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GROUP SIMEC SA DE CV  
Form 6-K  
May 11, 2006

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

FORM 6-K

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

For the month of May, 2006.

Group Simec, Inc.

-----  
(Translation of Registrant's Name Into English)

Mexico

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(Jurisdiction of incorporation or organization)

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

-----  
(Address of principal executive office)

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

Form 20-F  Form 40-F

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

Yes  No

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

SIGNATURE

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

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

\_\_\_\_\_  
(Registrant)

Date: May 11, 2006.

By: \_\_\_\_\_  
Name: Luis Garcia Limon  
Title: Chief Executive Officer

GRUPO  
SIMEC [LOGO]

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PRESS RELEASE

Contact: Adolfo Luna Luna  
Jose Flores Flores  
Grupo Simec, S.A. de C.V.  
Calzada Lazaro Cardenas 601  
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### GRUPO SIMEC ANNOUNCES FINAL AUDITED RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2005

GUADALAJARA, MEXICO, May 4, 2006- Grupo Simec, S.A. de C.V. (AMEX-SIM) ("Simec") announced today its final audited results of operations for the year ended December 31, 2005. Net sales increased 119% to Ps. 12,883 million in 2005 compared to Ps. 5,872 million in 2004, primarily due to the inclusion for the full year 2005 of net sales generated by the plants in Apizaco and Cholula acquired in August 2004, of Ps. 2,732 million as well as Ps. 6,220 million generated by the newly acquired plants of PAV Republic, Inc. ("Republic") in July 2005. Simec recorded net income of Ps. 1,272 million in 2005 versus net income of Ps. 1,453 million in 2004.

On July 22, 2005 Simec and its parent company Industrias CH, S.A. de C.V. ("ICH") acquired 100% of the stock of Republic. Simec, ICH's largest subsidiary, acquired 50.2% of Republic's stock, and ICH purchased the remaining 49.8%. The cash purchase price of U.S. \$229 million was financed by internally generated funds. At December 30, 2005, the total amount of Republic's liabilities was U.S. \$37.7 million (Ps. 407 million), with a weighted average cost per year of 5.87%. Republic is the leading producer of special bar quality (SBQ) steel in the United States and, together with Simec, they are the largest producer of this kind of steel in North America.

On September 10, 2004, Simec completed the acquisition of the property, plant and equipment and inventories, and assumed liabilities associated with seniority premiums of employees of the Mexican steel-making facilities of Industrias Ferricas del Norte, S.A. (Corporacion Sidenor of Spain) located in Apizaco, Tlaxcala and Cholula, Puebla. Simec's total investment in this transaction was approximately U.S. \$135 million, funded with internally generated resources of Simec and capital contributions from its parent company ICH of U.S. \$19 million for capital stock issued in the second quarter of 2005. Simec began to operate the plants on August 1, 2004, and, as a result, the operations of both plants are reflected in Simec's financial results as of such date.

Simec sold 1,711,315 metric tons of basic steel products during 2005 (including 413,925 metric tons produced by the newly acquired plants in Apizaco and Cholula and 674,957 metric tons produced by the newly acquired plants of Republic), an increase of 121% as compared to 773,297 metric tons in 2004 (including 155,614 metric tons produced by the newly acquired plants in Apizaco and Cholula). Exports (including sales by U.S. subsidiaries) of basic steel products were 809,083 metric tons in 2005 (including 19,261 metric tons produced by the newly acquired plants in Apizaco and Cholula and 674,957 metric tons generated by the newly acquired plants of Republic) versus 97,126 metric tons in 2004. Additionally Simec sold 14,487 metric tons of billet in 2005 as compared to 41,832 metric tons of billet in 2004. Prices of finished products (excluding the sales of Republic) sold in 2005 decreased 14% in real terms versus 2004.

Simec's direct cost of sales increased 206% to Ps. 10,304 million in 2005 (including Ps. 2,015 million relating to the newly acquired plants in Apizaco and Cholula and Ps. 5,863 million relating to the newly acquired plants of Republic) compared to Ps. 3,413 million in 2004 (including Ps. 862 million relating to the newly acquired plants in Apizaco and Cholula). The average cost of raw materials used to produce steel products (excluding the

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production of Republic) increased 1% in real terms in 2005 versus 2004, primarily as a result of increases in the price of scrap and certain other raw materials.

Indirect manufacturing, selling, general and administrative expenses (including depreciation) were Ps. 1,011 million during 2005 (including Ps. 247 million relating to the newly acquired plants in Apizaco and Cholula and Ps. 269 million relating to the newly acquired plants of Republic), compared to Ps. 590 million in 2004 (including Ps. 75 million relating to the newly acquired plants in Apizaco and Cholula).

Simec's operating income decreased 16% to Ps. 1,567 million during 2005 (including Ps. 470 million relating to the newly acquired plants in Apizaco and Cholula and Ps. 87 million relating to the newly acquired plants of Republic) from Ps. 1,869 million in 2004 (including Ps. 296 million relating to the newly acquired plants in Apizaco and Cholula). Operating income was 12% of net sales in 2005 compared to 32% of net sales in 2004.

Simec recorded other income, net, from other financial operations of Ps. 55 million in 2005 compared to other expense, net, of Ps. 38 million in 2004. In addition, Simec recorded a provision for income tax and employee profit sharing of Ps. 190 million in 2005 versus a provision of Ps. 341 million in 2004.

Simec recorded financial expense of Ps. 144 million in 2005 compared to financial expense of Ps. 37 million in 2004 as a result of (i) net interest expense of Ps. 16 million in 2005 compared to Ps. 6 million of net interest income in 2004, (ii) an exchange loss of Ps. 75 million in 2005 compared to an exchange gain of Ps. 4 million in 2004 reflecting an increase of 4.3% in the value of the peso versus the dollar in 2005 compared to a decrease of 0.3% in the value of the peso versus the dollar in 2004 and (iii) a loss from monetary position of Ps. 53 million in 2005 compared to a loss from monetary position of Ps. 47 million in 2004, reflecting the domestic inflation rate of 3.3% in 2005 compared to the domestic inflation rate of 5.2% in 2004 and lower debt levels during the 2005 period.

At December 31, 2005, Simec's total consolidated debt consisted of approximately \$38 million of U.S. dollar-denominated debt. At December 31, 2004, Simec had outstanding approximately \$13.9 million of U.S. dollar-denominated debt.

All figures were prepared in accordance with Mexican generally accepted accounting principles and are stated in constant Pesos at December 31, 2005.

