708	4,383	-15 %
Operating Expenses	1,395	1,351	3%

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(Millions of pesos)	Year ended December 31, 2007	Year ended December 31, 2006	2007 vs 2006
Operating Profit	2,313	3,032	-24%
EBITDA	2,819	3,481	-19 %
Net Profit	1,824	2,399	-24 %
Sales outside Mexico	17,031	15,939	7%
Sales in Mexico	7,075	7,576	-7 %
Total sales (tons)	2,693	2,673	1%

(Millions of pesos)	4Q 07	3Q 07	4Q 06	4Q 07 vs 3Q 07	4Q 07 vs 4Q 06
Sales	5,824	5,737	4,898	2%	19%
Cost of Sales	5,335	4,937	4,106	8%	30%
Gross Profit	489	800	792	-39%	-38%
Operating Expenses	324	354	315	-8%	3%
Operating Profit	165	446	477	-63%	-65%
EBITDA	292	571	596	-49%	-51%
Net Profit	163	365	187	-55%	-13%
Sales outside Mexico	4,264	4,038	2,813	6%	52%
Sales in Mexico	1,560	1,699	2,085	-8%	-25%
Total sales (tons)	675	635	622	6%	9%

Product	Thousands of tons year ended December 31, 2007	Millions of pesos year ended December 31, 2007	Average price per ton year ended December 31, 2007	Thousands of tons year ended December 31, 2006	Millions of pesos year ended December 31, 2006	Average price per ton year ended December 31, 2006
SBQ	1,946	18,419	9,465	1,941	18,050	9,300
Light Structural	276	2,162	7,834	266	1,894	7,122
Structural	216	1,752	8,112	204	1,632	7,998
Rebar	250	1,703	6,810	260	1,909	7,343

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Others	5	70	--	2	30	
Total	2,693	24,106	8,951	2,673	23,515	8,797

Product	Thousands of tons 4Q 07	Millions of pesos 4Q 07	Average price per ton 4Q 07
SBQ	497	4,524	9,102
Light Structural	59	457	7,754
Structural	45	357	7,930
Rebar	70	456	6,510
Others	4	31	0
Total	675	5,824	8,629

Product	Thousands of tons 3Q 07	Millions of pesos 3Q 07	Average price per ton 3Q 07
SBQ	467	4,438	9,504
Light Structural	60	489	8,143
Structural	50	401	8,011
Rebar	58	388	6,694
Others	0	21	0
Total	635	5,737	9,035

Product	Thousands of tons 4Q 06	Millions of pesos 4Q 06	Average price per ton 4Q 06
SBQ	459	3,685	8,029
Light Structural	51	371	7,270

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Structural	52	434	8,339
Rebar	60	395	6,577
Others	0	13	0
Total	622	4,898	7,874

Any forward-looking information contained herein is inherently subject to various risks, uncertainties and assumptions which, if incorrect, may cause actual results to vary materially from those anticipated, expected or estimated. The company assumes no obligation to update any forward-looking information contained herein.

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

CONSOLIDATED FINANCIAL STATEMENT
AT DECEMBER 31 OF 2007 AND 2006
(thousands of Mexican pesos)

REF S	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	%	AMOUNT	%
s01	TOTAL ASSETS	22,864,653	100	18,042,780	100
s02	CURRENT ASSETS	14,536,494	64	9,871,045	55
s03	CASH AND SHORT-TERM INVESTMENTS	6,396,155	28	2,204,018	12
s04	ACCOUNTS AND NOTES RECEIVABLE (NET)	2,502,921	11	2,243,394	12
s05	OTHER ACCOUNTS AND NOTES RECEIVABLE	615,479	3	262,838	1
s06	INVENTORIES	4,955,227	22	5,052,434	28
s07	OTHER CURRENT ASSETS	66,712	0	108,361	1
s08	LONG-TERM	0	0	0	0
s09	ACCOUNTS AND NOTES RECEIVABLE (NET)	0	0	0	0
	INVESTMENT IN SHARES OF NON-CONSOLIDATED				
s10	SUBSIDIARIES AND ASSOCIATES	0	0	0	0

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s11	OTHER INVESTMENTS	0	0	0	0
s12	PROPERTY, PLANT AND EQUIPMENT (NET)	7,842,698	34	7,599,837	42
s13	LAND AND BUILDINGS	2,609,508	11	2,578,197	14
s14	MACHINERY AND INDUSTRIAL EQUIPMENT	8,973,732	39	8,077,099	45
s15	OTHER EQUIPMENT	99,378	0	116,054	1
s16	ACCUMULATED DEPRECIATION	4,033,425	18	3,299,068	18
s17	CONSTRUCTION IN PROGRESS	193,505	1	127,555	1
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	394,367	2	476,810	3
s19	OTHER ASSETS	91,094	0	95,088	1
s20	TOTAL LIABILITIES	5,651,146	100	5,082,448	100
s21	CURRENT LIABILITIES	2,936,751	52	2,907,499	57
s22	SUPPLIERS	2,115,657	37	1,848,858	36
s23	BANK LOANS	0	0	0	0
s24	STOCK MARKET LOANS	3,282	0	3,406	0
s103	OTHER LOANS WITH COST	0	0	0	0
s25	TAXES PAYABLE	74,449	1	197,922	4
s26	OTHER CURRENT LIABILITIES WITHOUT COST	743,363	13	857,313	17
s27	LONG-TERM LIABILITIES	0	0	0	0
s28	BANK LOANS	0	0	0	0
s29	STOCK MARKET LOANS	0	0	0	0
s30	OTHER LOANS WITH COST	0	0	0	0
s31	DEFERRED LIABILITIES	0	0	0	0
s32	OTHER NON-CURRENT LIABILITIES WITHOUT COST	2,714,395	48	2,174,949	43
s33	CONSOLIDATED STOCKHOLDERS EQUITY	17,213,507	100	12,960,332	100

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s34	MINORITY INTEREST	2,344,352	14	2,252,461	17
s35	MAJORITY INTEREST	14,869,155	86	10,707,871	83
s36	CONTRIBUTED CAPITAL	7,181,743	42	4,761,017	37
S79	CAPITAL STOCK	4,030,427	23	3,763,412	29
s39	PREMIUM ON ISSUANCE OF SHARES	3,151,316	18	997,605	8
s40	CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	0	0	0
s41	EARNED CAPITAL	7,687,412	45	5,946,854	46
s42	RETAINED EARNINGS AND CAPITAL RESERVES	8,659,003	50	7,021,122	54
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	(971,591)	(6)	(1,074,268)	(8)
s80	SHARES REPURCHASED	0	0	0	0

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

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

REF S	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	%	AMOUNT	%
s03	CASH AND SHORT-TERM INVESTMENTS	6,396,155	100	2,204,018	100
s46	CASH	301,766	5	395,213	18
s47	SHORT-TERM INVESTMENTS	6,094,389	95	1,808,805	82
s07	OTHER CURRENT ASSETS	66,712	100	108,361	100
s81	DERIVATIVE FINANCIAL INSTRUMENTS	0	0	0	0
s82	DISCONTINUED OPERATIONS	0	0	0	0

