

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

GROUP SIMEC SA DE CV  
Form 6-K  
July 24, 2009

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 July, 2009.

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Group Simec, Inc.

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(Translation of Registrant's Name Into English)

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

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(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.

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(Registrant)

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Date: July 24, 2009.

By: /s/ Luis Garcia Limon

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Name: Luis Garcia Limon  
Title: Chief Executive Officer

PRESS RELEASE

Contact: Sergio Vigil Gonzalez  
Jose Flores Flores  
Grupo Simec, S.A. de C.V.  
Calzada Lazaro Cardenas 601  
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GRUPO SIMEC ANNOUNCES RESULTS OF OPERATIONS FOR THE FIRST SIX MONTHS OF 2009

GUADALAJARA, MEXICO, July 23, 2009- Grupo Simec, S.A.B. de C.V. (AMEX: SIM) ("Simec") announced today its results of operations for the six-month period ended June 30, 2009.

Six-Month Period Ended June 30, 2009 compared to Six-Month Period Ended June 30, 2008

Net Sales

Net sales decreased 46% to Ps. 9,242 million in the six-month period ended June 30, 2009 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,899 million) compared to Ps. 17,035 million in the same period 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 513 million). Shipments of finished steel products decreased 37% to 977 thousand tons in the six-month period ended June 30, 2009 (including the net sales generated by the newly acquired plants of Grupo San of 252 thousand tons) compared to 1,562 thousand tons in the same period 2008 (including the net sales generated by the newly acquired plants of Grupo San of 44 thousand tons). Total sales outside of Mexico in the six-month period ended June 30, 2009 decreased 69% to Ps. 3,760 million (including the net sales generated by the newly acquired plants of Grupo San of Ps. 6 million) compared with Ps. 12,172 million in the same period 2008, (including the net sales generated by the newly acquired plants of Grupo San of Ps. 37 million) while total Mexican sales increased 13% from Ps. 4,863 million in the six-month period ended June 30, 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 476 million) to Ps. 5,482 millions in the same period 2009 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,893 million). The decrease in sales is due to lower shipments during the six-month period ended June 30, 2009, compared to the same period in 2008 (a 585,000 tons decrease). The average price of steel products decreased 13% in the six-month period ended June 30, 2009 compared with the same period of 2008.

Direct Cost of Sales

Direct cost of sales decreased 46% from Ps. 13,744 million in the six-month period ended June 30, 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 308 million) to Ps. 7,367 million in the same period 2009 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 1,241 million). Direct cost of sales as a percentage of net sales represented 80% in the six-month period ended June 30, 2009 compared to 81% in the same period 2008. The average cost of raw materials used to produce steel products decreased 14% in the six-month period ended June 30, 2009 versus the same period 2008, primarily as a result of decreases in the price of scrap and certain other raw materials.

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### Marginal Profit

Marginal profit in the six-month period ended June 30, 2009 was Ps. 1,875 million (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 257 million) compared to Ps. 3,291 million in the same period 2008 (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 205 million). Marginal profit as a percentage of net sales in the six-month period ended June 30, 2009 was 20% compared to 19% in the same period 2008. The decline in marginal profit is due to lower shipments of 37% during the six-month period ended June 30, 2009 compared with the same period of 2008.

### Operating Expenses

Operating expenses increased 42% to Ps. 1,128 million in the six-month period ended June 30, 2009 (including the operating expenses from the newly acquired plants of Grupo San of Ps. 222 million and the amortization of the tangible and intangible assets of Ps. 179 million registered by the acquisition of Grupo San) compared to Ps. 794 million in the same period 2008 (including the operating expenses from the newly acquired plants of Grupo San of Ps. 53 million), and represented 12% of net sales in the six-month period ended June 30, 2009 and 5% of net sales in the same period 2008.

### Operating Income

Operating income decreased 70% to Ps. 747 million for the six-month period ended June 30, 2009 (including the operating income generated by the newly acquired plants of Grupo San of Ps. 257 million) compared to Ps. 2,497 million in the same period 2008 (including the operating income generated by the newly acquired plants of Grupo San of Ps. 152 million). Operating income as a percentage of net sales was 8% in the six-month period ended June 30, 2009 compared to 15% in the same period 2008. The decline in operating income is due to lower shipments of 37% during the six-month period ended June 30, 2009 compared with the same period of 2008.

### Comprehensive Financial Cost

Comprehensive financial cost in the six-month period ended June 30, 2009 represented an expense of Ps. 61 million compared with an expense of Ps. 258 million in the same period 2008. Net interest expense was Ps. 12 million in the six-month period ended June 30, 2009 compared with a net interest income of Ps. 93 million in the same period 2008. At the same time, we registered an exchange loss of Ps. 49 million in the six-month period ended June 30, 2009 compared with an exchange loss of Ps. 351 million in the same period 2008, reflecting a 2.5% increase in the value of the peso versus the dollar in the six-month period ended June 30, 2009 compared to the same period of 2008.

### Other Expenses (Income) net

The company recorded other income net of Ps. 0 million in the six-month period ended June 30, 2009 compared to other income net of Ps. 4 million in the same period 2008.

### Income Taxes

Income Taxes recorded a provision of Ps. 161 million in the six-month period ended June 30, 2009 (including the provision of Ps. 105 million of deferred income taxes) compared to Ps. 726 million in the same period of 2008 (including the provision of Ps. 342 million of deferred income taxes).

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### Net Income

As a result of the foregoing, net income decreased by 65% to Ps. 525 million in the six-month period ended June 30, 2009 from Ps. 1,517 million in the same period 2008.

### Liquidity and Capital Resources

As of June 30, 2009, Simec's total consolidated debt consisted of U.S. \$2,602,000; U.S. \$2,300,000 is a credit bank and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest on June 30, 2009 was U.S. \$404,455). As of December 31, 2008, Simec's total consolidated debt consisted of U.S. \$952,000; U.S. \$650,000 is a credit bank and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest on December 31, 2008 was U.S. \$387,882).

### Comparative second quarter 2009 vs first quarter 2009

#### Net Sales

Net sales decreased 18% from Ps. 5,081 million for the first quarter 2009 to Ps. 4,161 million for the second quarter 2009. Sales in tons of finished steel decreased 7% to 471 thousand tons in the second quarter 2009 compared with 506 thousand tons in the first quarter 2009. The total sales outside of Mexico for the second quarter 2009 decreased 31% to Ps. 1,538 million compared with Ps. 2,222 million for the first quarter 2009. Total Mexican sales decreased 8% to 2,623 million in the second quarter 2009 from Ps. 2,859 million in the first quarter 2009. Prices of finished products sold in the second quarter 2009 decreased approximately 12% compared to the first quarter 2009.

#### Direct Cost of Sales

Direct cost of sales decreased 21% from Ps. 4,111 million in the first quarter 2009 to Ps. 3,256 million for the second quarter 2009. With respect to sales, in the second quarter 2009, the direct cost of sales represents 78% compared to 81% for the first quarter 2009. The average cost of raw materials used to produce steel products decreased 14% in the second quarter 2009 versus the first quarter 2009, primarily as a result of decreases in the price of scrap and certain other raw materials.

#### Marginal Profit

Marginal profit for the second quarter 2009 decreased 7% to Ps. 905 million compared to Ps. 970 million in the first quarter 2009. The marginal profit as a percentage of net sales for the second quarter 2009 was 21% compared with 19% for the first quarter of 2009. The decline in marginal profit is due to lower shipments of 7% during the second quarter 2009 compared with the first quarter 2009.

#### Operating Expenses

Operating expenses decreased 7% to Ps. 543 million in the second quarter 2009 compared to Ps. 585 million for the first quarter 2009. Operating expenses as a percentage of net sales represented 13% during the second quarter 2009 and 12% during the second quarter 2008.

#### Operating Income

Operating income decreased 6% from an operating income of Ps. 385 million in the

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first quarter 2009 to Ps. 362 million of operating income for the second quarter 2009. The operating income as a percentage of net sales in the second quarter 2009 was 7% compared to 8% in the first quarter 2009. The decrease in operating income is due to lower shipments of 7% during the second quarter 2009 compared with the first quarter 2009.