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

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MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR: 2005

CONSOLIDATED FINANCIAL STATEMENT  
AT DECEMBER 31 OF 2005 AND 2004  
(thousands of Mexican pesos)

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JUDGED INFORMATION

REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s01	TOTAL ASSETS	14,494,344	100
s02	CURRENT ASSETS	6,734,225	46
s03	CASH AND SHORT-TERM INVESTMENTS	208,064	1
s04	ACCOUNTS AND NOTES RECEIVABLE (NET)	2,270,920	16
s05	OTHER ACCOUNTS AND NOTES RECEIVABLE	332,535	2
s06	INVENTORIES	3,636,861	25
s07	OTHER CURRENT ASSETS	285,845	2
s08	LONG-TERM	0	0
s09	ACCOUNTS AND NOTES RECEIVABLE (NET)	0	0
s10	INVESTMENT IN SHARES OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0
s11	OTHER INVESTMENTS	0	0
s12	PROPERTY, PLANT AND EQUIPMENT (NET)	7,017,775	48
s13	LAND AND BUILDINGS	2,383,924	16
s14	MACHINERY AND INDUSTRIAL EQUIPMENT	6,434,736	44
s15	OTHER EQUIPMENT	178,977	1
s16	ACCUMULATED DEPRECIATION	2,500,544	17
s17	CONSTRUCTION IN PROGRESS	520,682	4
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	440,753	3
s19	OTHER ASSETS	301,591	0
s20	TOTAL LIABILITIES	4,927,845	100
s21	CURRENT LIABILITIES	2,697,754	55
s22	SUPPLIERS	1,402,696	28
s23	BANK LOANS	17,643	0

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s24 STOCK MARKET LOANS	3,255	0
s25 TAXES PAYABLE	52,486	1
s26 OTHER CURRENT LIABILITIES	1,221,674	25
s27 LONG-TERM LIABILITIES	389,021	8
s28 BANK LOANS	389,021	0
s29 STOCK MARKET LOANS	0	0
s30 OTHER LOANS	0	0
s31 DEFERRED LIABILITIES	206,770	4
s32 OTHER NON-CURRENT LIABILITIES	1,634,300	33
s33 CONSOLIDATED STOCKHOLDERS' EQUITY	9,566,499	100
s34 MINORITY INTEREST	1,796,010	19
s35 MAJORITY INTEREST	7,770,489	81
s36 CONTRIBUTED CAPITAL	4,293,609	45
S79 CAPITAL STOCK	3,454,048	36
s39 PREMIUM ON ISSUANCE OF SHARES	839,561	9
s40 CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	0
s41 EARNED CAPITAL	3,476,880	36
s42 RETAINED EARNINGS AND CAPITAL RESERVES	4,490,489	47
s44 OTHER ACCUMULATED COMPREHENSIVE RESULT	(1,013,609)	(11)
s80 SHARES REPURCHASED	0	0

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR:2005

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

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JUDGED INFORMATION

REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s03	CASH AND SHORT-TERM INVESTMENTS	208,064	100
s46	CASH	71,486	34
s47	SHORT-TERM INVESTMENTS	136,578	66
s07	OTHER CURRENT ASSETS	285,845	100
s81	DERIVATIVE FINANCIAL INSTRUMENTS	57,106	20
s82	DISCONTINUED OPERATIONS	0	0
s83	OTHER	228,739	80
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	440,753	100
s48	DEFERRED EXPENSES	203,096	46
s49	GOODWILL	166,988	38
s50	DEFERRED TAXES	0	0
s51	OTHER	70,669	16
s19	OTHER ASSETS	301,591	100
s84	INTANGIBLE ASSET FROM LABOR OBLIGATIONS	301,591	100
s85	DERIVATIVE FINANCIAL INSTRUMENTS	0	0
s50	DEFERRED TAXES	0	0
s86	DISCONTINUED OPERATIONS	0	0
s87	OTHER	0	0
s21	CURRENT LIABILITIES	2,697,754	100
s52	FOREIGN CURRENCY LIABILITIES	1,948,484	72
s53	MEXICAN PESO LIABILITIES	749,270	28
s26	OTHER CURRENT LIABILITIES	1,221,674	100

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s88 DERIVATIVE FINANCIAL INSTRUMENTS	0	0
s89 INTEREST LIABILITIES	0	0
s68 PROVISIONS	15,110	1
s90 DISCONTINUED OPERATIONS	0	0
s58 OTHER CURRENT LIABILITIES	1,206,564	99
s27 LONG-TERM LIABILITIES	389,021	100
s59 FOREIGN CURRENCY LIABILITIES	389,021	100
s60 MEXICAN PESO LIABILITIES	0	0
s31 DEFERRED LIABILITIES	206,770	100
s65 NEGATIVE GOODWILL	206,770	100
s67 OTHER	0	0
s32 OTHER NON CURRENT LIABILITIES	1,634,300	100
s66 DEFERRED TAXES	1,503,308	92
s91 OTHER LIABILITIES IN RESPECT OF SOCIAL INSURANCE	15,750	1
s92 DISCONTINUED OPERATIONS	0	0
s69 OTHER LIABILITIES	115,242	7
s79 CAPITAL STOCK	3,454,048	100
s37 CAPITAL STOCK (NOMINAL)	2,012,147	58
s69 RESTATEMENT OF CAPITAL STOCK	1,441,901	42

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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QUARTER: 4 YEAR: 2005

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

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JUDGED INFORMATION

REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s42	RETAINED EARNINGS AND CAPITAL RESERVES	4,490,489	100
s93	LEGAL RESERVE	0	0
s43	RESERVE FOR REPURCHASE OF SHARES	87,031	2
s94	OTHER RESERVES	0	0
s95	RETAINED EARNINGS	3,131,825	70
s45	NET INCOME FOR THE YEAR	1,271,633	28
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	(1,013,609)	100
s70	ACCUMULATED MONETARY RESULT	0	0
s71	RESULT FROM HOLDING NON-MONETARY ASSETS	(153,724)	15
s96	CUMULATIVE RESULT FROM FOREIGN CURRENCY TRANSLATION		
s97	CUMULATIVE RESULT FROM DERIVATIVE FINANCIAL INSTRUMENTS	40,093	(4)
s98	CUMULATIVE EFFECT OF DEFERRED INCOME TAXES	(899,978)	89
s99	LABOR OBLIGATION ADJUSTMENT	0	0
s100	OTHER	0	0

MEXICAN STOCK EXCHANGE  
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STOCK EXCHANGE CODE: SIMEC  
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QUARTER: 4 YEAR: 2005

BALANCE SHEETS  
OTHER CONCEPTS  
(thousands of Mexican pesos)

JUDGED INFORMATION

REF S	CONCEPTS	CURRENT YEAR
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AMOUNT

S72	WORKING CAPITAL	4,036,471
S73	PENSION FUND AND SENIORITY PREMIUMS	0
S74	EXECUTIVES (*)	51
S75	EMPLOYERS (*)	1,161
S76	WORKERS (*)	3,148
S77	COMMON SHARES (*)	137,929,599
S78	REPURCHASED SHARES (*)	0
S101	RESTRICTED CASH	0
S102	NET DEBT OF NON CONSOLIDATED COMPANIES	0

(\*) THESE ITEMS EXPRESSED IN UNITS

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR: 2005

STATEMENTS OF INCOME  
FROM JANUARY 1 TO DECEMBER 31 OF 2005 AND 2004  
(thousands of Mexican pesos)

JUDGED INFORMATION

REF R	CATEGORIES	CURRENT YEAR	
		AMOUNT	%
r01	NET SALES	12,882,888	100
r02	COST OF SALES	10,303,964	80
r03	GROSS PROFIT	2,578,924	20
r04	OPERATING EXPENSES	1,011,530	8
r05	OPERATING INCOME	1,567,394	12
r06	INTEGRAL FINANCING COST	143,735	1