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s83	OTHER	66,712	100	108,361	100
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	394,367	100	476,810	100
s48	DEFERRED EXPENSES	294,158	75	419,274	88
s49	GOODWILL	36,258	9	0	0
s51	OTHER	63,951	16	57,536	12
s19	OTHER ASSETS	91,094	100	95,088	100
s84	INTANGIBLE ASSET FROM LABOR OBLIGATIONS	5,059	6	5,921	6
s85	DERIVATIVE FINANCIAL INSTRUMENTS	0	0	0	0
s50	DEFERRED TAXES	0	0	0	0
s86	DISCONTINUED OPERATIONS	0	0	0	0
s87	OTHER	86,035	94	89,167	94
s21	CURRENT LIABILITIES	2,936,751	100	2,907,499	100
s52	FOREIGN CURRENCY LIABILITIES	2,348,357	80	2,223,849	76
s53	MEXICAN PESOS LIABILITIES	588,394	20	683,650	24
s26	OTHER CURRENT LIABILITIES WITHOUT COST	743,363	100	857,313	100
s88	DERIVATIVE FINANCIAL INSTRUMENTS	0	0	0	0
s89	INTEREST LIABILITIES	3,952	1	6,849	1
s68	PROVISIONS	22,485	3	22,860	3
s90	DISCONTINUED OPERATIONS	0	0	0	0
s58	OTHER CURRENT LIABILITIES	716,926	96	827,604	96
s27	LONG-TERM LIABILITIES	0	0	0	0
s59	FOREIGN CURRENCY LIABILITIES	0	0	0	0
s60	MEXICAN PESOS LIABILITIES	0	0	0	0
s31	DEFERRED LIABILITIES	0	0	0	0
s65	NEGATIVE GOODWILL	0	0	0	0

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s67	OTHER	0	0	0	0
s32	OTHER NON CURRENT LIABILITIES WITHOUT COST	2,714,395	100	2,174,949	100
s66	DEFERRED TAXES	2,657,421	98	2,081,717	96
s91	OTHER LIABILITIES IN RESPECT OF SOCIAL INSURANCE	18,422	1	23,107	1
s92	DISCONTINUED OPERATIONS	0	0	0	0
s69	OTHER LIABILITIES	38,552	1	70,125	3
s79	CAPITAL STOCK	4,030,427	100	3,763,412	100
s37	CAPITAL STOCK (NOMINAL)	2,307,961	57	2,048,257	54
s69	RESTATEMENT OF CAPITAL STOCK	1,722,466	43	1,715,155	46

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

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

REF S	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	%	AMOUNT	%
s42	RETAINED EARNINGS AND CAPITAL RESERVES	8,659,003	100	7,021,122	100
s93	LEGAL RESERVE	0	0	0	0
s43	RESERVE FOR REPURCHASE OF SHARES	200,612	2	200,612	3
s94	OTHER RESERVES	0	0	0	0
s95	RETAINED EARNINGS	6,820,510	79	4,641,816	66
s45	NET INCOME FOR THE YEAR	1,637,881	19	2,178,694	31
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	(971,591)	100	(1,074,268)	100

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s70	ACCUMULATED MONETARY RESULT	0	0	0	0
s71	RESULT FROM HOLDING NON-MONETARY ASSETS	124,418	(13)	(73,659)	7
s96	CUMULATIVE RESULT FROM FOREIGN CURRENCY TRANSLATION	(125,496)	13	(25,539)	2
s97	CUMULATIVE RESULT FROM DERIVATIVE FINANCIAL INSTRUMENTS	0	0	(4,557)	0
s98	CUMULATIVE EFFECT OF DEFERRED INCOME TAXES	(970,513)	100	(970,513)	90
s99	LABOR OBLIGATION ADJUSTMENT	0	0	0	0
s100	OTHER	0	0	0	0

MEXICAN STOCK EXCHANGE SIFIC / ICS

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

QUARTER: **4** YEAR: **2007**

BALANCE SHEETS OTHER CONCEPTS (thousands of Mexican pesos)

REF S	CONCEPTS	CURRENT YEAR AMOUNT	PREVIOUS YEAR AMOUNT
S72	WORKING CAPITAL	11,599,743	6,963,546
S73	PENSIONS FUND AND SENIORITY PREMIUMS	0	0
S74	EXECUTIVES (*)	51	54
S75	EMPLOYERS (*)	1,190	1,137
S76	WORKERS (*)	3,196	2,862
S77	COMMON SHARES (*)	474,621,611	421,214,706
S78	REPURCHASED SHARES (*)	0	0
S101	RESTRICTED CASH	0	0
S102	NET DEBT OF NON CONSOLIDATED COMPANIES	45,777	238,555

(*) THESE ITEMS SHOULD BE EXPRESSED IN UNITS

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

STATEMENTS OF INCOME
FROM JANUARY 1 TO DECEMBER 31 OF 2007 AND 2006
(thousands of Mexican pesos)

REF R	CATEGORIES	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	%	AMOUNT	%
r01	NET SALES	24,106,094	100	23,515,297	100
r02	COST OF SALES	20,397,764	85	19,131,879	81
r03	GROSS PROFIT	3,708,330	15	4,383,418	19
r04	OPERATING EXPENSES	1,395,222	6	1,351,682	6
r05	OPERATING INCOME	2,313,108	10	3,031,736	13
r08	OTHER INCOME AND (EXPENSE), NET	49,433	0	39,205	0
r06	COMPREHENSIVE FINANCING RESULT	63,222	0	(63,444)	0
r12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0	0	0
r48	NON ORDINARY ITEMS	0	0	0	0
r09	INCOME BEFORE INCOME TAXES	2,425,763	10	3,007,497	13
r10	INCOME TAXES	601,316	2	608,721	3
r11	INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	1,824,447	8	2,398,776	10
r14	DISCONTINUED OPERATIONS	0	0	0	0
r18	NET CONSOLIDATED INCOME	1,824,447	8	2,398,776	10

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r19	NET INCOME OF MINORITY INTEREST	186,566	1	220,082	1
r20	NET INCOME OF MAJORITY INTEREST	1,637,881	7	2,178,694	9

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

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

REF	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
R		AMOUNT	%	AMOUNT	%
r01	NET SALES	24,106,094	100	23,515,297	100
r21	DOMESTIC	7,075,267	29	7,575,777	32
r22	FOREIGN	17,030,827	71	15,939,520	68
r23	TRANSLATED INTO DOLLARS (***)	1,564,695		1,411,601	
r08	OTHER INCOME AND (EXPENSE), NET	49,433	100	39,205	100
r49	OTHER INCOME AND (EXPENSE), NET	49,433	100	39,205	100
r34	EMPLOYEES PROFIT SHARING EXPENSES	0	0	0	0
r35	DEFERRED EMPLOYEES PROFIT SHARING	0	0	0	0
r06	COMPREHENSIVE FINANCING RESULT	63,222	100	(63,444)	100
r24	INTEREST EXPENSE	24,585	39	15,518	24
r42	GAIN (LOSS) ON RESTATEMENT OF UDI S	0	0	0	0
r45	OTHER FINANCE COSTS	0	0	0	0
r26	INTEREST INCOME	297,898	471	62,450	98
r46	OTHER FINANCIAL PRODUCTS	0	0	0	0

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r25	FOREIGN EXCHANGE GAIN (LOSS), NET	(37,879)	(60)	(37,424)	(59)
r28	RESULT FROM MONETARY POSITION	(172,212)	(272)	(72,952)	(115)
r10	INCOME TAXES	601,316	100	608,721	100
r32	INCOME TAX	53,336	9	627,612	103
r33	DEFERRED INCOME TAX	547,980	91	(18,891)	(3)