### Comprehensive Financial Cost

Comprehensive financial cost for the second quarter 2009 represented an expense of Ps. 121 million compared with an income of Ps. 60 million for the first quarter 2009. Net interest expense was Ps. 8 million in the second quarter 2009 compared with Ps. 3 million of net interest expense in the first quarter 2009. At the same time we registered an exchange loss of Ps. 113 million in the second quarter 2009 compared with an exchange gain of Ps. 63 million in the first quarter 2009.

### Other Expenses (Income) net

The company recorded other expenses net of Ps. 1 million in the second quarter 2009 compared with other income net of Ps. 2 million for the first quarter 2009.

### Income Taxes

Income Taxes for the second quarter 2009 was an expense of Ps. 154 million compared to Ps. 7 million of expense for the first quarter 2009.

### Net Income

As a result of the foregoing, net income was Ps. 86 million in the second quarter 2009 compared to Ps. 440 million of net income in the first quarter 2009.

### Comparative second quarter 2009 vs second quarter 2008

#### Net Sales

Net sales decreased 57% from Ps. 9,746 million for the second quarter 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 513 million) to Ps. 4,161 million for the second quarter 2009 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 840 million). Sales in tons of finished steel decreased 42% to 471 thousand tons in the second quarter 2009 compared with 817 thousand tons in the second quarter 2008. The total sales outside of Mexico for the second quarter 2009 decreased 77% to Ps. 1,538 million compared with Ps. 6,749 million for the second quarter 2008. Total Mexican sales decreased 12% to 2,623 million in the second quarter 2009 from Ps. 2,997 million in the second quarter 2008. Prices of finished products sold in the second quarter 2009 decreased approximately 26% compared to the second quarter 2008.

#### Direct Cost of Sales

Direct cost of sales decreased 58% from Ps. 7,693 million in the second quarter 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 308 million) to Ps. 3,256 million for the second quarter 2009 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 584 million). With respect to sales, in the second quarter 2009, the direct cost of sales represents 78% compared to 79% for the second quarter 2008. The average cost of raw materials used to produce steel products decreased 25% in the second quarter 2009 versus the second quarter 2008, primarily as a result of decreases in the price of scrap and certain other raw materials.

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### Marginal Profit

Marginal profit for the second quarter 2009 decreased 56% to Ps. 905 million (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 256 million) compared to Ps. 2,053 million in the second quarter 2008 (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 205 million). The marginal profit as a percentage of net sales for the second quarter 2009 was 21% compared with 21% for the second quarter 2008. The decline in marginal profit is due to lower shipments of 42% during the second quarter 2009 compared with the second quarter 2008.

### Operating Expenses

Operating expenses increased 25% to Ps. 543 million in the second quarter 2009 compared to Ps. 434 million for the second quarter 2008. Operating expenses as a percentage of net sales represented 13% during the second quarter 2009 and 4% during the second quarter 2008.

### Operating Income

Operating income decreased 78% from an operating income of Ps. 1,619 million in the second quarter 2008 (including the operating income generated by the newly acquired plants of Grupo San of Ps. 152 million) to Ps. 362 million of operating income for the second quarter 2009 (including the operating loss generated by the newly acquired plants of Grupo San of Ps. 32 million). The operating income as a percentage of net sales in the

second quarter 2009 was 7% compared to 17% in the second quarter 2008. The decrease in operating income is due to lower shipments of 42% during the second quarter 2009 compared with the second quarter 2008.

### Comprehensive Financial Cost

Comprehensive financial cost for the second quarter 2009 represented an expense of Ps. 121 million compared with an expense of Ps. 197 million for the second quarter 2008. Net interest expense was Ps. 8 million in the second quarter 2009 compared with Ps. 37 million of net interest income in the second quarter 2008. At the same time we registered an exchange loss of Ps. 113 million in the second quarter 2009 compared with an exchange loss of Ps. 234 million in the second quarter 2008.

### Other Expenses (Income) net

The company recorded other expenses net of Ps. 1 million in the second quarter 2009 compared with other expense net of Ps. 2 million for the second quarter 2008.

### Income Taxes

Income Taxes for the second quarter 2009 was an expense of Ps. 154 million compared to Ps. 495 million of income for the second quarter 2008.

### Net Income

As a result of the foregoing, net income was Ps. 86 million in the second quarter 2009 compared to Ps. 925 million of net income in the second quarter 2008.

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Millions of pesos	Six months ended June 30, 2009	Six months ended June 30, 2008	2009 vs. 2008
Sales	9,242	17,035	(46%)
Cost of Sales	7,367	13,744	(46%)
Marginal Profit	1,875	3,291	(43%)
Operating Expenses	1,128	794	42%
Operating Income	747	2,497	(70%)
EBITDA	1,292	2,763	(53%)
Net Profit	525	1,517	(65%)
Sales outside Mexico	3,760	12,172	(69%)
Sales in Mexico	5,482	4,863	13%
Total sales (tons)	977	1,562	(37%)

(Millions of pesos)	2Q'09	1Q'09	2Q'08	2Q'09 vs 1Q'09	2Q'09 vs 2Q'08
Sales	4,161	5,081	9,746	(18%)	(57%)
Cost of Sales	3,256	4,111	7,693	(21%)	(58%)
Marginal Profit	905	970	2,053	(7%)	(56%)
Operating Expenses	543	585	434	(7%)	25%
Operating Income	362	385	1,619	(6%)	(78%)
EBITDA	632	660	1,755	(4%)	(64%)
Net Profit	86	440	925	(80%)	(91%)
Sales outside Mexico	1,538	2,222	6,749	(31%)	(77%)
Sales in Mexico	2,623	2,859	2,997	(8%)	(12%)
Total sales (tons)	471	506	817	(7%)	(42%)

Product	Thousands of tons six months ended June 30,2009	Million of pesos six months ended June 30, 2009	Average price per ton six months ended June 30, 2009	Thousands of tons six months ended June 30,2008	Million of pesos six months ended June 30, 2008	Average price per ton six months ended June 30, 2008

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SBQ	416	4,641	11,156	1,144	12,873	11,253
Light Structural	80	773	9,663	101	966	9,564
Structural	95	959	10,095	110	1,120	10,182
Rebar	328	2,377	7,247	194	1,875	9,665
Others	58	492	-	13	201	-
Total	977	9,242	9,460	1,562	17,035	10,906

Product	Thousands of tons 2Q'09	Millions of pesos 2Q'09	Average price per ton Q'09	Thousands of tons 1Q'09	Millions of pesos 1Q'09	Average price per ton 1Q'09	Thousands of tons 2Q'08
SBQ	201	2,020	10,050	215	2,621	12,191	579
Light Structural	33	308	9,333	47	464	9,872	47
Structural	45	452	10,044	50	507	10,140	55
Rebar	165	1,136	6,885	163	1,241	7,613	124
Others	27	245	-	31	248	-	12
Total	471	4,161	8,834	506	5,081	10,042	817

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

QUARTER:2 YEAR: 2009

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

CONSOLIDATED FINANCIAL STATEMENT  
AT JUNE 30 OF 2009 AND 2008  
(thousands of Mexican pesos)

REF

CONCEPTS

CURRENT YEAR



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S

	AMOUNT	%	
s01 TOTAL ASSETS	30,653,915	100	2
s02 CURRENT ASSETS	13,156,456	43	1
s03 CASH AND SHORT-TERM INVESTMENTS	1,296,471	4	
s04 ACCOUNTS AND NOTES RECEIVABLE (NET)	2,851,415	9	
s05 OTHER ACCOUNTS AND NOTES RECEIVABLE	567,661	2	
s06 INVENTORIES	8,197,742	27	
s07 OTHER CURRENT ASSETS	243,167	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)	10,006,587	33	
s13 LAND AND BULIDINGS	3,724,127	12	
s14 MACHINERY AND INDUSTRIAL EQUIPMENT	12,744,809	42	1
s15 OTHER EQUIPMENT	231,917	1	
s16 ACCUMULATED DEPRECIATION	7,174,185	23	
s17 CONSTRUCTION IN PROGRESS	479,919	2	
s18 OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	7,368,649	24	
s19 OTHER ASSETS	122,223	0	
s20 TOTAL LIABILITIES	8,912,103	100	
s21 CURRENT LIABILITIES	4,525,964	51	
s22 SUPPLIERS	2,501,299	28	
s23 BANK LOANS	30,365	0	
s24 STOCK MARKET LOANS	3,987	0	
s103 OTHER LOANS WITH COST	0	0	