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r07	INCOME AFTER INTEGRAL FINANCING COST	1,423,659	11
r08	OTHER EXPENSE AND INCOME (NET)	(55,131)	0
r44	SPECIAL ITEMS	0	0
r09	INCOME BEFORE INCOME TAXES AND EMPLOYEES' PROFIT SHARING	1,478,790	11
r10	PROVISIONS FOR INCOME TAXES AND EMPLOYEES' PROFIT SHARING	189,779	1
r11	NET INCOME AFTER TAXES AND EMPLOYEES' PROFIT SHARING	1,289,011	10
r12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0
r13	CONSOLIDATED NET INCOME FROM CONTINUING OPERATIONS	1,289,011	10
r14	INCOME FROM DISCONTINUED OPERATIONS	0	0
r15	CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS	1,289,011	10
r16	EXTRAORDINARY ITEMS, NET EXPENSES (INCOME)	0	0
r17	CUMULATIVE EFFECT FROM ACCOUNTING CHANGE, NET	0	0
r18	NET CONSOLIDATED INCOME	1,289,011	10
r19	NET INCOME OF MINORITY INTEREST	17,378	0
r20	NET INCOME OF MAJORITY INTEREST	1,271,633	10

MEXICAN STOCK EXCHANGE  
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STOCK EXCHANGE CODE: SIMEC  
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QUARTER: 4 YEAR: 2005

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

JUDGED INFORMATION

REF R	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
r01	NET SALES	12,882,888	100
r21	DOMESTIC	5,847,035	45
r22	FOREIGN	7,035,853	55

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r23	TRANSLATED INTO DOLLARS (***)	653,202	
r06	INTEGRAL FINANCING COST	143,735	100
r24	INTEREST EXPENSE	39,639	28
r42	LOSS (GAIN) ON RESTATEMENT OF UDI'S	0	0
r45	OTHER FINANCE COSTS	0	0
r26	INTEREST INCOME	24,013	17
r46	OTHER FINANCIAL INCOME	0	0
r25	FOREIGN EXCHANGE LOSS (GAIN) (NET)	74,793	52
r28	RESULT FROM MONETARY POSITION	53,316	37
r10	PROVISIONS FOR INCOME TAXES AND EMPLOYEES' PROFIT SHARING	189,779	100
r32	INCOME TAX	78,368	41
r33	DEFERRED INCOME TAX	110,997	58
r34	EMPLOYEES' PROFIT SHARING EXPENSES	414	0
r35	DEFERRED EMPLOYEES' PROFIT SHARING	0	0

(\*\*\*) THOUSANDS OF DOLLARS

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

QUARTER: 4 YEAR: 2005

STATEMENTS OF INCOME  
OTHER CONCEPTS  
(thousands of Mexican pesos)

JUDGED INFORMATION

REF	CONCEPTS	CURRENT YEAR
R		AMOUNT
r36	TOTAL SALES	13,600,200

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r37	TAX RESULT FOR THE YEAR	0
r38	NET SALES (**)	12,882,888
r39	OPERATION INCOME (**)	1,567,394
r40	NET INCOME OF MAJORITY INTEREST (**)	1,271,633
r41	NET CONSOLIDATED INCOME (**)	1,289,011
r47	OPERATIVE DEPRECIATION AND AMORTIZATION	323,568

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

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR: 2005

QUARTERLY STATEMENTS OF INCOME  
FROM OCTOBER 1 TO DECEMBER 31 OF 2005 AND 2004  
(thousands of Mexican pesos)

JUDGED INFORMATION

REF R	CATEGORIES	OCTOBER 1 TO DECEMBER 31 OF 2005	
		AMOUNT	%
rt01	NET SALES	4,767,631	100
rt02	COST OF SALES	4,195,611	88
rt03	GROSS PROFIT	572,020	12
rt04	OPERATING EXPENSES	338,333	7
rt05	OPERATING INCOME	233,687	5
rt06	INTEGRAL FINANCING COST	57,166	1
rt07	INCOME AFTER INTEGRAL FINANCING COST	176,521	4
rt08	OTHER EXPENSE AND INCOME (NET)	(39,784)	(1)
rt44	SPECIAL ITEMS	0	0
rt09	INCOME BEFORE INCOME TAXES AND EMPLOYEES' PROFIT SHARING	216,305	5
rt10	PROVISIONS FOR INCOME TAXES AND EMPLOYEES' PROFIT SHARING	(53,109)	(1)

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rt11	NET INCOME AFTER TAXES AND EMPLOYEES' PROFIT SHARING	269,414	6
rt12	EQUITY IN NET INCOME OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0
rt13	CONSOLIDATED NET INCOME FROM CONTINUING OPERATIONS	269,414	6
rt14	INCOME FROM DISCONTINUED OPERATIONS	0	0
rt15	CONSOLIDATED NET INCOME BEFORE EXTRAORDINARY ITEMS	269,414	6
rt16	EXTRAORDINARY ITEMS, NET EXPENSES (INCOME)	0	0
rt17	CUMULATIVE EFFECT FROM ACCOUNTING CHANGE, NET	0	0
rt18	NET CONSOLIDATED INCOME	269,414	6
rt19	NET INCOME OF MINORITY INTEREST	(10,313)	0
rt20	NET INCOME OF MAJORITY INTEREST	279,727	6

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

QUARTER: 4 YEAR: 2005

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

JUDGED INFORMATION

REF R	CONCEPTS	OCTOBER 1 TO DECEMBER 31 OF 2005	
		AMOUNT	%
rt01	NET SALES	4,767,631	100
rt21	DOMESTIC	1,251,728	26
rt22	FOREIGN	3,515,903	74
rt23	TRANSLATED INTO DOLLARS (***)	334,254	
rt06	INTEGRAL FINANCING COST	57,166	100
rt24	INTEREST EXPENSE	23,379	41
rt42	LOSS (GAIN) ON RESTATEMENT OF UDI'S	0	0

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rt45 OTHER FINANCE COSTS	0	0
rt26 INTEREST INCOME	6,159	11
rt46 OTHER FINANCIAL INCOME	0	0
rt25 FOREIGN EXCHANGE LOSS (GAIN) (NET)	4,705	8
rt28 RESULT FROM MONETARY POSITION	35,241	62
rt10 PROVISIONS FOR INCOME TAXES AND EMPLOYEES' PROFIT SHARING	(53,109)	100
rt32 INCOME TAX	(315,965)	595
rt33 DEFERRED INCOME TAX	262,442	(494)
rt34 EMPLOYEES' PROFIT SHARING EXPENSES	414	(1)
rt35 DEFERRED EMPLOYEES' PROFIT SHARING	0	0

(\*\*\*) THOUSANDS OF DOLLARS

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR: 2005

STATEMENTS OF INCOME OF THE FOURTH QUARTER  
OTHER CONCEPTS  
(thousands of Mexican pesos)

JUDGED INFORMATION

REF R	CONCEPTS	OCTOBER 1 TO DECEMBER 31 OF 2005
C		AMOUNT
rt47	OPERATIVE DEPRECIATION AND AMORTIZATION	101,949

MEXICAN STOCK EXCHANGE  
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STOCK EXCHANGE CODE: SIMEC

QUARTER: 4 YEAR: 2005

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

STATEMENTS OF CHANGES IN FINANCIAL POSITION  
FROM JANUARY 1 TO DECEMBER 31 OF 2005 AND 2004  
(thousands of pesos)

JUDGED INFORMATION

REF C	CONCEPTS	CURRENT YEAR  AMOUNT
c01	CONSOLIDATED NET INCOME	1,289,011
c02	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE CASH	373,001
c03	RESOURCES FROM NET INCOME FOR THE YEAR	1,662,012
c04	RESOURCES PROVIDED OR USES IN OPERATION	298,203
c05	RESOURCES PROVIDED BY (USED FOR) IN OPERATING ACTIVITIES	1,960,215
c06	RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES	(1,058,420)
c07	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	0
c08	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	(1,058,420)
c09	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(1,217,072)
c10	NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(315,277)
c11	CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD	523,341
c12	CASH AND SHORT TERM INVESTMENTS AT THE END OF PERIOD	208,064