(***) THOUSANDS OF DOLLARS

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

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

REF R	CONCEPTS	CURRENT YEAR AMOUNT	PREVIOUS YEAR AMOUNT
r36	TOTAL SALES	24,593,431	24,178,722
r37	TAX RESULT FOR THE YEAR	0	0
r38	NET SALES (**)	24,106,094	23,515,297
r39	OPERATION INCOME (**)	2,313,108	3,031,736
r40	NET INCOME OF MAJORITY INTEREST (**)	1,637,881	2,178,694
r41	NET CONSOLIDATED INCOME (**)	1,824,447	2,398,776
r47	OPERATIVE DEPRECIATION AND AMORTIZATION	505,823	449,742

(**) RESTATED INFORMATION FOR THE LAST TWELVE MONTHS

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

QUARTERLY STATEMENTS OF INCOME
FROM SEPTEMBER 1 TO DECEMBER 31 OF 2007 AND 2006
(thousands of Mexican pesos)

REF R	CATEGORIES	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	%	AMOUNT	%
rt02	NET SALES	5,824,351	100	4,898,726	100
rt02	COST OF SALES	5,334,688	92	4,106,157	84
rt03	GROSS PROFIT	489,663	8	792,569	16
rt04	OPERATING EXPENSES	324,087	6	315,355	6
rt05	OPERATING INCOME	165,576	3	477,214	10
rt08	OTHER INCOME AND (EXPENSE), NET	3,773	0	10,683	0
rt06	COMPREHENSIVE FINANCING RESULT	(144,599)	(2)	(53,614)	(1)
rt12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0	0	0
rt48	NON ORDINARY ITEMS	0	0	0	0
rt09	INCOME BEFORE INCOME TAXES	24,750	0	434,283	9
rt10	INCOME TAXES	(138,917)	(2)	247,449	5
rt11	INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	163,667	3	186,834	4
rt14	DISCONTINUED OPERATIONS	0	0	0	0
rt18	NET CONSOLIDATED INCOME	163,667	3	186,834	4
rt19	NET INCOME OF MINORITY INTEREST	(49,561)	(1)	(46,065)	(1)
rt20	NET INCOME OF MAJORITY INTEREST	213,228	4	232,899	5

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MEXICAN STOCK EXCHANGE
SIFIC / ICS

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

QUARTER: **4** YEAR: **2007**

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

REF	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
R		AMOUNT	%	AMOUNT	%
rt01	NET SALES	5,824,351	100	4,898,726	100
rt21	DOMESTIC	1,559,961	27	2,085,359	43
rt22	FOREIGN	4,264,390	73	2,813,367	57
rt23	TRANSLATED INTO DOLLARS (***)	420,709		293,798	
rt08	OTHER INCOME AND (EXPENSE), NET	3,773	100	10,683	100
rt49	OTHER INCOME AND (EXPENSE), NET	3,773	100	10,683	100
rt34	EMPLOYEES PROFIT SHARING EXPENSES	0	0	0	0
rt35	DEFERRED EMPLOYEES PROFIT SHARING	0	0	0	0
rt06	COMPREHENSIVE FINANCING RESULT	(144,599)	100	(53,614)	100
rt24	INTEREST EXPENSE	5,120	(4)	6,144	(11)
rt42	GAIN (LOSS) ON RESTATEMENT OF UDI \$	0	0	0	0
rt45	OTHER FINANCE COSTS	0	0	0	0
rt26	INTEREST INCOME	60,589	(42)	23,178	(43)
rt46	OTHER FINANCIAL PRODUCTS	0	0	0	0
rt25	FOREIGN EXCHANGE GAIN (LOSS), NET	(35,466)	25	(20,256)	38
rt28	RESULT FROM MONETARY POSITION	(164,602)	114	(50,392)	94
rt10	INCOME TAXES	(138,917)	100	247,449	100
rt32	INCOME TAX	(216,427)	156	98,360	40

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rt33	DEFERRED INCOME TAX	77,510	(56)	149,089	60
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(***) THOUSANDS OF DOLLARS

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

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

REF RT	CONCEPTS	CURRENT YEAR AMOUNT	PREVIOUS YEAR AMOUNT
rt47	OPERATIVE DEPRECIATION AND ACCUMULATED IMPAIRMENT LOSSES	126,447	119,188

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

STATEMENTS OF CHANGES IN FINANCIAL POSITION
FROM JANUARY 1 TO DECEMBER 31 OF 2007 AND 2006
(thousands of pesos)

REF C	CONCEPTS	CURRENT YEAR AMOUNT	PREVIOUS YEAR AMOUNT
c01	CONSOLIDATED NET INCOME	1,824,447	2,398,776
c02	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE CASH	1,053,803	436,311
c03	RESOURCES FROM NET INCOME FOR THE YEAR	2,878,250	2,835,087

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c04	RESOURCES PROVIDED OR USED IN OPERATION	(443,936)	(401,251)
c05	RESOURCES PROVIDED BY (USED FOR) OPERATING ACTIVITIES	2,434,314	2,433,836
c06	RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES	(36,382)	(597,934)
c07	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	2,420,726	130,900
c08	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	2,384,344	(467,034)
c09	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(626,521)	12,845
c10	NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	4,192,137	1,979,647
c11	CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD	2,204,018	224,371
c12	CASH AND SHORT TERM INVESTMENTS AT THE END OF PERIOD	6,396,155	2,204,018

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

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

REF C	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
		AMOUNT	AMOUNT
c02	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE CASH	1,053,803	436,311
c13	DEPRECIATION AND AMORTIZATION FOR THE YEAR	505,823	449,742
c41	+ (-) OTHER ITEMS	547,980	(13,431)
c04	RESOURCES PROVIDED OR USED IN OPERATION	(443,936)	(401,251)
c18	+ (-) DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE	(259,527)	205,507

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c19	+ (-) DECREASE (INCREASE) IN INVENTORIES	97,207	(1,219,702)
c20	+ (-) DECREASE (INCREASE) IN OTHER ACCOUNTS RECEIVABLE	(310,992)	234,752
c21	+ (-) INCREASE (DECREASE) IN SUPPLIERS	266,799	336,227
c22	+ (-) INCREASE (DECREASE) IN OTHER LIABILITIES	(237,423)	41,965
c06	RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES	(36,382)	(597,934)
c23	+ BANK FINANCING	0	0
c24	+ STOCK MARKET FINANCING	(124)	(105)
c25	+ DIVIDEND RECEIVED	0	0
c26	OTHER FINANCING	(36,258)	(159,293)
c27	BANK FINANCING AMORTIZATION	0	(438,536)
c28	(-) STOCK MARKET FINANCING AMORTIZATION	0	0
c29	(-) OTHER FINANCING AMORTIZATION	0	0
c42	+ (-) OTHER ITEMS	0	0
C07	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	2,420,726	130,900
c30	+ (-) INCREASE (DECREASE) IN CAPITAL STOCK	267,015	38,655
c31	(-) DIVIDENDS PAID	0	0
c32	+ PREMIUM ON ISSUANCE OF SHARES	2,153,711	92,245
c33	+ CONTRIBUTION FOR FUTURE CAPITAL INCREASES	0	0
c43	+ (-) OTHER ITEMS	0	0
c09	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(626,521)	12,845
c34	+ (-) DECREASE (INCREASE) IN PERMANENT INVESTMENTS	0	0
c35	(-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(540,844)	(417,219)
c36	(-) INCREASE IN CONSTRUCTION PROGRESS	0	0
c37	+ SALE OF OTHER PERMANENT INVESTMENTS	0	0