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s25 TAXES PAYABLE	307,956	3	
s26 OTHER CURRENT LIABILITIES WITHOUT COST	1,682,357	19	
s27 LONG-TERM LIABILITIES	0	0	
s28 BANK LOANS	0	0	
s29 STOCK MARKET LOANS	0	0	
s30 OTHER LOANS WITH COST	0	0	
s31 DEFERRED LIABILITIES	0	0	
s32 OTHER NON-CURRENT LIABILITIES WITHOUT COST	4,386,139	49	
s33 CONSOLIDATED STOCKHOLDERS' EQUITY	21,741,812	100	1
s34 MINORITY INTEREST	2,760,394	13	
s35 MAJORITY INTEREST	18,981,418	87	1
s36 CONTRIBUTED CAPITAL	8,350,900	38	
S79 CAPITAL STOCK	4,142,696	19	
s39 PREMIUM ON ISSUANCE OF SHARES	4,208,204	19	
s40 CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	0	
s41 EARNED CAPITAL	10,630,518	49	
s42 RETAINED EARNINGS AND CAPITAL RESERVES	10,329,465	48	
s44 OTHER ACCUMULATED COMPREHENSIVE RESULT	301,053	1	(1
s80 SHARES REPURCHASED	0	0	

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 2 YEAR: 2009

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

REF S	CONCEPTS	CURRENT YEAR
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	AMOUNT	%
s03 CASH AND SHORT-TERM INVESTMENTS	1,296,471	100
s46 CASH	1,011,824	78
s47 SHORT-TERM INVESTMENTS	284,647	22
s07 OTHER CURRENT ASSETS	243,167	100
s81 DERIVATIVE FINANCIAL INSTRUMENTS	0	0
s82 DISCONTINUED OPERATIONS	0	0
s83 OTHER	243,167	100
s18 OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	7,368,649	100
s48 DEFERRED EXPENSES	3,153,149	43
s49 GOODWILL	4,166,160	57
s51 OTHER	49,340	1
s19 OTHER ASSETS	122,223	100
s84 INTANGIBLE ASSET FROM LABOR OBLIGATIONS	0	0
s85 DERIVATIVE FINANCIAL INSTRUMENTS	0	0
s50 DEFERRED TAXES	0	0
s86 DISCONTINUED OPERATIONS	0	0
s87 OTHER	122,223	100
s21 CURRENT LIABILITIES	4,525,964	100
s52 FOREIGN CURRENCY LIABILITIES	1,962,229	43
s53 MEXICAN PESOS LIABILITIES	2,563,735	57
s26 OTHER CURRENT LIABILITIES WITHOUT COST	1,682,357	100
s88 DERIVATIVE FINANCIAL INSTRUMENTS	331,580	20
s89 INTEREST LIABILITIES	5,340	0
s68 PROVISIONS	0	0
s90 DISCONTINUED OPERATIONS	0	0

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s58 OTHER CURRENT LIABILITIES	1,345,437	80
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 WITHOUT COST	4,386,139	100
s66 DEFERRED TAXES	4,305,403	98
s91 OTHER LIABILITIES IN RESPECT OF SOCIAL INSURANCE	32,316	1
s92 DISCONTINUED OPERATIONS	0	0
s69 OTHER LIABILITIES	48,420	1
s79 CAPITAL STOCK	4,142,696	100
s37 CAPITAL STOCK (NOMINAL)	2,420,230	58
s69 RESTATEMENT OF CAPITAL STOCK	1,722,466	42

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 2 YEAR: 2009

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

REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s42	RETAINED EARNINGS AND CAPITAL RESERVES	10,329,465	100

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s93	LEGAL RESERVE	0	0
s43	RESERVE FOR REPURCHASE OF SHARES	200,612	2
s94	OTHER RESERVES	0	0
s95	RETAINED EARNINGS	9,307,346	90
s45	NET INCOME FOR THE YEAR	821,507	8
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	301,053	100
s70	ACCUMULATED MONETARY RESULT	0	0
s71	RESULT FROM HOLDING NON-MONETARY ASSETS	0	0
s96	CUMULATIVE RESULT FROM FOREIGN CURRENCY TRANSLATION	539,791	179
s97	CUMULATIVE RESULT FROM DERIVATIVE FINANCIAL INSTRUMENTS	(238,738)	(79)
s98	CUMULATIVE EFFECT OF DEFERRED INCOME TAXES	0	0
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: 2 YEAR: 2009

BALANCE SHEETS  
OTHER CONCEPTS  
(thousands of Mexican pesos)

REF S	CONCEPTS	CURRENT YEAR AMOUNT
S72	WORKING CAPITAL	8,630,492
S73	PENSIONS FUND AND SENIORITY PREMIUMS	0
S74	EXECUTIVES (*)	60
S75	EMPLOYERS (*)	1,640

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S76	WORKERS (*)	2,569
S77	COMMON SHARES (*)	497,709,214
S78	REPURCHASED SHARES (*)	0
S101	RESTRICTED CASH	0
S102	NET DEBT OF NON CONSOLIDATED COMPANIES	508,288

(\*) THESE ITEMS SHOULD BE EXPRESSED IN UNITS

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

QUARTER: 2 YEAR: 2009

STATEMENTS OF INCOME  
FROM JANUARY 1 TO JUNE 30 OF 2009 AND 2008  
(thousands of Mexican pesos)

REF R	CATEGORIES	CURRENT YEAR	
		AMOUNT	%
r01	NET SALES	9,242,065	100
r02	COST OF SALES	7,367,072	80
r03	GROSS PROFIT	1,874,993	20
r04	OPERATING EXPENSES	1,128,430	12
r05	OPERATING INCOME	746,563	8
r08	OTHER INCOME AND (EXPENSE), NET	469	0
r06	COMPREHENSIVE FINANCING RESULT	(60,645)	0
r12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0
r48	NON ORDINARY ITEMS	0	0
r09	INCOME BEFORE INCOME TAXES	686,387	7
r10	INCOME TAXES	160,775	2
r11	INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	525,612	6
r14	DISCONTINUED OPERATIONS	0	0

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r18 NET CONSOLIDATED INCOME	525,612	6
r19 NET INCOME OF MINORITY INTEREST	(295,895)	(3)
r20 NET INCOME OF MAJORITY INTEREST	821,507	9

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

QUARTER: 2 YEAR: 2009

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

REF R	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
r01	NET SALES	9,242,065	100
r21	DOMESTIC	5,481,918	59
r22	FOREIGN	3,760,147	41
r23	TRANSLATED INTO DOLLARS (***)	269,294	
r08	OTHER INCOME AND (EXPENSE), NET	469	100
r49	OTHER INCOME AND (EXPENSE), NET	469	100
r34	EMPLOYEES' PROFIT SHARING EXPENSES	0	0
r35	DEFERRED EMPLOYEES' PROFIT SHARING	0	0
r06	COMPREHENSIVE FINANCING RESULT	(60,645)	100
r24	INTEREST EXPENSE	29,622	(49)
r42	GAIN (LOSS) ON RESTATEMENT OF UDI'S	0	0
r45	OTHER FINANCE COSTS	0	0
r26	INTEREST INCOME	18,082	30
r46	OTHER FINANCIAL PRODUCTS	0	0

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r25 FOREIGN EXCHANGE GAIN (LOSS), NET	(49,105)	(81)
r28 RESULT FROM MONETARY POSITION	0	0
r10 INCOME TAXES	160,775	100
r32 INCOME TAX	55,990	35
r33 DEFERRED INCOME TAX	104,785	65

(\*\*\*) THOUSANDS OF DOLLARS

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 2 YEAR: 2009

STATEMENTS OF INCOME  
OTHER CONCEPTS  
(thousands of Mexican pesos)

REF	CONCEPTS	CURRENT YEAR
R		AMOUNT
r36	TOTAL SALES	9,496,823
r37	TAX RESULT FOR THE YEAR	0
r38	NET SALES (**)	27,392,625
r39	OPERATION INCOME (**)	1,364,719
r40	NET INCOME OF MAJORITY INTEREST (**)	1,492,787
r41	NET CONSOLIDATED INCOME (**)	908,987
r47	OPERATIVE DEPRECIATION AND AMORTIZATION	544,749