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QUARTER: 4 YEAR: 2005

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

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

JUDGED INFORMATION

REF C	CONCEPTS	CURRENT YEAR AMOUNT
c02	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE CASH	373,001
c13	DEPRECIATION AND AMORTIZATION FOR THE YEAR	323,568
c41	+ (-) OTHER ITEMS	49,433
c04	RESOURCES PROVIDED OR USED IN OPERATION	298,203
c18	+ (-) DECREASE (INCREASE) IN ACCOUNT RECEIVABLES	(128,504)
c19	+ (-) DECREASE (INCREASE) IN INVENTORIES	607,625
c20	+ (-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLES	(256,726)
c21	+ (-) DECREASE (INCREASE) IN SUPPLIERS	(381,427)
c22	+ (-) DECREASE (INCREASE) IN OTHER LIABILITIES	457,235
c06	RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES	(1,058,420)
c23	+ BANK FINANCING	406,404
c24	+ STOCK MARKET FINANCING	0
c25	+ DIVIDEND RECEIVED	0
c26	OTHER FINANCING	127,676
c27	BANK FINANCING AMORTIZATION	(1,592,500)
c28	(-) STOCK MARKET FINANCING AMORTIZATION	0
c29	(-) OTHER FINANCING AMORTIZATION	0
c42	+ (-) OTHER ITEMS	0
c07	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	0
c30	+ (-) INCREASE (DECREASE) IN CAPITAL STOCK	0
c31	(-) DIVIDENDS PAID	0
c32	+ PREMIUM ON ISSUANCE OF SHARES	0



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c33	+ CONTRIBUTION FOR FUTURE CAPITAL INCREASES	0
c43	+ (-) OTHER ITEMS	0
c09	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(1,217,072)
c34	+ (-) INCREASE (DECREASE) IN PERMANENT STOCK INVESTMENTS	0
c35	(-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(424,015)
c36	(-) INCREASE IN CONSTRUCTION PROGRESS	0
c37	+ SALE OF OTHER PERMANENT INVESTMENTS	0
c38	+ SALE OF TANGIBLE FIXED ASSETS	0
c39	+ (-) OTHER ITEMS	(793,057)

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR: 2005

RATIOS  
CONSOLIDATED

JUDGED INFORMATION

REF P	CATEGORIES	CURRENT YEAR
YIELD		
p01	NET INCOME TO NET SALES	10.00%
p02	NET INCOME TO STOCKHOLDERS' EQUITY (**)	16.36%
p03	NET INCOME TO TOTAL ASSETS (**)	8.89%
p04	CASH DIVIDENDS TO PREVIOUS YEAR NET INCOME	0.00%
p05	INCOME DUE TO MONETARY POSITION TO NET INCOME	(4.13)%
ACTIVITY		
p06	NET SALES TO NET ASSETS (**)	0.88 times

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p07	NET SALES TO FIXED ASSETS (**)	1.83 times
p08	INVENTORIES TURNOVER (**)	2.83 times
p09	ACCOUNTS RECEIVABLE IN DAYS OF SALES	55.18 days
p10	PAID INTEREST TO TOTAL LIABILITIES WITH COST (**)	10.37%
-----		
LEVERAGE		
p11	TOTAL LIABILITIES TO TOTAL ASSETS	33.99%
p12	TOTAL LIABILITIES TO STOCKHOLDERS' EQUITY	0.51 times
p13	FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES	47.43%
p14	LONG-TERM LIABILITIES TO FIXED ASSETS	5.54%
p15	OPERATING INCOME TO INTEREST PAID	39.54 times
p16	NET SALES TO TOTAL LIABILITIES (**)	2.61 times
-----		
LIQUIDITY		
p17	CURRENT ASSETS TO CURRENT LIABILITIES	2.49 times
p18	CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES	1.14 times
p19	CURRENT ASSETS TO TOTAL LIABILITIES	1.36 times
p20	AVAILABLE ASSETS TO CURRENT LIABILITIES	7.71%
-----		
CASH FLOW		
p21	RESOURCES FROM NET INCOME TO NET SALES	12.90%
p22	RESOURCES FROM CHANGES IN WORKING CAPITAL TO NET SALES	2.31%
p23	RESOURCES GENERATED (USED) IN OPERATING TO INTEREST PAID	49.45 times
p24	EXTERNAL FINANCING TO RESOURCES PROVIDED BY (USED FOR) FINANCING	100.00%
p25	INTERNAL FINANCING TO RESOURCES PROVIDED (USED FOR) FINANCING	(0.00)%
p26	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	34.83%

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

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

QUARTER: 4 YEAR: 2005

DATE PER SHARE  
CONSOLIDATED

JUDGED INFORMATION

REF D	CATEGORIES	QUARTER OF PRESENT FINANCIAL YEAR
d01	BASIC PROFIT PER ORDINARY SHARE (**)	\$ 9.32
d02	BASIC PROFIT PER PREFERRED SHARE (**)	\$ 0.00
d03	DILUTED PROFIT PER ORDINARY SHARE (**)	\$ 0.00
d04	CONTINUING OPERATING PROFIT PER COMMON SHARE (**)	\$ 9.32
d05	EFFECT OF DISCONTINUED OPERATIONS ON CONTINUING OPERATING PROFIT PER SHARE (**)	\$ 0.00
d06	EFFECT OF EXTRAORDINARY PROFIT AND LOSS ON CONTINUING OPERATING PROFIT PER SHARE (**)	\$ 0.00
d07	EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES ON CONTINUING OPERATING PROFIT PER SHARE (**)	\$ 0.00
d08	CARRYING VALUE PER SHARE	\$56.34
d09	CASH DIVIDEND ACCUMULATED PER SHARE	\$ 0.00
d10	DIVIDEND IN SHARES PER SHARE	0.00 shares
d11	MARKET PRICE TO CARRYING VALUE	0.86 times
d12	MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE	4.68 times
d13	MARKET PRICE TO BASIC PROFIT PER PREFERENTE SHARE (**)	0.00 times

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

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

QUARTER: 1 YEAR: 2006

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## FINANCIAL STATEMENT NOTES

CONSOLIDATED

### PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

On September 10, 2004 Simec completed the acquisition of the property, plant and equipment and the inventories, and assumed liabilities associated with seniority premiums of employees, of the Mexican steel-making facilities of Industrias Ferricas del Norte, S.A. (Corporacion Sidenor of Spain) located in Apizaco, Tlaxcala and Cholula, Puebla. Simec estimates that its total investment in this transaction was approximately U.S. \$135 million. Simec began to operate the plants in Apizaco, Tlaxcala and Cholula, Puebla on August 1, 2004, and, as a result, the operation of both plants is reflected in Simec's financial results as of such date.

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

According with the established in the articles 35 and 81 of the dispositions of general character applicable to the registrants and other participants of the market of values in Mexico, next consolidated earning statements from January 1 to December 31, appear pro forma of Simec by the period 2005 and 2004, in order to be comparable and the consolidated balance sheet appear Pro Forma of Simec at December 31, 2004 in order to be comparable against December 31, 2005.