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c38	+ SALE OF TANGIBLE FIXED ASSETS	0	0
c39	+ (-) OTHER ITEMS	(85,677)	430,064

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

QUARTER: **4** YEAR: **2007**

**DATE PER SHARE
CONSOLIDATED**

REF D	CATEGORIES	QUARTER OF PRESENT FINANCIAL YEAR	QUARTER OF PREVIOUS FINANCIAL YEAR
d01	BASIC PROFIT PER ORDINARY SHARE (**)	\$ 3.50	\$ 5.18
d02	BASIC PROFIT PER PREFERRED SHARE (**)	\$ 0.00	\$ 0.00
d03	DILUTED PROFIT PER ORDINARY SHARE (**)	\$ 0.00	\$ 0.00
d04	EARNINGS (LOSS) BEFORE DISCONTINUED OPERATIONS PER COMMON SHARE (**)	\$ 3.50	\$ 5.18
d05	DISCONTINUED OPERATIONS EFFECT ON EARNING (LOSS) PER SHARE (**)	\$ 0.00	\$ 0.00
d08	CARRYING VALUE PER SHARE	\$31.33	\$25.42
d09	CASH DIVIDEND ACCUMULATED PER SHARE	\$ 0.00	\$ 0.00
d10	DIVIDEND IN SHARES PER SHARE	0.00 shares	0.00 shares
d11	MARKET PRICE TO CARRYING VALUE	1.23 times	2.13 times
d12	MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE	11.03 times	10.44 times
d13	MARKET PRICE TO BASIC PROFIT PER PREFERENT SHARE (**)	0.00 times	0.00 times

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

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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GRUPO SIMEC, S.A.B. DE C.V.

QUARTER: **4** YEAR: **2007**

**RATIOS
CONSOLIDATED**

REF P	CATEGORIES	QUARTER OF PRESENT FINANCIAL YEAR	QUARTER OF PREVIOUS FINANCIAL YEAR
YIELD			
p01	NET INCOME TO NET SALES	7.56%	10.20%
p02	NET INCOME TO STOCKHOLDERS EQUITY (**)	11.01%	20.34%
p03	NET INCOME TO TOTAL ASSETS (**)	7.97%	13.29%
p04	CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME	0.00%	0.00%
p05	INCOME DUE TO MONETARY POSITION TO NET INCOME	(9.43)%	(3.04)%
ACTIVITY			
p06	NET SALES TO NET ASSETS (**)	1.05 times	1.30 times
p07	NET SALES TO FIXED ASSETS (**)	3.07 times	3.09 times
p08	INVENTORIES TURNOVER (**)	4.11 times	3.78 times
p09	ACCOUNTS RECEIVABLE IN DAYS OF SALES	32.50 days	29.86 days
p10	PAID INTEREST TO TOTAL LIABILITIES WITH COST (**)	50.11%	0.06%
LEVERAGE			
p11	TOTAL LIABILITIES TO TOTAL ASSETS	24.71%	28.16%
p12	TOTAL LIABILITIES TO STOCKHOLDERS EQUITY	0.32 times	0.39 times
p13	FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES	41.55%	43.75%
p14	LONG-TERM LIABILITIES TO FIXED ASSETS	0.00%	0.00%
p15	OPERATING INCOME TO INTEREST PAID	94.08 times	195.36 times

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p16	NET SALES TO TOTAL LIABILITIES (**)	4.26 times	4.62 times
LIQUIDITY			
p17	CURRENT ASSETS TO CURRENT LIABILITIES	4.94 times	3.39 times
p18	CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES	3.26 times	1.65 times
p19	CURRENT ASSETS TO TOTAL LIABILITIES	2.57 times	1.94 times
p20	AVAILABLE ASSETS TO CURRENT LIABILITIES	217.79%	75.80%
CASH FLOW			
p21	RESOURCES FROM NET INCOME TO NET SALES	11.93%	12.05%
p22	RESOURCES FROM CHANGES IN WORKING CAPITAL TO NET SALES	(1.84)%	(1.70)%
p23	RESOURCES GENERATED (USED) IN OPERATING TO INTEREST PAID	99.01 times	156.83 times
p24	EXTERNAL FINANCING TO RESOURCES PROVIDED BY (USED FOR) FINANCING	(1.52)%	128.02%
p25	INTERNAL FINANCING TO RESOURCES PROVIDED (USED FOR) FINANCING	101.52%	(28.02)%
p26	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	86.32%	(3,248.10)%

(**) 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.B. DE C.V.

QUARTER: **4** YEAR: **2007**

DIRECTOR REPORT

CONSOLIDATED

Acquisition of Corporacion Aceros DM, S.A. de C.V.

On February 21, 2008, Simec executed an agreement to acquire 100% of the shares of Corporacion Aceros DM, S.A. de C.V. and certain of its affiliates (Grupo San).

Grupo San is a long products steel mini-mill and the second-largest corrugated rebar producer in Mexico. Grupo San's operations are based in San Luis Potosi, Mexico. Its plants and its 1,457 employees rely on cutting edge technology to produce 700 thousand tons of finished products

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annually.

With this acquisition, Simec and Industrias CH, S.A. de C.V. (ICH) position themselves as the second largest producers of rebar and the largest steel producers in Mexico, with a production capacity of approximately 4.5 million tons of liquid steel and 3.8 million tons of finished products.

With this strategic acquisition, Simec and ICH will achieve a more diversified product mix and sales mix, with 50% of sales in Mexico and 50% outside Mexico, both of which will allow them to better address the natural cycles of the steel industry at the domestic and global levels. Additionally, Simec and ICH have already identified significant synergies and economies of scale that will increase Simec's operating margins. Grupo San's central location in Mexico, where Simec and ICH are not currently present, also represents a strong competitive advantage since it provides several strategic benefits mainly related to distribution given its proximity to Mexico's main cities, sea ports, and borders.

In addition, Grupo San has aggressive expansion plans in its corrugated rebar business, which ICH and Simec will support and promote to satisfy the growing demand for this product resulting from the Mexican Government's aggressive infrastructure plan.

Simec, the main subsidiary of ICH, will acquire 100% of the shares of Grupo San. The transaction is valued at 850 million U.S. dollars, 85% of which will be paid with cash generated by the company's operations and by the company's stock public offering, which took place in February 2007.

This acquisition confirms the growth strategy that has characterized ICH, reaffirming its position as a consolidator in the steel sector.

This acquisition is subject to the approval of Mexico's federal competition commission, Comision Federal de Competencia, as well as Simec's shareholders' meeting.

Grupo San's shareholders were advised by Lehman Brothers, Inc. and by the law office of Galicia y Robles, S.C. Simec was represented by the law office of Mijares, Angoitia, Cortes y Fuentes, S.C.

Year Ended December 31, 2007 compared to Year Ended December 31, 2006

Net Sales

Net sales increased 3% to Ps. 24,106 million in 2007 compared to Ps. 23,515 million in 2006. Shipments of finished steel products increased 0.5% to 2,693 thousand tons in 2007 compared to 2,673 thousand tons in 2006. Total sales outside of Mexico in 2007 increased 7% to Ps. 17,031 million compared with Ps. 15,939 million in 2006, while total Mexican sales decreased 7% from 7,576 million in 2006 to Ps. 7,075 million in 2007. The increase in sales can be explained by higher shipments during 2007, compared with 2006 (14,000 tons increase). The

increase in tons shipped originated mainly in the plant of Apizaco and compensated for the two unexpected stoppages in the rolling lines of the plants in Guadalajara and Apizaco due during the periods July 5-8, July 10-13, and September 10-15, as a result of the shortage of natural gas due to the explosions on the property of Petroleos Mexicanos.