(\*\*) RESTATED INFORMATION FOR THE LAST TWELVE MONTHS

MEXICAN STOCK EXCHANGE  
SIFIC / ICS



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

QUARTER: 2 YEAR: 2009

QUARTERLY STATEMENTS OF INCOME  
FROM APRIL 1 TO JUNE 30 OF 2009 AND 2008  
(thousands of Mexican pesos)

REF R	CATEGORIES	CURRENT YEAR	
		AMOUNT	%
r01	NET SALES	4,161,424	100
r02	COST OF SALES	3,256,342	78
r03	GROSS PROFIT	905,082	22
r04	OPERATING EXPENSES	543,148	13
r05	OPERATING INCOME	361,934	9
r08	OTHER INCOME AND (EXPENSE), NET	(1,383)	0
r06	COMPREHENSIVE FINANCING RESULT	(120,570)	(3)
r12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0
r48	NON ORDINARY ITEMS	0	0
r09	INCOME BEFORE INCOME TAXES	239,981	6
r10	INCOME TAXES	154,041	4
r11	INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	85,940	2
r14	DISCONTINUED OPERATIONS	0	0
r18	NET CONSOLIDATED INCOME	85,940	2
r19	NET INCOME OF MINORITY INTEREST	(190,672)	(5)
r20	NET INCOME OF MAJORITY INTEREST	276,612	7

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 2 YEAR: 2009

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

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REF R	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
rt01	NET SALES	4,161,424	100
rt21	DOMESTIC	2,622,826	63
rt22	FOREIGN	1,538,598	37
rt23	TRANSLATED INTO DOLLARS (***)	115,784	
rt08	OTHER INCOME AND (EXPENSE), NET	(1,383)	100
rt49	OTHER INCOME AND (EXPENSE), NET	(1,383)	100
rt34	EMPLOYEES' PROFIT SHARING EXPENSES	0	0
rt35	DEFERRED EMPLOYEES' PROFIT SHARING	0	0
rt06	COMPREHENSIVE FINANCING RESULT	(120,570)	100
rt24	INTEREST EXPENSE	16,144	(13)
rt42	GAIN (LOSS) ON RESTATEMENT OF UDI'S	0	0
rt45	OTHER FINANCE COSTS	0	0
rt26	INTEREST INCOME	8,287	7
rt46	OTHER FINANCIAL PRODUCTS	0	0
rt25	FOREIGN EXCHANGE GAIN (LOSS), NET	(112,713)	(93)
rt28	RESULT FROM MONETARY POSITION	0	0
rt10	INCOME TAXES	154,041	100
rt32	INCOME TAX	216,099	140
rt33	DEFERRED INCOME TAX	(62,058)	(40)

(\*\*\*) THOUSANDS OF DOLLARS

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

QUARTER: 2 YEAR: 2009

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

REF RT	CONCEPTS	CURR A
rt47	OPERATIVE DEPRECIATION AND AMORTIZATION	2

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 2 YEAR: 2009

STATE OF CASH FLOW (INDIRECT METHOD)  
FROM JANUARY 1 TO JUNE 30 OF 2009 AND 2008  
(thousands of pesos)

REF C	CONCEPTS	CURRENT YEAR AMOUNT
ACTIVITIES OF OPERATION		
e01	INCOME (LOSS) BEFORE INCOME TAXES	686,387
e02	+ (-) ITEMS NOT REQUIRING CASH	0
e03	+ (-) ITEMS RELATED TO INVESTING ACTIVITIES	515,781
e04	+ (-) ITEMS RELATED TO FINANCING ACTIVITIES	29,622
e05	CASH FLOW BEFORE INCOME TAX	1,231,790
e06	CASH FLOW PROVIDED OR USED IN OPERATION	(427,593)
e07	CASH FLOW PROVIDED OF OPERATING ACTIVITIES	804,197
INVESTMENT ACTIVITIES		
e08	NET CASH FLOW FROM INVESTING ACTIVITIES	(100,506)

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e09	CASH FLOW AFTER INVESTING ACTIVITIES	703,691
-----		
	FINANCING ACTIVITIES	
e10	NET CASH FROM FINANCING ACTIVITIES	15,395
e11	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	719,086
e12	TRANSLATION DIFFERENCES IN CASH AND CASH EQUIVALENTS	644
e13	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	576,741
e14	CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	1,296,471

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

QUARTER: 2 YEAR: 2009

STATE OF CASH FLOW (INDIRECT METHOD)  
BREAKDOWN OF MAIN CONCEPTS  
(thousands of pesos)

REF	CONCEPTS	CURRENT YEAR
C		AMOUNT
e02	+ (-) ITEMS NOT REQUIRING CASH	0
e15	+ ESTIMATES FOR THE PERIOD	0
e16	+ PROVISIONS FOR THE PERIOD	0
e17	+ (-) OTHER UNREALIZED ITEMS	0
e03	+ (-) ITEMS RELATED TO INVESTING ACTIVITIES	515,781
e18	+ DEPRECIATION AND AMORTIZATION FOR THE PERIOD	544,749
e19	(-) + GAIN OR LOSS ON SALE PROPERTY, PLANT AND EQUIPMENT	0
e20	+ IMPAIRMENT LOSS	0
e21	(-) + EQUITY IN RESULTS OF ASSOCIATES AND JOINT VENTURES	0
e22	(-) DIVIDENDS RECEIVED	0
e23	(-) INTEREST INCOME	(18,082)
e24	(-) + OTHER ITEMS	(10,886)

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e04	+ (-) ITEMS RELATED TO FINANCING ACTIVITIES	29,622
e25	+ ACCRUED INTEREST	29,622
e26	+ (-) OTHER ITEMS	0
e06	CASH FLOW PROVIDED OR USED IN OPERATION	(427,593)
e27	+ (-) DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE	4,869
e28	+ (-) DECREASE (INCREASE) IN INVENTORIES	515,955
e29	+ (-) DECREASE (INCREASE) IN IN OTHER ACCOUNT RECEIVABLES	(258,223)
e30	+ (-) INCREASE DECREASE IN SUPPLIERS	(812,057)
e31	+ (-) INCREASE DECREASE IN OTHER LIABILITIES	534,663
e32	+ (-) INCOME TAXES PAID OR RETURNED	(412,800)
e08	NET CASH FLOW FROM INVESTING ACTIVITIES	(100,506)
e33	(-) PERMANENT INVESTMENT IN SHARES	0
e34	+ DISPOSITION OF PERMANENT INVESTMENT IN SHARES	0
e35	(-) INVESTMENT IN PROPERTY PLANT AND EQUIPMENT	(118,588)
e36	+ SALE OF PROPERTY PLANT AND EQUIPMENT	0
e37	(-) INVESTMENT IN INTANGIBLE ASSETS	0
e38	+ DISPOSITION OF INTANGIBLE ASSETS	0
e39	+ OTHER PERMANENT INVESTMENTS	0
e40	+ DISPOSITION OF OTHER PERMANENT INVESTMENTS	0
e41	+ DIVIDEND RECEIVED	0
e42	+ INTEREST RECEIVED	18,082
e43	+ (-) DECREASE (INCREASE) ADVANCES AND LOANS TO THIRD PARTS	0
e44	+ (-) OTHER ITEMS	0
e10	NET CASH FROM FINANCING ACTIVITIES	15,395
e45	+ BANK FINANCING	20,061
e46	+ STOCK MARKET FINANCING	0
e47	+ OTHER FINANCING	0

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e48	(-) BANK FINANCING AMORTIZATION	0
e49	(-) STOCK MARKET FINANCING AMORTIZATION	0
e50	(-) OTHER FINANCING AMORTIZATION	0
e51	+ (-) INCREASE (DECREASE ) IN CAPITAL STOCK	0
e52	(-) DIVIDENS PAID	0
e53	+ PREMIUM ON ISSUANCE OF SHARES	0
e54	+ CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0
e55	(-) INTEREST EXPENSE	(20,192)
e56	(-) REPURCHASE OF SHARES	0
e57	+ (-) OTHER ITEMS	15,526