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

	Simec without Apizaco, Cholula and Republic	Apizaco and Cholula	Republic
Steel Sales (Metric Tons)	633,433	413,925	1,635,954
Net Sales	3,930,462	2,732,184	15,502,752
Cost of Sales	2,425,523	2,015,006	13,961,000
Gross Income	1,504,939	717,178	1,541,752
Operating Expenses	495,079	246,963	832,459
Operating Income	1,009,860	470,215	709,293
Total Financing Cost	92,130	12,988	127,553
Other Financial Operations	(84,147)	40,160	(36,870)
Income Taxes	142,866	21,327	223,659

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Net Income Before Minority Interest	859,011	395,740	394,951
-------------------------------------	---------	---------	---------

CONSOLIDATED PRO FORMA EARNING STATEMENT  
(Thousands of Pesos)  
FROM JANUARY 1 TO DECEMBER 31 OF 2004

	Simec without Apizaco, Cholula and Republic	Apizaco and Cholula	Republic
Steel Sales (Metric Tons)	617,683	361,286	1,633,209
Net Sales	4,639,172	2,519,462	14,230,131
Cost of Sales	2,550,841	1,837,565	12,799,485
Gross Income	2,088,331	681,897	1,430,646
Operating Expenses	514,002	245,942	643,574
Operating Income	1,574,329	435,955	787,072
Total Financing Cost	34,554	65,335	223,875
Other Financial Operations	38,074	15,415	(123,624)
Income Taxes	341,383	0	216,073
Net Income Before Minority Interest	1,160,318	355,205	470,748

The earnings statement Pro forma for the period January 1 to December 31 2004, includes the information by the period from January 1 to July 31 of 2004, of the companies Atlax and Metamex, previous owners of the plants of Cholula and Puebla and for the earnings statements of Republic includes the results of January 1 to December 31 of 2004 and January 1 to July 22 of 2005 that corresponded to the previous owners of Republic.

CONSOLIDATED BALANCE SHEET  
(Thousands of Pesos)  
DECEMBER 31

	2005		Pro-forma 2004
	Consolidated Simec Balance	Simec without	Adjustments Republic

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	Sheet	Republic	
Activo Circulante	6,734,225	2,895,211	4,703,686
Inmuebles, Planta y Equipo	7,017,775	6,036,933	225,399
Activo Diferido	742,344	313,407	182,319
Activo Total	14,494,344	9,245,551	5,111,404
Pasivo Circulante	2,697,754	939,633	1,372,766
Pasivo a Largo Plazo	520,013	0	2,636,875
Creditos Diferidos	1,710,078	1,502,846	0
Capital Contable	9,566,499	6,803,072	1,101,763

The consolidated balance sheet at December 31 of 2005 includes the plants of Apizaco, Cholula and Republic and for the consolidated balance sheet Pro forma at December 31, 2004 includes the information of Republic at December 31, 2004, the plants of Apizaco and Cholula already are integrated in the consolidated balance sheet of Simec at December 31, 2004.

s39 Premium in subscription of Capital Stock made in March 29, 2001 and April 29, 2005.

s44 In 1999, the Mexican Institute of Public Accountants issued Bulletin D-4, "Accounting for Income and Asset Taxes and Employee Profit Sharing", which is effective for all fiscal years beginning January 1, 2000. Bulletin D-4 establishes financial accounting and reporting standards for the effects of asset tax, income tax and

employee profit sharing that result from enterprise activities during the current and preceding years. Simec's long-term liabilities resulted of the adoption of this Bulletin was Ps. 1,503,308 at December 31, 2005 compared to Ps. 1,480,919 at December 31, 2004. The effect on Simec's consolidated statement of income in 2005, was an increase of Ps. 110,997 in the provision for income tax and employee profit sharing compared to an increase of Ps. 318,396 in 2004. These provisions do not affect the cash flow of Simec.

r24 There are not interest paid in UDI's

r26 There are not interest earned in UDI's

c02 Consolidated Statements of Changes in Financial Position

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

	December 31, 2005	December 31, 2004
Net loss (profit) in money exchange	Ps. (626)	Ps. (336)
Net loss (profit) in liabilities actualization	(5,212)	(1,205)

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MEXICAN STOCK EXCHANGE  
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STOCK EXCHANGE CODE: SIMEC  
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QUARTER: 4 YEAR: 2005

## DIRECTOR REPORT

ANNEX 1

CONSOLIDATED

JUDGED INFORMATION

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

#### Liquidity and Capital Resources

At December 31, 2005, Simec's total consolidated debt consisted of U.S. \$38 million (Ps. 410 million), of which \$33.4 million is debt held by GE Capital, \$4.3 million dollars held by the Ohio Department of Development Loan, and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at December 31, 2005 was U.S. 309,311 dollars). At December 31, 2004, Simec had outstanding approximately \$13.9 million of U.S. dollar-denominated debt.

On July 22, 2005, Simec and its parent company Industrias CH, S.A. de C.V. ("ICH") acquired 100% of the stock of PAV Republic, Inc. ("Republic"). Simec, ICH's largest subsidiary, acquired 50.2% of Republic's stock, and ICH purchased the remaining 49.8%. The cash purchase price of U.S. \$229 million was financed by internally generated funds. At December 31, 2005, the total amount of Republic's liabilities was of U.S. \$37.7 million (Ps. 407 million), with a weighted average cost per year of 5.87%. Republic is the leading producer of special bar quality (SBQ) steel in the United States and, together with Simec, is the largest producer of this kind of steel in North America.

On September 10, 2004, Simec completed the acquisition of the property, plant and equipment and the inventories, and assumed liabilities associated with seniority premiums of employees of the Mexican steel-making facilities of Industrias Ferricas del Norte, S.A. (Corporacion Sidenor of Spain) located in Apizaco, Tlaxcala and Cholula, Puebla. Simec's total investment in this transaction was approximately U.S. \$135 million, funded with internally generated resources of Simec and capital contributions from ICH of U.S. \$19 million for capital stock issued in the second quarter of 2005. Simec began operating the plants in Apizaco, Tlaxcala and Cholula, Puebla on August 1, 2004, and, as a result, the operation of both plants is reflected in Simec's financial results as of such date.

Net resources used by operations were Ps. 1,960 million in 2005 (including the effects of the acquisition of Republic) versus Ps. 909 million of net resources provided by operations in 2004. Net resources used by financing activities were Ps. 1,058 million in 2005 versus Ps. 401 million of net resources provided by financing activities in 2004 (which amount reflects the prepayment of Ps. 20 million (U.S. \$1.7 million) of bank debt, a capital contribution from ICH to Simec in the amount of Ps. 229 million (\$19 million) for capital stock to be issued in the future and a capital contribution of certain minority shareholders of Simec for Ps. 24 million). Net resources used in investing activities (to acquire property, plant and equipment and other non-current assets) were Ps. 1,217 million in 2005 (including Ps. 1,218 from the acquisition of the Republic facilities) versus net resources used in investing activities of Ps. 1,349 million in 2004 (which amount reflects the acquisition of the Apizaco and Cholula facilities).