Direct Cost of Sales

Direct cost of sales increased 7% from Ps. 19,132 million in 2006 to Ps. 20,398 million in 2007. Direct cost of sales as a percentage of net sales represented 85% in 2007 compared to 81% in 2006. The increase in the Direct Cost of Sales is attributable mainly to an increase of 6% in real terms in the average cost of raw materials used to produce steel products in 2007 versus 2006, primarily as a result of increases in the price of scrap and certain other raw materials and an increase in the labor costs per ton sold, due to the three unexpected stoppages in the rolling lines of the plants in Guadalajara and Apizaco due during the periods July 5-8, July 10-13, and September 10-15, as a result from the shortage in natural gas due to the explosions on the property of Petroleos Mexicanos.

Gross Profit

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Gross profit in 2007 decreased 15% to Ps. 3,708 million compared to Ps. 4,383 million in 2006. Gross profit as a percentage of net sales in 2007 was 15% compared to 19% in 2006. The decline in gross profit is due to the increase in cost of goods sold due to the reasons previously mentioned.

Operating Expenses

Operating expenses increased 3% to Ps. 1,395 million in 2007 compared to Ps. 1,351 million in 2006 (depreciation and amortization increased Ps. 56 million in 2007 compared to 2006) but remained stable at 6% of net sales.

Operating Profit

Operating profit decreased 24% from Ps. 3,032 million in 2006 to Ps. 2,313 million in 2007. Operating profit as a percentage of net sales was 10% in 2007 compared to 13% in 2006. The decline in operating profit is due to the increase in cost of goods sold due to the reasons previously mentioned.

Comprehensive Financial Cost

Comprehensive financial cost in 2007 represented a gain of Ps. 63 million compared with a expense of Ps. 63 million in 2006. Net interest income was Ps. 273 million in 2007, compared with Ps. 47 million in 2006 due to larger cash balances during this year partly reflecting our recent capital increase in February 2007. At the same time we registered an exchange loss of Ps. 38 million in 2007 compared with an exchange loss of Ps. 37 million in 2006, reflecting a 0.1% decrease in the value of the peso versus the dollar in 2007 compared to 2006. Simec recorded a loss from monetary position of Ps. 172 million in 2007 compared to a loss from monetary position of Ps. 73 million in 2006, reflecting the domestic inflation rate of 3.6% in 2007 as compared to a 4% inflation rate in 2006.

Other Expenses (Income) net

The company recorded other income net of Ps. 49 million in 2007 compared to other income net for Ps. 39 million in 2006.

Income Tax

Income Tax recorded Ps. 601 million in 2007 compared to Ps. 609 million in 2006. In 2006, we amortized Ps. 364 million of our deferred credit which is non-taxable income. This does not affect the cash flow.

Net Profit

As a result of the foregoing, net profit decreased by 24% to Ps. 1,824 million in 2007 from Ps. 2,399 million in 2006.

Liquidity and Capital Resources

At December 31, 2007, 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 December 31, 2007 was U.S. \$363,703 dollars). At December 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 December 31, 2006 was U.S. \$336,525 dollars).

Net resources provided by operations were Ps. 2,434 million in 2007 versus Ps. 2,434 million of net resources provided by operations in 2006. Net resources provided by financing activities were Ps. 2,384 million in 2007 (which amount includes the capital increase of Ps. 2,421 million in February 2007) versus Ps. 467 million of net resources used by financing activities in 2006. Net resources used in investing activities (to acquire property, plant and equipment, other non-current assets and liabilities) were Ps. 627 million in 2007 versus net resources provided by investing activities (to acquire property, plant and equipment, other non-current assets and liabilities and proceeds for insurance claim) of Ps. 13 million in 2006.

Comparative fourth quarter 2007 vs third quarter 2007

Net Sales

Net sales increased 2% from Ps. 5,737 million for the third quarter 2007 to Ps. 5,824 million for the third quarter 2007. Sales in tons of finished steel products increased 7% to 675 thousand tons in the fourth quarter 2007 compared with 635 thousand tons in the third quarter 2007. The total sales outside of Mexico for the fourth quarter 2007 increased 6% to Ps. 4,264 million compared with Ps. 4,038 million for the third quarter 2007. Total Mexican sales decreased from Ps. 1,699 million in the third quarter 2007 to Ps. 1,560 millions in the fourth quarter 2007. Prices of finished products sold in the fourth quarter 2007 decreased approximately 4% in real terms compared to the third quarter 2007.

Direct Cost of Sales

Direct cost of sales increased 8% from Ps. 4,937 million in the third quarter 2007 to Ps. 5,335 million for the fourth quarter 2007. In the fourth quarter 2007, the direct cost of sales represented 92% of net sales compared to 86% for the third quarter 2007. The average cost of raw materials used to produce steel products increased 2% in real terms in the fourth quarter 2007 versus the third quarter 2007, primarily as a result of increases in the price of scrap and certain other raw materials.

Gross Profit

Gross profit for the fourth quarter 2007 decreased 39% to Ps. 489 million compared to Ps. 800 million in the third quarter 2007. Gross profit as a percentage of net sales for the fourth quarter 2007 was 8% compared with 14% for the third quarter 2007. The decline in gross profit is due to the increase in the average cost of raw materials to produce steel products due to the reasons previously mentioned.

Operating Expenses

Operating expenses were Ps. 324 million in the fourth quarter 2007 compared to Ps. 354 million for the third quarter 2007. As a percentage of sales, operating expense represented 6% during the fourth quarter of 2007 compared to 6% in the third quarter of 2007.

Operating Profit

Operating profit decreased 63% from Ps. 446 million in the third quarter 2007 to Ps. 165 million for the fourth quarter 2007. Operating profit as a percentage of net sales decreased to 3% in the fourth quarter 2007 from 8% in the third quarter 2007. This was due to an increase of 2% in the average cost of raw materials.

Comprehensive Financial Cost

Comprehensive financial cost for the fourth quarter 2007 represented an expense of Ps. 145 million compared with an income of Ps. 91 million for the third quarter 2007. Net interest income was Ps. 55 million in the fourth quarter 2007 compared with Ps. 93 million in the third quarter 2007, due to larger cash balances during this year partly reflecting our recent capital increase in February 2007. At the same time, we registered an exchange loss of Ps. 35 million in the fourth quarter 2007 compared with an exchange gain of Ps. 29 million in the third quarter 2007. Simec recorded a loss from monetary position of Ps. 165 million in the fourth quarter 2007 compared to a loss from monetary position of Ps. 31 million in the third quarter 2007.

Other Expenses (Income) net

The company recorded other income net of Ps. 4 million for the fourth quarter 2007 compared with other income net of Ps. 27 million for the third quarter 2007.

Income Tax

Income Tax for the fourth quarter 2007 decreased Ps. 139 million compared to a provision of Ps. 199 million for the third quarter 2007.

Net Profit

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As a result of the foregoing, net profit decreased by 55% to Ps. 163 million in the fourth quarter 2007 from Ps. 365 million in the third quarter 2007.