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

QUARTER: 2 YEAR: 2009

DATE PER SHARE  
CONSOLIDATED

REF D	CATEGORIES	QUARTER OF PRESENT FINANCIAL YEAR
d01	BASIC PROFIT PER ORDINARY SHARE (**)	\$ 1.83
d02	BASIC PROFIT PER PREFERRED SHARE (**)	\$ 0.00
d03	DILUTED PROFIT PER ORDINARY SHARE (**)	\$ 0.00
d04	EARNINGS (LOSS) BEFORE DISCONTINUED OPERATIONS PER COMMON SHARE (**)	\$ 1.83
d05	DISCONTINUED OPERATIONS EFFECT ON EARNING (LOSS) PER SHARE (**)	\$ 0.00
d08	CARRYING VALUE PER SHARE	\$ 38.14
d09	CASH DIVIDEND ACCUMULATED PER SHARE	\$ 0.00
d10	DIVIDEND IN SHARES PER SHARE	0.00 shares
d11	MARKET PRICE TO CARRYING VALUE	0.75 times
d12	MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE	15.72 times

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d13 MARKET PRICE TO BASIC PROFIT PER PREFERENT SHARE (\*\*)

0.00 times

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

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

QUARTER: 2 YEAR: 2009

RATIOS  
CONSOLIDATED

REF P	CATEGORIES	QUARTER OF PRESENT FINANCIAL YEAR
YIELD		
p01	NET INCOME TO NET SALES	5.69%
p02	NET INCOME TO STOCKHOLDERS' EQUITY (**)	4.18%
p03	NET INCOME TO TOTAL ASSETS (**)	2.97%
p04	CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME	0.00%
p05	INCOME DUE TO MONETARY POSITION TO NET INCOME	0.00%
ACTIVITY		
p06	NET SALES TO NET ASSETS (**)	0.89 times
p07	NET SALES TO FIXED ASSETS (**)	2.74 times
p08	INVENTORIES TURNOVER (**)	2.86 times
p09	ACCOUNTS RECEIVABLE IN DAYS OF SALES	48 days
p10	PAID INTEREST TO TOTAL LIABILITIES WITH COST (**)	5.46%
LEVERAGE		
p11	TOTAL LIABILITIES TO TOTAL ASSETS	29.07%
p12	TOTAL LIABILITIES TO STOCKHOLDERS' EQUITY	0.41 times
p13	FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES	22.02%
p14	LONG-TERM LIABILITIES TO FIXED ASSETS	0.00%

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p15	OPERATING INCOME TO INTEREST PAID	25.20 times
p16	NET SALES TO TOTAL LIABILITIES (**)	3.07 times
LIQUIDITY		
p17	CURRENT ASSETS TO CURRENT LIABILITIES	2.91 times
p18	CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES	1.10 times
p19	CURRENT ASSETS TO TOTAL LIABILITIES	1.48 times
p20	AVAILABLE ASSETS TO CURRENT LIABILITIES	28.65%

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

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

QUARTER: 2 YEAR: 2009

DIRECTOR REPORT  
CONSOLIDATED

Six-Month Period Ended June 30, 2009 compared to Six-Month Period Ended June 30, 2008

Net Sales

Net sales decreased 46% to Ps. 9,242 million in the six-month period ended June 30, 2009 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,899 million) compared to Ps. 17,035 million in the same period 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 513 million). Shipments of finished steel products decreased 37% to 977 thousand tons in the six-month period ended June 30, 2009 (including the net sales generated by the newly acquired plants of Grupo San of 252 thousand tons) compared to 1,562 thousand tons in the same period 2008 (including the net sales generated by the newly acquired plants of Grupo San of 44 thousand tons). Total sales outside of Mexico in the six-month period ended June 30, 2009 decreased 69% to Ps. 3,760 million (including the net sales generated by the newly acquired plants of Grupo San of Ps. 6 million) compared with Ps. 12,172 million in the same period 2008, (including the net sales generated by the newly acquired plants of Grupo San of Ps. 37 million) while total Mexican sales increased 13% from Ps. 4,863 million in the six-month period ended June 30, 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 476 million) to Ps. 5,482 millions in the same period 2009 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,893 million). The decrease in sales is due to lower shipments during the six-month period ended June 30, 2009, compared to the same period in 2008 (a 585,000 tons decrease). The average price of steel products decreased 13% in the six-month period ended June 30, 2009 compared with the same period of 2008.

Direct Cost of Sales



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Direct cost of sales decreased 46% from Ps. 13,744 million in the six-month period ended June 30, 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 308 million) to Ps. 7,367 million in the same period 2009 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 1,241 million). Direct cost of sales as a percentage of net sales represented 80% in the six-month period ended June 30, 2009 compared to 81% in the same period 2008. The average cost of raw materials used to produce steel products decreased 14% in the six-month period ended June 30, 2009 versus the same period 2008, primarily as a result of decreases in the price of scrap and certain other raw materials.

### Marginal Profit

Marginal profit in the six-month period ended June 30, 2009 was Ps. 1,875 million (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 257 million) compared to Ps. 3,291 million in the same period 2008 (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 205 million). Marginal profit as a percentage of net sales in the six-month period ended June 30, 2009 was 20% compared to 19% in the same period 2008. The decline in marginal profit is due to lower shipments of 37% during the six-month period ended June 30, 2009 compared with the same period of 2008.

### Operating Expenses

Operating expenses increased 42% to Ps. 1,128 million in the six-month period ended June 30, 2009 (including the operating expenses from the newly acquired plants of Grupo San of Ps. 222 million and the amortization of the tangible and intangible assets of Ps. 179 million registered by the acquisition of Grupo San) compared to Ps. 794 million in the same period 2008 (including the operating expenses from the newly acquired plants of Grupo

San of Ps. 53 million), and represented 12% of net sales in the six-month period ended June 30, 2009 and 5% of net sales in the same period 2008.

### Operating Income

Operating income decreased 70% to Ps. 747 million for the six-month period ended June 30, 2009 (including the operating income generated by the newly acquired plants of Grupo San of Ps. 257 million) compared to Ps. 2,497 million in the same period 2008 (including the operating income generated by the newly acquired plants of Grupo San of Ps. 152 million). Operating income as a percentage of net sales was 8% in the six-month period ended June 30, 2009 compared to 15% in the same period 2008. The decline in operating income is due to lower shipments of 37% during the six-month period ended June 30, 2009 compared with the same period of 2008.

### Comprehensive Financial Cost

Comprehensive financial cost in the six-month period ended June 30, 2009 represented an expense of Ps. 61 million compared with an expense of Ps. 258 million in the same period 2008. Net interest expense was Ps. 12 million in the six-month period ended June 30, 2009 compared with a net interest income of Ps. 93 million in the same period 2008. At the same time, we registered an exchange loss of Ps. 49 million in the six-month period ended June 30, 2009 compared with an exchange loss of Ps. 351 million in the same period 2008, reflecting a 2.5% increase in the value of the peso versus the dollar in the six-month period ended June 30, 2009 compared to the same period of 2008.

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### Other Expenses (Income) net

The company recorded other income net of Ps. 0 million in the six-month period ended June 30, 2009 compared to other income net of Ps. 4 million in the same period 2008.

### Income Taxes

Income Taxes recorded a provision of Ps. 161 million in the six-month period ended June 30, 2009 (including the provision of Ps. 105 million of deferred income taxes) compared to Ps. 726 million in the same period of 2008 (including the provision of Ps. 342 million of deferred income taxes).

### Net Income

As a result of the foregoing, net income decreased by 65% to Ps. 525 million in the six-month period ended June 30, 2009 from Ps. 1,517 million in the same period 2008.

### Liquidity and Capital Resources

As of June 30, 2009, Simec's total consolidated debt consisted of U.S. \$2,602,000; U.S. \$2,300,000 is a credit bank and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest on June 30, 2009 was U.S. \$404,455). As of December 31, 2008, Simec's total consolidated debt consisted of U.S. \$952,000; U.S. \$650,000 is a credit bank and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest on December 31, 2008 was U.S. \$387,882).