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

Year Ended December 31, 2005 compared to Year Ended December 31, 2004

#### Net Sales

Net sales of Simec increased 119% to Ps. 12,883 million in 2005 (including the net sales generated by the newly acquired plants in Apizaco and Cholula of Ps. 2,732 million and the newly acquired plants of Republic of Ps. 6,220 million), compared to Ps. 5,872 million in 2004 (including the net sales generated by the newly acquired plants in Apizaco and Cholula of Ps. 1,233 million). Sales in metric tons of basic steel products increased 121% to 1,711,315 metric tons in 2005 (including 413,925 metric tons generated by the newly acquired plants in Apizaco and Cholula and 674,957 metric tons generated by the newly acquired plants of Republic) compared to 773,297 metric tons in 2004 (including 155,614 metric tons relating to the newly acquired plants in Apizaco and Cholula). Exports (including sales by U.S. subsidiaries) of basic steel products increased 733% to 809,083 metric tons in 2005 (including 19,261 tons relating to the newly acquired plants in Apizaco and Cholula and 674,957 metric tons generated by the newly acquired plants of Republic) versus 97,126 metric tons in the same period of 2004 (including 12,394 metric tons relating to the newly acquired plants in Apizaco and Cholula). Additionally, Simec sold 14,487 metric tons of billet in 2005, compared to 41,832 tons of billet in 2004. The average price of steel products (excluding the sales of Republic) decreased 14% in real terms in 2005 versus 2004.

#### Direct Cost of Sales

Simec's direct cost of sales increased 202% to Ps. 10,304 million in 2005 (including Ps. 2,015 million relating to the newly acquired plants in Apizaco and Cholula and Ps. 5,863 million relating to the newly acquired plants of Republic) compared to Ps. 3,413 million in 2004 (including Ps. 862 million relating to the newly acquired plants in Apizaco and Cholula). Direct cost of sales as a percentage of net sales was 80% in 2005 compared to 58% in the same period of 2004. The average cost of raw materials used to produce steel products (excluding the production of Republic) increased 1% in real terms in 2005 versus 2004, primarily as a result of increases in the price of scrap and certain other raw materials.

#### Marginal Profit

Simec's marginal profit increased 5% to Ps. 2,579 million in 2005 (including Ps. 717 million relating to the newly acquired plants in Apizaco and Cholula and Ps. 357 million relating to the newly acquired plants of Republic) compared to Ps. 2,459 million in 2004 (including Ps. 371 million relating to the newly acquired plants in Apizaco and Cholula). As a percentage of net sales, marginal profit was 20% in 2005 compared to 42% in 2004.

#### Indirect Manufacturing, Selling, General and Administrative Expenses

Indirect manufacturing, selling, general, and administrative expenses (which include depreciation and amortization) increased 72% to Ps. 1,012 million in 2005 (including Ps. 247 million relating to the newly acquired plants in Apizaco and Cholula and Ps. 269 million relating to the newly acquired plants of Republic) from Ps. 589 million in 2004 (including Ps. 75 million relating to the newly acquired plants in Apizaco and Cholula); Simec recorded an increase of Ps. 107 million in depreciation and amortization expense, which in 2005 was Ps. 328 million (including Ps. 60 million relating to the newly acquired plants in



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Apizaco and Cholula and Ps. 72 million relating to the newly acquired plants of Republic) compared to Ps. 221 million in 2004 (including Ps. 10 million relating to the newly acquired plants in Apizaco and Cholula).

### Operating Income

Simec's operating income decreased 16% to Ps. 1,567 million in 2005 (including Ps. 470 million relating to the newly acquired plants in Apizaco and Cholula and Ps. 87 million relating to the newly acquired plants of Republic) compared to Ps. 1,870 million in 2004 (including Ps. 296 million relating to the newly acquired plants in Apizaco and Cholula). Operating income was 12% of net sales in 2005 and 32% of net sales in 2004.

### Financial Income (Expense)

Simec recorded financial expense of Ps. 144 million in 2005 compared to financial expense of Ps. 38 million in 2004. Simec recorded an exchange loss of approximately Ps. 75 million in 2005 compared to an exchange gain of Ps. 4 million in 2004, reflecting a 4.3% increase in the value of the peso versus the dollar in 2005 compared to a 0.3% decrease in the value of the peso versus the dollar in the same period of 2004. Net interest expense was Ps. 16 million in 2005 versus net interest income of Ps. 5 million in 2004. Simec recorded a loss from monetary position of Ps. 53 million in 2005 compared to a loss from monetary position of Ps. 47 million in the same period of 2004, reflecting the domestic inflation rate of 3.3% in 2005 as compared to 5.2% in the same period of 2004 and lower debt levels during 2005.

### Other Income (Expense), Net

Simec recorded other income, net, of Ps. 55 million in 2005 (including Ps. 67 million relating to the amortization of negative goodwill) compared to other expense, net, of Ps. 38 million in 2004 (reflecting (i) income from the recovery of an account recorded as a doubtful account of Ps. 14 million, (ii) a reserve of Ps. 6 million relating to clean-up of contaminated land at the Pacific Steel facilities, (iii) a reserve of Ps. 13 million relating to the realizable value of idle machinery and equipment, (iv) a reserve for doubtful accounts of Ps. 10 million, and (v) other expense related to other financial operations of Ps. 23 million).

### Income Tax and Employee Profit Sharing

Simec recorded a provision of Ps. 190 million for income tax and employee profit sharing in 2005 (including a provision of Ps. 111 million from the application of Bulletin D-4 with respect to deferred income tax described below) compared to a provision of Ps. 341 million in 2004 (including a provision of Ps. 318 million from the application of Bulletin D-4 with respect to deferred income tax described below).

### Net Income Before Minority Interest

Simec recorded net income before minority interest of Ps. 1,289 million in 2005 compared to net income before minority interest of Ps. 1,453 million in 2004.

### Minority Interest

Simec recorded minority interest of Ps. 17 million in 2005 versus no minority interest recorded in 2004. The minority interest reflects the 49.8% interest in Republic held by ICH.

### Net Income

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As a result of the foregoing Simec recorded net income of Ps. 1,271 million in 2005 compared to net income of Ps. 1,453 million in 2004.

### Purchase Price Accounting

Under purchase price accounting (US accounting standard FASB #141) the company is required to value the assets (current assets, primarily inventories, property, plant & equipment and intangible assets) and liabilities (primarily deferred taxes) at market as of the purchase date. The purchase price accounting adjustments were recorded on the opening balance sheet for Republic. Due to our higher basis in the inventory (market value rather than production costs) our cost of sales expense increased approximately \$17.6 million in July, August and September. This provision does not affect the cash flow of Simec.

### Pronouncements Applicable to Mexican GAAP

In 1999, the Mexican Institute of Public Accountants issued Bulletin D-4, "Accounting for Income and Asset Taxes and Employee Profit Sharing", which is effective for all fiscal years beginning January 1, 2000. Bulletin D-4 establishes financial accounting and reporting standards for the effects of asset tax, income tax and employee profit sharing that result from enterprise activities during the current and preceding years. Simec's long-term liability resulting from the adoption of this Bulletin was Ps. 1,503 million at December 31, 2005 compared to Ps. 1,481 million at December 31, 2004. The effect on Simec's consolidated statement of income in

2005 was an increase of Ps. 79 million in the provision for income tax and employee profit sharing compared to an increase in the provision of Ps. 318 million in 2004. These provisions do not affect the cash flow of Simec.