Comparative fourth quarter 2007 vs. fourth quarter 2006

Net Sales

Net sales increased 19% from Ps. 4,898 million for the fourth quarter 2006 compared with Ps. 5,824 million for the same period 2007. Sales in tons of finished steel increased 9% to 675 thousand tons in the fourth quarter 2007 compared with 622 thousand tons in the same period 2006. The total sales outside of Mexico for the fourth quarter 2007 increased 52% to Ps. 4,264 million compared with Ps. 2,813 million for the same period 2006. Total Mexican sales decreased 25% to 1,560 million in the fourth quarter 2007 from Ps. 2,085 millions in the same period 2006. Prices of finished products sold in the fourth quarter 2007 increased approximately 10% in real terms compared to the fourth quarter 2006.

Direct Cost of Sales

Direct cost of sales increased 30% from Ps. 4,106 million in the fourth quarter 2006 to Ps. 5,335 million for the same period 2007. With respect to sales, in the fourth quarter 2007, the direct cost of sales represents 92% compared to 84% for the same period 2006. The average cost of raw materials used to produce steel products increased 20% in real terms in the fourth quarter 2007 versus the fourth quarter 2006, primarily as a result of increases in the price of scrap and certain other raw materials.

Gross Profit

Gross profit for the fourth quarter 2007 decreased 38% to Ps. 489 million compared to Ps. 792 million in the same period 2006. The gross profit as a percentage of net sales for the fourth quarter 2007 was 8% compared with 16% for the same period of 2006. The decline in gross profit is due to the increase in cost of goods sold due to the reasons previously mentioned.

Operating Expenses

Operating expenses increased 3% to Ps. 324 million in the fourth quarter 2007 compared to Ps. 315 million for the same period 2006, the depreciation and amortization in the fourth quarter 2007 was Ps. 126 million compared to Ps. 119 million in the same period of 2006. Operating expenses as a percentage of net sales represented 6% during the fourth quarter 2007 compared to 6% of the same period 2006.

Operating Profit

Operating profit decreased 65% from Ps. 477 million in the fourth quarter 2006 to Ps. 165 million for the same period 2007. The operating profit as a percentage of net sales in the fourth quarter 2007 was 3% compared to 10% in the same period 2006. The decline in operating profit is due to the increase in cost of goods sold due to the reasons previously mentioned.

Comprehensive Financial Cost

Comprehensive financial cost for the fourth quarter 2007 represented an expense of Ps. 145 million compared with an expense of Ps. 54 million for the fourth quarter 2006. Net interest income was Ps. 55 million in the fourth quarter 2007 compared with Ps. 17 million in the fourth quarter 2006, due to larger cash balances during 2007 partly reflecting our recent capital increase in February 2007. At the same time we registered an exchange loss of Ps. 35 million in the fourth quarter 2007 compared with an exchange loss of Ps. 20 million in the fourth quarter 2006 Simec recorded a loss from monetary position of Ps. 165 million in the fourth quarter 2007 compared to a loss from monetary position of Ps. 51 million in the fourth quarter 2006.

Other Expenses (Income) net

The company recorded other income net of Ps. 4 million for the fourth quarter 2007 compared with other income net of Ps. 11 million for the same period 2006.

Taxes and Profit Sharing

Taxes and profit sharing for the fourth quarter 2007 decreased to Ps. 139 million compared to Ps. 247 million for the same period 2006..

Net Profit

As a result of the foregoing, net profit decreased by 13% to Ps. 163 million in the fourth quarter 2007 from Ps. 187 million in the fourth quarter 2006.

(Millions of pesos)	Year ended December 31, 2007	Year ended December 31, 2006	2007 vs 2006
Sales	24,106	23,515	3%
Cost of Sales	20,398	19,132	7%
Gross Profit	3,708	4,383	-15%
Operating Expenses	1,395	1,351	3%
Operating Profit	2,313	3,032	-24%
EBITDA	2,819	3,481	-19%
Net Profit	1,824	2,399	-24%
Sales outside Mexico	17,031	15,939	7%
Sales in Mexico	7,075	7,576	-7%
Total sales (tons)	2,693	2,673	1%

(Millions of pesos)	4Q 07	3Q 07	4Q 06	4Q 07 vs 3Q 07	4Q 07 vs 4Q 06
Sales	5,824	5,737	4,898	2%	19%
Cost of Sales	5,335	4,937	4,106	8%	30%
Gross Profit	489	800	792	-39%	-38%
Operating Expenses	324	354	315	-8%	3%
Operating Profit	165	446	477	-63%	-65%
EBITDA	292	571	596	-49%	-51%

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Net Profit	163	365	187	-55%	-13%
Sales outside Mexico	4,264	4,038	2,813	6%	52%
Sales in Mexico	1,560	1,699	2,085	-8%	-25%
Total sales (tons)	675	635	622	6%	9%

Product	Thousands of tons year ended December 31, 2007	Millions of pesos year ended December 31, 2007	Average price per ton year ended December 31, 2007	Thousands of tons year ended December 31, 2006	Millions of pesos year ended December 31, 2006	Average price per ton year ended December 31, 2006
SBQ	1,946	18,419	9,465	1,941	18,050	9,300
Light Structural	276	2,162	7,834	266	1,894	7,122
Structural	216	1,752	8,112	204	1,632	7,998
Rebar	250	1,703	6,810	260	1,909	7,343
Others	5	70		2	30	
Total	2,693	24,106	8,951	2,673	23,515	8,797

Product	Thousands of tons 4Q 07	Millions of pesos 4Q 07	Average price per ton 4Q 07
SBQ	497	4,524	9,102
Light Structural	59	457	7,754
Structural	45	357	7,930
Rebar	70	456	6,510
Others	4	31	0
Total	675	5,824	8,629

Product	Thousands of tons 3Q 07	Millions of pesos 3Q 07	Average price per ton 3Q 07
SBQ	467	4,438	9,504
Light Structural	60	489	8,143

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Product	Thousands of tons 3Q 07	Millions of pesos 3Q 07	Average price per ton 3Q 07
Structural	50	401	8,011
Rebar	58	388	6,694
Others	0	21	0
Total	635	5,737	9,035

Product	Thousands of tons 4Q 06	Millions of pesos 4Q 06	Average price per ton 4Q 06
SBQ	459	3,685	8,029
Light Structural	51	371	7,270
Structural	52	434	8,339
Rebar	60	395	6,577
Others	0	13	0
Total	622	4,898	7,874

Any forward-looking information contained herein is inherently subject to various risks, uncertainties and assumptions which, if incorrect, may cause actual results to vary materially from those anticipated, expected or estimated. The company assumes no obligation to update any forward-looking information contained herein.

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

FINANCIAL STATEMENT NOTES

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.

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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, Compañía Siderúrgica 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:

Compañía Siderúrgica de California, S.A. de C.V.

Industrias del Acero y del Alambre, S.A. de C.V.

Pacific Steel Inc.

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 include 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.

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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 assets as of December 31, 2007 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

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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).

For consolidation purposes, the financial statements of the subsidiaries abroad, SimRep and subsidiaries, Pacific Steel and Undershaft Investment, were translated into pesos in conformity with Mexican accounting Bulletin B-15, Transactions in Foreign Currency and Translation of Financial Statements of Foreign Operations.