### Comparative second quarter 2009 vs first quarter 2009

#### Net Sales

Net sales decreased 18% from Ps. 5,081 million for the first quarter 2009 to Ps. 4,161 million for the second quarter 2009. Sales in tons of finished steel decreased 7% to 471 thousand tons in the second quarter 2009 compared with 506 thousand tons in the first quarter 2009. The total sales outside of Mexico for the second quarter 2009 decreased 31% to Ps. 1,538 million compared with Ps. 2,222 million for the first quarter 2009. Total Mexican sales decreased 8% to 2,623 million in the second quarter 2009 from Ps. 2,859 million in the first

quarter 2009. Prices of finished products sold in the second quarter 2009 decreased approximately 12% compared to the first quarter 2009.

#### Direct Cost of Sales

Direct cost of sales decreased 21% from Ps. 4,111 million in the first quarter 2009 to Ps. 3,256 million for the second quarter 2009. With respect to sales, in the second quarter 2009, the direct cost of sales represents 78% compared to 81% for the first quarter 2009. The average cost of raw materials used to produce steel products decreased 14% in the second quarter 2009 versus the first quarter 2009, primarily as a result of decreases in the price of scrap and certain other raw materials.

#### Marginal Profit

Marginal profit for the second quarter 2009 decreased 7% to Ps. 905 million compared to Ps. 970 million in the first quarter 2009. The marginal profit as a percentage of net sales for the second quarter 2009 was 21% compared with 19% for the first quarter of 2009. The decline in marginal profit is due to lower

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shipments of 7% during the second quarter 2009 compared with the first quarter 2009.

### Operating Expenses

Operating expenses decreased 7% to Ps. 543 million in the second quarter 2009 compared to Ps. 585 million for the first quarter 2009. Operating expenses as a percentage of net sales represented 13% during the second quarter 2009 and 12% during the second quarter 2008.

### Operating Income

Operating income decreased 6% from an operating income of Ps. 385 million in the first quarter 2009 to Ps. 362 million of operating income for the second quarter 2009. The operating income as a percentage of net sales in the second quarter 2009 was 7% compared to 8% in the first quarter 2009. The decrease in operating income is due to lower shipments of 7% during the second quarter 2009 compared with the first quarter 2009.

### Comprehensive Financial Cost

Comprehensive financial cost for the second quarter 2009 represented an expense of Ps. 121 million compared with an income of Ps. 60 million for the first quarter 2009. Net interest expense was Ps. 8 million in the second quarter 2009 compared with Ps. 3 million of net interest expense in the first quarter 2009. At the same time we registered an exchange loss of Ps. 113 million in the second quarter 2009 compared with an exchange gain of Ps. 63 million in the first quarter 2009.

### Other Expenses (Income) net

The company recorded other expenses net of Ps. 1 million in the second quarter 2009 compared with other income net of Ps. 2 million for the first quarter 2009.

### Income Taxes

Income Taxes for the second quarter 2009 was an expense of Ps. 154 million compared to Ps. 7 million of expense for the first quarter 2009.

### Net Income

As a result of the foregoing, net income was Ps. 86 million in the second quarter 2009 compared to Ps. 440 million of net income in the first quarter 2009.

### Comparative second quarter 2009 vs second quarter 2008

#### Net Sales

Net sales decreased 57% from Ps. 9,746 million for the second quarter 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 513 million) to Ps. 4,161 million for the second quarter 2009 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 840 million). Sales in tons of finished steel decreased 42% to 471 thousand tons in the second quarter 2009 compared with 817 thousand tons in the second quarter 2008. The total sales outside of Mexico for the second quarter 2009 decreased 77% to Ps. 1,538 million compared with Ps. 6,749 million for the second quarter 2008. Total Mexican sales decreased 12% to 2,623 million in the second quarter 2009 from Ps. 2,997 million in the second quarter 2008. Prices of finished products sold in the second quarter 2009 decreased approximately 26% compared to

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the second quarter 2008.

### Direct Cost of Sales

Direct cost of sales decreased 58% from Ps. 7,693 million in the second quarter 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 308 million) to Ps. 3,256 million for the second quarter 2009 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 584 million). With respect to sales, in the second quarter 2009, the direct cost of sales represents 78% compared to 79% for the second quarter 2008. The average cost of raw materials used to produce steel products decreased 25% in the second quarter 2009 versus the second quarter 2008, primarily as a result of decreases in the price of scrap and certain other raw materials.

### Marginal Profit

Marginal profit for the second quarter 2009 decreased 56% to Ps. 905 million (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 256 million) compared to Ps. 2,053 million in the second quarter 2008 (including the marginal profit generated by the newly acquired plants of Grupo San of Ps. 205 million). The marginal profit as a percentage of net sales for the second quarter 2009 was 21% compared with 21% for the second quarter 2008. The decline in marginal profit is due to lower shipments of 42% during the second quarter 2009 compared with the second quarter 2008.

### Operating Expenses

Operating expenses increased 25% to Ps. 543 million in the second quarter 2009 compared to Ps. 434 million for the second quarter 2008. Operating expenses as a percentage of net sales represented 13% during the second quarter 2009 and 4% during the second quarter 2008.

### Operating Income

Operating income decreased 78% from an operating income of Ps. 1,619 million in the second quarter 2008 (including the operating income generated by the newly acquired plants of Grupo San of Ps. 152 million) to Ps. 362 million of operating income for the second quarter 2009 (including the operating loss generated by the newly acquired plants of Grupo San of Ps. 32 million). The operating income as a percentage of net sales in the second quarter 2009 was 7% compared to 17% in the second quarter 2008. The decrease in operating income is due to lower shipments of 42% during the second quarter 2009 compared with the second quarter 2008.

### Comprehensive Financial Cost

Comprehensive financial cost for the second quarter 2009 represented an expense of Ps. 121 million compared with an expense of Ps. 197 million for the second quarter 2008. Net interest expense was Ps. 8 million in the second quarter 2009 compared with Ps. 37 million of net interest income in the second quarter 2008. At the same time we registered an exchange loss of Ps. 113 million in the second quarter 2009 compared with an exchange loss of Ps. 234 million in the second quarter 2008.

### Other Expenses (Income) net

The company recorded other expenses net of Ps. 1 million in the second quarter 2009 compared with other expense net of Ps. 2 million for the second quarter 2008.

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### Income Taxes

Income Taxes for the second quarter 2009 was an expense of Ps. 154 million compared to Ps. 495 million of income for the second quarter 2008.

### Net Income

As a result of the foregoing, net income was Ps. 86 million in the second quarter 2009 compared to Ps. 925 million of net income in the second quarter 2008.

Millions of pesos	Six months ended June 30, 2009	Six months ended June 30, 2008	2009 vs. 2008
Sales	9,242	17,035	(46%)
Cost of Sales	7,367	13,744	(46%)
Marginal Profit	1,875	3,291	(43%)
Operating Expenses	1,128	794	42%
Operating Income	747	2,497	(70%)
EBITDA	1,292	2,763	(53%)
Net Profit	525	1,517	(65%)
Sales outside Mexico	3,760	12,172	(69%)
Sales in Mexico	5,482	4,863	13%
Total sales (tons)	977	1,562	(37%)

(Millions of pesos)	2Q'09	1Q'09	2Q'08	2Q'09 vs 1Q'09	2Q'09 vs 2Q'08
Sales	4,161	5,081	9,746	(18%)	(57%)
Cost of Sales	3,256	4,111	7,693	(21%)	(58%)
Marginal Profit	905	970	2,053	(7%)	(56%)
Operating Expenses	543	585	434	(7%)	25%
Operating Income	362	385	1,619	(6%)	(78%)
EBITDA	632	660	1,755	(4%)	(64%)
Net Profit	86	440	925	(80%)	(91%)
Sales outside Mexico	1,538	2,222	6,749	(31%)	(77%)
Sales in Mexico	2,623	2,859	2,997	(8%)	(12%)
Total sales (tons)	471	506	817	(7%)	(42%)

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Product	Thousands of tons six months ended June 30, 2009	Million of pesos six months ended June 30, 2009	Average price per ton six months ended June 30, 2009	Thousands of tons six months ended June 30, 2008	Million of pesos six months ended June 30, 2008	Average price per ton six months ended June 30, 2008
SBQ	416	4,641	11,156	1,144	12,873	11,254
Light Structural	80	773	9,663	101	966	9,564
Structural	95	959	10,095	110	1,120	10,182
Rebar	328	2,377	7,247	194	1,875	9,665
Others	58	492	-	13	201	-
Total	977	9,242	9,460	1,562	17,035	10,905