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

QUARTER: 4 YEAR: 2005

### FINANCIAL STATEMENT NOTES

JUDGED INFORMATION ANNEX 2 CONSOLIDATED

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

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

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

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

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

The main subsidiaries of CSG are the following:

- o Compania Siderurgica de California, S.A. de C.V.
- o Industrias del Acero y del Alambre, S.A. de C.V.
- o Pacific Steel Inc.
- o SimRep Corporation and PAV Republic and Subsidiaries

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

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

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

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

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

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

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

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

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

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

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asset risks until consumed, were recognized within the comprehensive income account in stockholders' equity.

f. Property, plant and equipment - Property, plant and equipment of domestic origin are restated by using factors derived from The National Consumer Price Index ("NCPI") from the date of their acquisition, and imported machinery and equipment are restated by applying devaluation and inflation factors of the country of origin. Depreciation recorded in the consolidated statement of income (loss) is computed based upon the estimated useful life and the restated cost of each asset. In addition, Financial expense incurred during the construction period is capitalized as construction in progress. The capitalized amounts are restated using a factor derived from the NCPI cumulative from the date of capitalization through period-end and are amortized over the average depreciation period of the corresponding assets. The estimated useful lives of assets as of December 31, 2005 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

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January 1, 2000. Bulletin D-4 establishes financial accounting and reporting standards for the effects of asset tax, income tax and employee profit sharing that result from enterprise activities during the current and preceding years.

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

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

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

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

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

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

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

m. Geographic concentration of credit risk - The Company sells its products primarily to distributors for the construction industry with no specific geographic concentration. Additionally, no single customer accounted for a significant amount of the Company's sales, and there were no significant accounts receivable from a single customer or affiliate at December 31, 2005 and 2004. 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.

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

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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.

r. Impairment of Long-Lived Assets - Long-lived assets, consisting of property, plant, and equipment, intangible assets and deferred costs, are periodically reviewed by the Company for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset, or related group of assets, may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the lesser of the recovery amount or the fair value of the assets. Measurement of fair value may be based upon appraisals, market values of similar assets or discounted cash flows. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less cost to sell and are no longer depreciated.

s. Environmental costs - The Company and other steel companies have in recent years become subject to increasingly stringent environmental laws and regulations. It is the policy of the Company to endeavor to comply with applicable environmental laws and regulations. The Company established a liability for an amount which the Company believes is appropriate, based on information currently available, to cover costs of environmental remediation it deems probable and estimable.

The recorded amounts represent estimates of the environmental remediation costs associated with future events triggering or confirming the costs that, in management's judgment, are probable. These estimates are based on currently available facts, existing technology and presently enacted laws and regulations, and take into consideration the likely effects of inflation and other societal and economic factors. The precise timing of such events cannot be reliably determined at this time due to the absence of any deadlines for remediation under the applicable environmental laws and regulations pursuant to which such remediation costs will be expended. No claims for recovery are netted against the stated amount.

### (2) Financial Debt:

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

2005 was U.S. 309,311 dollars). At December 31, 2004, Simec had outstanding approximately \$13.9 million of U.S. dollar-denominated debt.

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(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. 14,982 (U.S. \$1,390,133) at December 31, 2005, (included in accrued liabilities) relating to these actions; the reduction of this reserve from previous levels reflects clean-up activities undertaken by Simec. Management believes the ultimate liability with respect to this matter will not exceed the amounts that have been accrued.

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

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

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR: 2005

RELATIONS OF SHARES INVESTMENTS  
ANNEX 3

CONSOLIDATED

JUDGED INFORMATION

COMPANY NAME	MAIN ACTIVITIES
SUBSIDIARIES	
Cia. Siderurgica de Guadalajara	Sub-Holding
Administradora de Cartera de Occidente	Administracion de Cartera
Simec international	Production and sales of steel products
Arrendadora Simec	Production and sales of steel products
Controladora Simec	Sub-Holding
Pacific Steel	Scrap purchase
Cia. Siderurgica del Pacifico	Arrendadora de Inmuebles
Coordinadora de Servicios Siderurgicos de Calidad	Administrative services

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Administradora de Servicios de la Industria Siderurgica	Administrative services
Industrias del Acero y del Alambre	Sales of steel products
Procesadora Mexicali	Scrap purchase
Servicios Simec	Administrative services
Sistemas de Transporte de Baja California	
Operadora de Metales	Administrative services
Operadora de Servicios Siderurgicos de Tlaxcala	Administrative services
Administradora de Servicios Siderurgicos de Tlaxcala	Administrative services
Operadora de Servicios de la Industria Siderurgica	Administrative services
SimRep	Sub-Holding
PAV Republic	Production and sales of steel products
TOTAL INVESTMENT IN SUBSIDIARIES	
ASSOCIATEDS	
TOTAL INVESTMENT IN ASSOCIATEDS	
OTHER PERMANENT INVESTMENTS	
TOTAL	

NOTES

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR: 2006

CREDITS BREAK DOWN  
(THOUSANDS OF MEXICAN PESOS)  
ANNEX 5

JUDGED INFORMATION



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Institution	Credit Type /	Amortization Date	Rate of Interest	Amortization of Credits in Mexican Pesos (Thousands of Pesos)			
				Current Year	Until 1 Year	Until 2 Years	Until 3 Years
BANKS							
WITH WARRANTY							
GE Capital		21/05/2009		6.25			
Ohio Department of Development		31/07/2008		3.00			
TOTAL BANKS				0	0	0	0
LISTED IN THE MEXICAN STOCK EXCHANGE							
UNSECURED DEBT							
MEDIUM TERM NOTES		15/12/1998	9.33				
TOTAL STOCK EXCHANGE				0	0	0	0
SUPPLIERS							
VARIOUS				0	440,675	0	0
TOTAL SUPPLIERS				0	440,675	0	0
OTHER CURRENT LIABILITIES AND OTHER CREDITS							
VARIOUS				0	240,999	0	0
OTHER CURRENT LIABILITIES AND OTHER CREDITS				0	240,999	0	0
TOTAL				0	681,674	0	0

Amortization of Credits in Foreign Currency  
(Thousands of Pesos)

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Credit Type / Institution	Time Interval				
	Until 1 Year	Until 2 Years	Until 3 Years	Until 4 Years	Until 5 Years or More
-----					
BANKS					
-----					
WITH WARRANTY					
-----					
GE Capital				359,974	
Ohio Department of Development	17,643	18,322	10,725		
-----					
TOTAL BANKS	17,643	18,322	10,725	359,974	0
-----					
LISTED IN THE MEXICAN STOCK EXCHANGE					
-----					
UNSECURED DEBT					
-----					
MEDIUM TERM NOTES	3,255	0	0	0	0
-----					
TOTAL STOCK EXCHANGE	3,255	0	0	0	0
-----					
SUPPLIERS					
-----					
VARIOUS	962,021	0	0	0	0
-----					
TOTAL SUPPLIERS	962,021	0	0	0	0
-----					
OTHER CURRENT LIABILITIES AND OTHER CREDITS					
-----					
VARIOUS	965,565	0	0	0	0
-----					
OTHER CURRENT LIABILITIES AND OTHER CREDITS	965,565	0	0	0	0
-----					
TOTAL	1,948,484	18,322	10,725	359,974	0
-----					

NOTES:

The exchange rate of the peso to the U.S. dollar at December 31, 2005 was Ps. 10.7777

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

QUARTER: 4 YEAR: 2005

MONETARY FOREIGN CURRENCY POSITION  
(Thousands of Mexican Pesos)