The subsidiary SimRep was considered as a foreign entity for translation purposes; therefore the financial statements as reported by the subsidiary abroad were adjusted to conform with Mexican GAAP, which includes the recognition of the effects of inflation as required by Mexican accounting Bulletin B-10, applying inflation adjustment factors derived from the U.S. Consumer Price Index (CPI) published by the U.S. labor department. The financial information already restated to include inflationary effects, is translated to Mexican pesos as follows:

- By applying the prevailing exchange rate at the consolidated balance sheet date for monetary and non-monetary assets and liabilities.
- By applying the prevailing exchange rate for stockholders' equity accounts, at the time capital contributions were made and earnings were generated.
- By applying the prevailing exchange rate at the consolidated balance sheet date for revenues and expenses during the reporting period.
- The related effect of translation is recorded in stockholders' equity under the caption Equity adjustments for non monetary assets.
- The resulting amounts were restated applying adjustment factors derived from the NCPI, in conformity with Mexican accounting Bulletin B-10.

The subsidiaries Pacific Steel and Undershaft Investment, were considered an integral part of the operations of the Company; and the financial statements of such subsidiaries were translated into Mexican pesos as follows:

By applying the prevailing exchange rate at the consolidated balance sheet date for monetary items.

By applying the prevailing exchange rate at the time the non-monetary assets and capital are generated, and the weighted average exchange rate of the period for income statement items.

The related effect of translation is recorded in the statement of operations as part of the caption Comprehensive financing cost.

The resulting amounts were restated applying adjustment factors derived from the Mexican NCPI, in conformity with Mexican accounting Bulletin B-10.

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 December 31, 2007 and at December 31, 2006, direct sales to two customers accounted for approximately 10% and 16.6% of the Republic's sales. The Company performs evaluations of its customers' credit histories and establishes 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 (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 December 31, 2007 Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes (MTNs) due 1998 (accrued interest at December 31, 2007 was U.S. \$363,703 dollars. At December 31, 2006, Simec's total consolidated debt consisted of U.S. \$302,000 of 8

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7/8% medium-term notes (MTN s) due 1998 (accrued interest at December 31, 2006 was U.S. \$336,525 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. 14,727 (U.S. \$1,355,297) at December 31, 2007, (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.

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QUARTER: **4** YEAR: **2007**

RELATIONS OF SHARES INVESTMENTS

CONSOLIDATED

COMPANY NAME	MAIN ACTIVITIES	NUMBER OF SHARES	OWNERSHIP
SUBSIDIARIES			
Cia siderurgica de Guadalajara	Sub-Holding		99.99
Simec International	Production and sales of steel products		99.99
Arrendadora Simec	Production and sales of steel products		100.00
Controladora Simec	Sub-Holding		100.00
Pacific Steel	Scrap purchase		100.00
Cia. Siderúrgica del Pacífico	Rent of land		99.99
Coordinadora de Servicios Siderúrgicos de Calidad	Administrative services		100.00
Comercializadora Simec	Sales of steel products		99.99
Industrias del Acero y del Alambre	Sales of steel products		99.99
Procesadora Mexicali	Scrap purchase		99.99

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COMPANY NAME	MAIN ACTIVITIES	NUMBER OF SHARES	OWNERSHIP
Servicios Simec	Administrative services		100.00
Sistemas de Transporte de Baja California	Freight services		100.00
Operadora de Metales	Administrative services		100.00
Operadora de Servicios Siderúrgicos de Tlaxcala	Administrative services		100.00
Administradora de Servicios Siderúrgicos de Tlaxcala	Administrative services		100.00
Operadora de Servicios de la Industria Siderúrgica	Administrative services		100.00
SimRep	Sub-Holding		100.00
PAV Republic	Production and sales of steel products		100.00
CSG Comercial	Sales of steel products		99.95
Comercializadora de Aceros de Tlaxcala	Sales of steel products		99.95
Siderúrgica de Baja California	Sales of steel products		99.95
TOTAL INVESTMENT IN SUBSIDIARIES			
ASSOCIATEDS			
			0
TOTAL INVESTMENT IN ASSOCIATEDS			0
OTHER PERMANENT INVESTMENTS			0.00
TOTAL			0

NOTES

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QUARTER: **4** YEAR: **2007**

**CREDITS BREAK DOWN
(THOUSANDS OF MEXICAN PESOS)**

Credit Type / Institution	Amortization Date	Rate of Interest	Denominated in Pesos (Thousands of Pesos)						Denominated in Foreign Currency (Thousands of Pesos)					
			Time Interval						Time Interval					
			Until 5 Current Year Until 1 Year Until 2 Years Until 3 Years Until 4 Years Years or More						Until 5 Current Year Until 1 Year Until 2 Years Until 3 Years Until 4 Years Years or More					
BANKS														
With Warranty			0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BANKS			0	0	0	0	0	0	0	0	0	0	0	0
LISTED IN THE STOCK EXCHANGE														
UNSECURED DEBT														
Medium Term Notes	15/12/1998	9.33	0	0	0	0	0	0	0	3,282	0	0	0	0
TOTAL STOCK EXCHANGE			0	0	0	0	0	0	0	3,282	0	0	0	0
SUPPLIERS														
Various			0	272,702	0	0	0	0	0	1,842,955	0	0	0	0
TOTAL SUPPLIERS			0	272,702	0	0	0	0	0	1,842,955	0	0	0	0
OTHER LOANS WITH COST														
TOTAL			0	0	0	0	0	0	0	0	0	0	0	0
OTHER CURRENT LIABILITIES WITHOUT COST														
Various		0	241,243	0	0	0	0	0	502,120	0	0	0	0	0
TOTAL		0	241,243	0	0	0	0	0	502,120	0	0	0	0	0

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TOTAL	0	513,945	0	0	0	0	0	2,348,357	0	0	0	0
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NOTES: The exchange rate of the peso to the U.S. Dollar at December 31, 2007 was Ps. 10.8662

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QUARTER: **4** YEAR: **2007**

**MONETARY FOREIGN CURRENCY POSITION
(Thousands of Mexican Pesos)**

CONSOLIDATED

	DOLLARS		OTHER CURRENCIES		TOTAL
FOREIGN CURRENCY POSITION	THOUSANDS OF DOLLARS	THOUSANDS OF PESOS	THOUSANDS OF DOLLARS	THOUSANDS OF PESOS	THOUSANDS OF PESOS
TOTAL ASSETS	758,115	8,237,831	0	0	8,237,831
LIABILITIES POSITION	216,080	2,347,980	34	377	2,348,357
SHORT TERM LIABILITIES POSITION	216,080	2,347,980	34	377	2,348,357
LONG TERM LIABILITIES POSITION	0	0	0	0	0
NET BALANCE	542,035	5,889,851	(34)	(377)	5,889,474

NOTES

THE EXCHANGE RATE OF THE PESO TO THE U.S. DOLLAR AT DECEMBER 31, 2007 WAS PS. 10.8662

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RESULT FROM MONETARY POSITION
(Thousands of Mexican Pesos)