Product	Thousands of tons 2Q'09	Millions of pesos 2Q'09	Average price per ton 2Q'09	Thousands of tons 1Q'09	Millions of pesos 1Q'09	Average price per ton 1Q'09	Thousands of tons 2Q'08
SBQ	201	2,020	10,050	215	2,621	12,191	579
Light Structural	33	308	9,333	47	464	9,872	47
Structural	45	452	10,044	50	507	10,140	55
Rebar	165	1,136	6,885	163	1,241	7,613	124
Others	27	245	-	31	248	-	12
Total	471	4,161	8,834	506	5,081	10,042	817

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

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

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

QUARTER: 2 YEAR: 2009

### 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.

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 - Below is a summary of the most significant accounting policies and practices used in the preparation of the consolidated financial statements, in conformity with Mexican Financial Reporting Standards (MFRS), which include Bulletins and Circulars issued by the Accounting Principles Commission (CPC) of the Mexican Institute of Public Accountants (IMCP) which have not been amended, replaced or abrogated by MFRS issued by the Mexican Financial Reporting Standards Research and Development Board (Consejo Mexicano para la Investigacion y Desarrollo de Normas de Informacion Financiera, A.C. (CINIF))..

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 Simec International, S.A. de C.V.
- o Industrias del Acero y del Alambre, S.A. de C.V.
- o Pacific Steel Inc.
- o SimRep Corporation and PAV Republic and Subsidiaries
- o Corporacion Aceros DM, S.A. de C.V. 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 - Domestic subsidiaries' inventories are recorded initially at average cost under the direct costing system. Foreign subsidiaries' inventories are valued on a last-in, first-out (LIFO). For translation effects into MFRS the inventories have been adjusted from LIFO to average cost under the direct costing system.

Billet finished goods and work in process, raw materials and materials, supplies and rollers - At the average cost.

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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-- During 2008, 2007 and 2006 the Company used derivative financial instruments for hedging risks associated with natural gas prices for which it conducted studies on historical consumption, future requirement and commitments acquired, thus diminishing its exposure to risks other than its normal operating risks.

To mitigate the risks associated with changes in natural gas prices occurring naturally as a result of the supply and demand on international markets, the Company uses natural gas cash-flow exchange contracts or natural gas swaps to offset fluctuations in the price of natural gas, whereby the Company receives a floating price and pays a fixed price. Fluctuations in natural gas prices from volumes consumed are recognized as part of the Company's operating cost.

The fair value of these assets or liabilities is restated at the end of each month based on the new estimate. The Company periodically evaluates the changes in cash flows of the derivative instrument to analyze if the swaps are highly effective for mitigating the exposure to natural gas price fluctuations. A hedge instrument is considered to be highly effective when changes in its fair value or cash flows of the primary position are compensated on a regular or cumulatively basis, by changes in fair value or cash flows of the hedging instrument in a range between 80% and 125%. In 2008, 2007 and 2006 the fair value of derivatives that did not qualify for hedge accounting was adjusted through Statement of Income. For the derivatives that qualified for hedge accounting their fair value was adjusted through the Stockholders' equity in the caption Fair value of derivative financial instruments until such time as the related item the derivative hedges is recognized in income. At that time, the fair value included in Stockholders' equity is also recognized in income. 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.

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, until December 31, 2007. 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 estimated useful lives of assets as of June 30, 2009 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 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,



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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. Income taxes - 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.

k. 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).

For consolidation purposes, the financial statements of the foreign subsidiaries, were translated into pesos in conformity with Mexican accounting Bulletin MFRS B-15, Transactions in Foreign Currency.

The first step in the process of conversion of financial information of the operations is the determination of the functional currency, which is in first instance the currency of primary the economic surroundings of the foreign operation; nevertheless, despite the previous thing, the functional currency can differ from the premises or registry, in the measurement that this one does not represent the currency that fundamentally affects the cash flow of the operations abroad. The financial statements of the foreign subsidiaries were turned to Mexican pesos with the following procedure:

- Applying the prevailing exchange rate at the consolidated balance date for monetary assets and liabilities.

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- Applying the prevailing historical exchange rate for nonmonetary assets and liabilities and for stockholders' equity accounts.
- Applying the prevailing the historical exchange rate at the consolidated balance sheet date for revenues and expenses during the reporting period
- The resulting effect of translation, the process of consolidation and to apply the participation method, is recorded in stockholders' equity under the accumulated effect by conversion forming part of the Comprehensive Income.

l. 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 June 30, 2009 sales to five customers accounted for approximately 34% of the Republic's sales. The Company performs evaluations of its customers' credit histories and establishes and allowance for doubtful accounts based upon the credit risk of specific customers and historical trends.

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

### (2) Financial Debt:

As of June 30, 2009, Simec's total consolidated debt consisted of U.S. \$2,602,000; U.S. \$2,300,000 is a credit bank and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest on June 30, 2009 was U.S. \$404,455). As of December 31, 2008, Simec's total consolidated debt consisted of U.S. \$952,000; U.S. \$650,000 is a credit bank and U.S. \$302,000 from 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest on December 31, 2008 was U.S. \$387,882).

### (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. 9,031 (U.S. \$684,047) at June 30, 2009, (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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GRUPO SIMEC, S.A.B. DE C.V.

QUARTER: 1 YEAR: 2009

RELATIONS OF SHARES INVESTMENTS

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CONSOLIDATED

COMPANY NAME	MAIN ACTIVITIES	NUMBER SHARES
SUBSIDIARIES		
Cia Siderurgica de Guadalajara	Sub-Holding	
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	Rent of land	
Coordinadora de Servicios Siderurgicos de Calidad	Administrative services	
Comercializadora Simec	Sales of steel products	
Industrias del Acero y del Alambre	Sales of steel products	
Procesadora Mexicali	Scrap purchase	
Servicios Simec	Administrative services	
Sistemas de Transporte de Baja California	Freight services	
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	
CSG Comercial	Sales of steel products	
Comercializadora de Aceros de Tlaxcala	Sales of steel products	
Siderurgica de Baja California	Sales of steel products	
Corporacion Aceros DM	Sub-Holding	
Productos Siderurgicos de Tlaxcala	Sales of steel products	
Comercializadora MSAN	Sales of steel products	

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Comercializadora Aceros DM	Sales of steel products
Promotora de Aceros San Luis	Sales of steel products
TOTAL INVESTMENT IN SUBSIDIARIES	
ASSOCIATEDS	
TOTAL INVESTMENT IN ASSOCIATEDS	
OTHER PERMANENT INVESTMENTS	
TOTAL	

NOTES

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

QUARTER: 2 YEAR: 2009

CREDITS BREAK DOWN  
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED

Credit Type / Institution	Amortization Date	Rate of Interest	Time Interval					Denominated in Pesos (Thousands of Pesos)		Denom
			Current Year	Until 1 Year	Until 2 Years	Until 3 Years	Until 4 Years	Until 5 Years or More	Current Year	
BANKS										
With Warranty			0	0	0	0	0	0	0	
GE CAPITAL	20/05/2010	LIBOR+ 0.25	0	0	0	0	0	0	0	30
TOTAL BANKS			0	0	0	0	0	0	0	30
LISTED IN THE STOCK EXCHANGE										
UNSECURED DEBT										

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Medium Term Notes	15/12/1998	9.33	0	0	0	0	0	0	3,987
-----									
TOTAL STOCK EXCHANGE			0	0	0	0	0	0	3,987
-----									
SUPPLIERS									
-----									
Various			1,099,581	0	0	0	0	0	1,401,718
-----									
TOTAL SUPPLIERS			1,099,581	0	0	0	0	0	1,401,718
-----									
OTHER LOANS WITH COST									
-----									
TOTAL			0	0	0	0	0	0	0
-----									
OTHER CURRENT LIABILITIES WITHOUT COST									
-----									
Various			0	1,156,198	0	0	0	0	0 5
-----									
TOTAL			0	1,156,198	0	0	0	0	0 5
-----									
TOTAL			1,099,581	1,156,198	0	0	0	0	1,405,705 5
-----									

NOTES: The exchange rate of the peso to the U.S. Dollar at June 30, 2009 was Ps. 13.2023

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QUARTER: 2 YEAR: 2009

MONETARY FOREIGN CURRENCY POSITION  
(Thousands of Mexican Pesos)

CONSOLIDATED

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FOREING CURRENCY POSITION	DOLLARS		OTHER CURRENCIES	
	THOUSANDS OF DOLLARS	THOUSANDS OF PESOS	THOUSANDS OF DOLLARS	THOUSANDS OF PESOS
TOTAL ASSETS	173,548	2,291,215	1	
LIABILITIES POSITION	148,503	1,960,565	126	
SHORT TERM LIABILITIES POSITION	148,503	1,960,565	126	
LONG TERM LIABILITIES POSITION	0	0	0	
NET BALANCE	25,045	330,650	(125)	(1)

NOTES

THE EXCHANGE RATE OF THE PESO TO THE U.S. DOLLAR AT JUNE 30, 2009  
WAS PS. 13.2023

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

QUARTER:2 YEAR: 2009

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 2.91 times.
- B) Accomplished the actual situation is 0.29

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C) Accomplished the actual situation is 41.87

As of June 30, 2009, the remaining balance of the MTNs not exchanged amounts to Ps. 3,987 (\$302,000 dollars).