ANNEX 6

CONSOLIDATED

JUDGED INFORMATION

FOREIGN CURRENCY POSITION	DOLLARS		OTHER CURREN
	THOUSANDS OF DOLLARS	THOUSANDS OF PESOS	THOUSANDS OF DOLLARS
TOTAL ASSETS	163,318	1,760,182	0
LIABILITIES POSITION	216,606	2,334,513	277
SHORT TERM LIABILITIES POSITION	180,511	1,945,494	277
LONG TERM LIABILITIES POSITION	36,095	389,019	0
NET BALANCE	(53,288)	(574,331)	(277)

NOTES

THE EXCHANGE RATE OF THE PESO TO THE U.S. DOLLAR AT DECEMBER 31, 2005 WAS PS. 10.7777

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

QUARTER: 4 YEAR: 2005

RESULT FROM MONETARY POSITION  
(Thousands of Mexican Pesos)

ANNEX 7

CONSOLIDATED

JUDGED INFORMATION

ASSET (LIABILITY)

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MONTH	MONETARY ASSETS	MONETARY LIABILITIES	MONETARY POSITION	MONETARY INFLATION
JANUARY	1,799,870	972,894	826,976	0
FEBRUARY	1,918,511	1,026,720	891,791	0
MARCH	1,948,041	966,819	981,222	0
APRIL	2,091,477	914,341	1,177,136	0
MAY	2,169,331	1,037,828	1,131,503	(0.
JUNE	2,293,416	859,419	1,433,997	(0.
JULY	2,407,446	851,441	1,556,005	0
AUGUST	2,533,961	948,521	1,585,440	0
SEPTEMBER	2,698,356	274,800	2,423,556	0
OCTOBER	2,064,855	320,148	1,744,707	0
NOVEMBER	2,067,068	262,381	1,804,687	0
DECEMBER	2,221,593	865,148	1,356,445	0
ACTUALIZATION				
CAPITALIZATION				
FOREIGN CORPORATION				
OTHER				
TOTAL				

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 4 YEAR: 2005

DEBT INSTRUMENTS

ANNEX 8

CONSOLIDATED

JUDGED INFORMATION

FINANCIAL LIMITED BASED IN ISSUED DEED AND/OR TITLE

MEDIUM TERM NOTES

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- 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 2.49 times.
- B) Accomplished the actual situation is 0.34
- C) Accomplished the actual situation is 47.70

As of December 31, 2005, the remaining balance of the MTNs not exchanged amounts to Ps. 3,255 (\$302,000 dollars).

C.P. Jose Flores Flores  
Chief Financial Officer

BONDS AND/OR MEDIUM TERM NOTES CERTIFICATE

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

QUARTER: 4 YEAR: 2005

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

ANNEX 9

CONSOLIDATED

JUDGED INFORMATION

PLANT OR CENTER	ECONOMIC ACTIVITY	PLANT CA
GUADALAJARA MINI MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	48
MEXICALI MINI MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	25
INDUSTRIAS DEL ACERO Y DEL ALAMBRE	SALE OF STEEL PRODUCTS	
APIZACO AND CHOLULA PLANTS	PRODUCTION AND SALES OF STEEL PRODUCTS	46
CANTON CASTER FACILITY	PRODUCTION OF BILLET	87
LORAIN CASTER FACILITY	PRODUCTION OF BILLET	1,2
LORAIN HOT-ROLLING MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	81
LACKAWANNA HOT-ROLLING MILL	PRODUCTION AND SALES OF STEEL PRODUCTS	

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MASSILLON COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	57
GARY COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	11
ONTARIO COLD-FINISH FACILITY	PRODUCTION AND SALES OF STEEL PRODUCTS	76
		59

MEXICAN STOCK EXCHANGE  
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MAIN RAW MATERIALS

ANNEX 10

CONSOLIDATED

JUDGED INFORMATION

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

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

QUARTER: 4 YEAR: 2005

SELLS DISTRIBUTION BY PRODUCT

ANNEX 11

CONSOLIDATED

DOMESTIC SELLS

JUDGED INFORMATION

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MAIN PRODUCTS

NET SALES

	VOLUME	AMOUNT	TRADE
STRUCTURAL PROFILES	186	1,233,655	
COMMERCIAL PROFILES	153	936,822	
REBAR	158	853,437	
FLAT BAR	178	1,091,296	
STEEL BARS	222	1,655,524	
OTHER	2	15,537	
BILLET	13	60,764	
HOT-ROLLED BARS			
COLD-FINISHED BARS			
SEMI-FINISHED SEAMLESS TUBE ROUNDS			
OTHER SEMI-FINISHED TRADE PRODUCTS			
T O T A L		5,847,035	
FOREIGN SALES		7,035,853	
TOTAL		12,882,888	

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QUARTER: 4 YEAR: 2005

SELLS DISTRIBUTION BY PRODUCT  
ANNEX 11

CONSOLIDATED

FOREIGN SELLS

JUDGED INFORMATION

MAIN PRODUCTS	NET SELLS		
	VOLUME	AMOUNT	TRADEMA
EXPORTS			

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STRUCTURAL PROFILES	13	77,590
COMMERCIAL PROFILES	13	80,517
REBAR	81	451,183
STEEL BARS	4	29,092
FLAT BAR	23	169,790
BILLET	1	7,439
FOREIGN SUBSIDIARIES		
HOT-ROLLED BARS	404	3,958,326
COLD-FINISHED BARS	63	837,212
SEMI-FINISHED SEAMLESS TUBE ROUNDS	165	1,055,934
OTHER SEMI-FINISHED TRADE PRODUCTS	27	368,770
T O T A L		7,035,853

MEXICAN STOCK EXCHANGE  
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QUARTER: 4 YEAR: 2005

CONSOLIDATED

INTEGRATION OF THE PAID SOCIAL CAPITAL STOCK  
CHARACTERISTICS OF THE SHARES

JUDGED INFORMATION

SERIES	NOMINAL VALUE	VALID CUPON	NUMBER OF SHARES			
			FIXED PORTION	VARIABLE PORTION	MEXICAN	FREE SUBSCRIPTION
B			30,283,350	107,646,249	0	137,929,599
TOTAL			30,283,350	107,646,249	0	137,929,599

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



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SENDING THE INFORMATION: 137,929,599

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MEXICAN STOCK EXCHANGE  
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QUARTER: 4 YEAR: 2005

CONSTRUCTION IN PROGRESS

ANNEX 13

CONSOLIDATED

JUDGED INFORMATION

THE PROYECTS IN PROGRESS AT DECEMBER 31, 2005, ARE:

PROYECTS IN PROGRESS	TOTAL INVESTMENT
CASTER PROJECT IN CANTON AND OTHER PROJECTS IN REPUBLIC MEXICALI	433,673 34,789
VARIOUS PROJECTS IN TLAXCALA VARIOUS PROJECTS IN GUADALAJARA AND MEXICALI	25,774 26,446
TOTAL INVESTMENT AT DECEMBER 31, 2005	520,682 =====

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

ANNEX 14

CONSOLIDATED

JUDGED INFORMATION

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).

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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:

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- 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).
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- Income and expense items at the exchange rate at the balance sheet date.
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CONSOLIDATED

JUDGED INFORMATION

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 FOURTH QUARTER REPORT.

ING LUIS GARCIA LIMON  
CHIEF EXECUTIVE OFFICER

C.P. JOSE FLORES FLORES  
CHIEF FINANCIAL OFFICER

GUADALAJARA, JAL, AT APRIL 28 OF 2006