CONSOLIDATED

MONTH	MONETARY ASSETS	MONETARY LIABILITIES	ASSET (LIABILITY) MONETARY POSITION	MONTHLY INFLATION	MONTHLY (PROFIT) AND LOSS
JANUARY	3,373,099	2,186,629	(1,186,470)	0.52	(6,128)
FEBRUARY	3,663,966	1,510,290	(2,153,676)	0.28	(6,020)
MARCH	6,158,413	1,425,766	(4,732,647)	0.22	(10,243)
APRIL	6,425,075	2,204,991	(4,220,084)	(0.06)	2,520
MAY	6,574,516	2,249,298	(4,325,218)	(0.49)	21,100
JUNE	6,644,573	2,526,523	(4,118,050)	0.12	(4,945)
JULY	6,889,513	2,504,376	(4,385,138)	0.42	(18,626)
AUGUST	7,229,951	2,471,374	(4,758,577)	0.41	(19,387)
SEPTEMBER	7,449,185	2,522,922	(4,926,263)	0.78	(38,251)
OCTOBER	7,414,411	2,505,795	(4,908,616)	0.39	(19,128)
NOVEMBER	7,512,548	3,290,602	(4,221,946)	0.71	(29,785)
DECEMBER	7,850,262	3,104,608	(4,745,654)	0.41	(19,621)
RESTATEMENT					(7,857)
CAPITALIZATION					0
FOREIGN CORPORATION					39,042
OTHER					(54,883)
TOTAL					(172,212)
OTHER CONCEPTS:					
CAPITALIZED RESULT FOR MONETARY POSITION					0

**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

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

QUARTER: **4** YEAR: **2007**

DEBT INSTRUMENTS

CONSOLIDATED

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 4.93 times.

B) Accomplished the actual situation is 0.25

C) Accomplished the actual situation is 114.66

As of December 31, 2007, the remaining balance of the MTNs not exchanged amounts to Ps. 3,282 (\$302,000 dollars).

C.P. José Flores Flores
Chief Financial Officer

BONDS AND/OR MEDIUM TERM NOTES CERTIFICATE

**MEXICAN STOCK EXCHANGE
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PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

CONSOLIDATED

PLANT OR CENTER	ECONOMIC ACTIVITY	PLANT CAPACITY	UTILIZATION (%)
GUADALAJARA MINI MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	480	87.63
MEXICALI MINI MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	250	80.88
INDUSTRIAS DEL ACERO Y DEL ALAMBRE	SALE OF STEEL PRODUCTS	0	0
APIZACO AND CHOLULA PLANTS	PRODUCTION AND SALES OF STEEL PRODUCTS	460	97.19
CANTON CASTER FACILITY	PRODUCTION OF BILLET	1,380	52.70
LORAIN CASTER FACILITY	PRODUCTION OF BILLET	1,150	85.60
LORAIN HOT-ROLLING MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	840	76.70
LACKAWANNA HOT-ROLLING MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	600	82.60
MASSILLON COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	125	79.90
GARY COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	70	51.40
ONTARIO COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	60	59.40

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MAIN RAW MATERIALS**CONSOLIDATED**

DOMESTIC	MAIN SUPPLIERS	FOREIGN	MAIN SUPPLIERS	DOMESTIC SUBSTITUTION	COST PRODUCTION (%)
PLANTS IN USA		SCRAP	VARIOUS	NO	19.25
SCRAP	VARIOUS	PLANTS IN MEXICO		NO	50.78
PLANTS IN USA		COKE	VARIOUS	NO	11.82
PLANTS IN USA		PELLETS	VARIOUS	NO	9.81
FERROALLOYS	VARIOUS	PLANTS IN MEXICO		YES	7.61

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DOMESTIC PLANTS IN USA	MAIN SUPPLIERS	FOREIGN FERROALLOYS	MAIN SUPPLIERS VARIOUS	DOMESTIC SUBSTITUTION NO	COST PRODUCTION (%) 19.71
ELECTRODES	VARIOUS	PLANTS IN MEXICO	VARIOUS	YES	2.24
PLANTS IN USA		ELECTRODES	VARIOUS	NO	1.33

**MEXICAN STOCK EXCHANGE
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QUARTER: **4** YEAR: **2007**

SELLS DISTRIBUTION BY PRODUCT

CONSOLIDATED

DOMESTIC SELLS

MAIN PRODUCTS	NET SALES		MAIN DESTINATION	
	VOLUME	AMOUNT	TRADEMARKS	COSTUMERS
STRUCTURAL PROFILES	188	1,528,851		
COMMERCIAL PROFILES	81	618,226		
REBAR	168	1,155,065		
FLAT BAR	162	1,285,627		
STEEL BARS	299	2,417,309		
OTHER	2	57,797		
BILLET	3	12,392		
HOT-ROLLED BARS				
COLD-FINISHED BARS				
SEMI-FINISHED SEAMLESS TUBE ROUNDS				
OTHER SEMI-FINISHED TRADE PRODUCTS				
TOTAL		7,075,267		

FOREIGN SALES	17,030,827
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TOTAL	24,106,094
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**MEXICAN STOCK EXCHANGE
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QUARTER: **4** YEAR: **2007**

SELLS DISTRIBUTION BY PRODUCT

CONSOLIDATED

FOREIGN SELLS

MAIN PRODUCTS	NET SELLS		MAIN	
	VOLUME	AMOUNT	TRADEMARKS	COSTUMERS
EXPORTS				
STRUCTURAL PROFILES	28	223,417		
COMMERCIAL PROFILES	26	199,355		
REBAR	82	547,494		
STEEL BARS	7	58,956		
FLAT BAR	36	298,349		
BILLET	0	0		
FOREIGN SUBSIDIARIES				
HOT-ROLLED BARS	920	9,577,814		
COLD-FINISHED BARS	149	2,101,196		
SEMI-FINISHED SEAMLESS TUBE ROUNDS	216	1,642,198		
OTHER SEMI-FINISHED TRADE PRODUCTS	326	2,382,048		
TOTAL		17,030,827		

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QUARTER: 4 YEAR: 2007

CONSOLIDATED

**INTEGRATION OF THE PAID SOCIAL CAPITAL STOCK
CHARACTERISTICS OF THE SHARES**

NOMINAL SERIES	VALID VALUE	COUPON	NUMBER OF SHARES			CAPITAL STOCK (Thousands of Pesos)	
			FIXED PORTION	VARIABLE PORTION	MEXICAN	FREE SUSCRIPTION	FIXED VARIABLE
B			90,850,050	383,771,561	0	474,621,611	441,786 1,866,175
TOTAL			90,850,050	383,771,561	0	474,621,611	441,786 1,866,175

TOTAL NUMBER OF SHARES REPRESENTING THE PAID-IN CAPITAL STOCK ON THE DATE OF SENDING THE INFORMATION: 474,621,611

**MEXICAN STOCK EXCHANGE
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QUARTER: 4 YEAR: 2007

CONSTRUCTION IN PROGRESS

CONSOLIDATED

THE PROJECTS IN PROGRESS AT DECEMBER 31, 2007, ARE:

PROJECTS IN PROGRESS	TOTAL INVESTMENT
PROJECTS IN REPUBLIC	86,521
PROJECTS IN MEXICALI	88,236
PROJECTS IN TLAXCALA	4,193
PROJECTS IN GUADALAJARA	14,555
TOTAL INVESTMENT AT DECEMBER 31, 2007	193,505

**MEXICAN STOCK EXCHANGE
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QUARTER: **4** YEAR: **2007**

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

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.

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**

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GRUPO SIMEC, S.A.B. DE C.V.

QUARTER: **4** YEAR: **2007**

CONSOLIDATED

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

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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 FOURTH QUARTER REPORT.

ING LUIS GARCIA LIMON
CHIEF EXECUTIVE OFFICER

C.P. JOSE FLORES FLORES
CHIEF FINANCIAL OFFICER

GUADALAJARA, JAL, AT FEBRUARY 28 OF 2007.