C.P. Jose Flores Flores  
Chief Financial Officer

BONDS AND/OR MEDIUM TERM NOTES CERTIFICATE

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QUARTER: 2 YEAR: 2009

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

CONSOLIDATED

PLANT OR CENTER	ECONOMIC ACTIVITY	PLANT CAPACITY
GUADALAJARA MINI MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	480
MEXICALI MINI MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	250
INDUSTRIAS DEL ACERO Y DEL ALAMBRE	SALE OF STEEL PRODUCTS	0
APIZACO AND CHOLULA PLANTS	PRODUCTION AND SALES OF STEEL PRODUCTS	460
CANTON CASTER FACILITY	PRODUCTION OF BILLET	1,380
LORAIN CASTER FACILITY	PRODUCTION OF BILLET	1,150
LORAIN HOT-ROLLING MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	840
LACKAWANNA HOT-ROLLING MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	600
MASSILLON COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	125
GARY COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	70
ONTARIO COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	60
SAN LUIS POTOSI COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	600

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QUARTER: 2 YEAR: 2009

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MAIN RAW MATERIALS

CONSOLIDATED

DOMESTIC	MAIN SUPPLIERS	FOREIGN	MAIN SUPPLIERS	DOMESTIC SUBSTITUTION
PLANTS IN USA		SCRAP	VARIOUS	NO
SCRAP	VARIOUS	PLANTS IN MEXICO		
FERROALLOYS	VARIOUS	PLANTS IN MEXICO		YES
PLANTS IN USA		FERROALLOYS	VARIOUS	NO
ELECTRODES	VARIOUS	PLANTS IN MEXICO	VARIOUS	YES
PLANTS IN USA		ELECTRODES	VARIOUS	NO

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QUARTER:2 YEAR: 2009

SELLS DISTRIBUTION BY PRODUCT

CONSOLIDATED

DOMESTIC SELLS

MAIN PRODUCTS	NET SALES		MAIN DESTINATION	
	VOLUME	AMOUNT	TRADEMARKS	COSTUMERS
STRUCTURAL PROFILES	82	842,475		
COMMERCIAL PROFILES	34	325,540		
REBAR	323	2,343,215		
FLAT BAR	23	228,003		
STEEL BARS	141	1,250,646		
OTHER	0	69,098		
BILLET	15	84,592		
ALAMBRON	18	132,732		
MALLA	25	205,617		



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T O T A L 2,859,092

FOREIGN SALES 3,760,147

TOTAL 9,242,065

MEXICAN STOCK EXCHANGE  
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QUARTER:2 YEAR: 2009

SELLS DISTRIBUTION BY PRODUCT

CONSOLIDATED

FOREIGN SELLS

MAIN PRODUCTS	NET SALES		MAIN DESTINATION	
	VOLUME	AMOUNT	TRADEMARKS	COSTUMERS
EXPORTS				
STRUCTURAL PROFILES	13	116,871		
COMMERCIAL PROFILES	14	132,297		
STEEL BARS	14	143,776		
REBAR	5	33,437		
FLAT BAR	9	86,853		
BILLET	0	333		
FOREIGN SUBSIDIARIES				
HOT-ROLLED BARS	181	2,183,169		
COLD-FINISHED BARS	41	671,977		
SEMI-FINISHED SEAMLESS TUBE ROUNDS	4	27,585		
OTHER SEMI-FINISHED TRADE PRODUCTS	23	234,580		
INGOT	12	129,269		
T O T A L		3,760,147		

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QUARTER:2 YEAR: 2009

CONSTRUCTION IN PROGRESS

CONSOLIDATED

THE PROJECTS IN PROGRESS AT JUNE 30, 2009, ARE:

PROJECTS IN PROGRESS	TOTAL INVESTMENT
PROJECTS IN REPUBLIC	206,748
PROJECTS IN MEXICALI	166,909
PROJECTS IN TLAXCALA	70,545
PROJECTS IN GUADALAJARA	16,670
PROJECTS IN SAN LUIS POTOSI	19,047
 TOTAL INVESTMENT AT JUNE 30, 2009	 479,919 =====

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QUARTER:2 YEAR: 2009

TRANSACTIONS IN FOREIGN CURRENCY AND CONVERSION OF FINANCIAL STATEMENTS  
OF FOREIGN OPERATIONS INFORMATION RELATED TO BULLETIN B-15

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).

For consolidation purposes, the financial statements of the foreign subsidiaries, were translated into pesos in conformity with Mexican accounting Bulletin MFRS B-15, Transactions in Foreign Currency.

The first step in the process of conversion of financial information of the operations is the determination of the functional currency, which is in first instance the currency of primary the economic surroundings of the foreign operation; nevertheless, despite the previous thing, the functional currency can differ from the premises or registry, in the measurement that this one does not represent the currency that fundamentally affects the cash flow of the operations abroad. The financial statements of the foreign subsidiaries were turned to Mexican pesos with the following procedure:

- Applying the prevailing exchange rate at the consolidated balance date for

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assets and liabilities.

- Applying the prevailing historical exchange rate for stockholders' equity accounts.

- Applying the prevailing the historical exchange rate at the consolidated balance sheet date for revenues and expenses during the reporting period

- The resulting effect of translation, the process of consolidation and to apply the participation method, is recorded in stockholders' equity under the accumulated effect by conversion forming part of the Comprehensive Income.

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QUARTER:2 YEAR: 2009

CONSOLIDATED

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

SERIES	NOMINAL VALUE	VALID CUPON	NUMBER OF SHARES			
			FIXED PORTION	VARIABLE PORTION	MEXICAN	FREE SUSSCRIPTION
B			90,850,050	406,859,164	0	497,709,214
TOTAL			90,850,050	406,859,164	0	497,709,214

TOTAL NUMBER OF SHARES REPRESENTING THE PAID-IN CAPITAL STOCK ON THE DATE OF SENDING THE INFORMAT

### MEXICAN STOCK EXCHANGE SIFIC / ICS

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QUARTER: 2 YEAR: 2009

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#### R20: PRO FORMA FINANCIAL INFORMATION

The following combined pro forma financial information (unaudited) is based on the Company's historical financial statements, adjusted to include the effects of the acquisition of Grupo San.

The pro forma information (unaudited) assumes that the acquisition was

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conducted at the beginning of 2008, and is based on the available information and certain assumptions that management considered reasonable.

The pro forma financial information (unaudited) is not intended to present the results of the consolidated operations had the acquisition occurred on such date, nor to anticipate the Company's results of operations.

		January- June 2009		January- June 2008
		----- 2009 -----		----- 2008 -----
Net sales	Ps.	9,242	Ps.	19,779
Marginal profit		1,824		4,404
Net income	Ps.	822	Ps.	1,784
Earnings per share		1.65		4.72
		=====		=====

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QUARTER:2    YEAR: 2009

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 SECOND QUARTER REPORT.

ING LUIS GARCIA LIMON  
CHIEF EXECUTIVE OFFICER

C.P. JOSE FLORES FLORES  
CHIEF FINANCIAL OFFICER

GUADALAJARA, JAL, AT JULY 24 OF 2009.