

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

GROUP SIMEC SA DE CV  
Form 6-K  
October 29, 2008

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

FORM 6-K

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

COMMISSION FILE NUMBER 1-11176

For the month of October, 2008.

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)

Date: October 28, 2008.

By: /s/ Luis Garcia Limon  
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Name: Luis Garcia Limon  
Title: Chief Executive Officer

[LOGO] GRUPO  
SIMEC

PRESS RELEASE

Contact: Sergio Vigil Gonzalez  
Jose Flores Flores  
Grupo Simec, S.A.B. de C.V.  
Calzada Lazaro Cardenas 601  
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GRUPO SIMEC ANNOUNCES RESULTS OF OPERATIONS FOR THE FIRST NINE MONTHS OF 2008

GUADALAJARA, MEXICO, October 28, 2008- Grupo Simec, S.A.B. de C.V. (AMEX:SIM) ("Simec") announced today its results of operations for the nine-month period ended September 30, 2008.

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

On February 21, 2008, we entered into an agreement to acquire 100% of the shares of Corporacion Aceros DM, S.A. de C.V. and certain of its affiliates ("Grupo San"), and on May 30, 2008 said acquisition was consummated. Grupo San is a long products steel mini-mill and the second-largest corrugated rebar producer in Mexico. Grupo San's operations are based in San Luis Potosi, Mexico. Its plants and 1,450 employees produce 600 thousand tons of finished products annually.

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

With this strategic acquisition, Simec and ICH will achieve a more diversified product mix, with 40% of sales in Mexico and 60% outside Mexico, both of which will allow them to better address the natural cycles of the steel industry on the domestic and global levels. Additionally, Simec has already identified significant synergies and economies of scale that will increase the company's operating margins. Grupo San's central location in San Luis Potosi, where Simec is not currently present, also represents a strong competitive advantage since it provides several strategic benefits mainly related to distribution, given its proximity to Mexico's main cities, sea ports, and borders.

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

The financial statements of Simec include the operations of Grupo San since June 1, 2008.

Pursuant to Mexican Financial Reporting Standards "Bulletin B-7 Acquisitions of Business," Simec is in the process of calculating the goodwill and other intangible assets in the acquisition of Grupo San.

Nine-Month Period Ended September 30, 2008 compared to Nine-Month Period Ended September 30, 2007

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### Net Sales

Net sales increased 51% to Ps. 27,567 million in the nine-month period ended September 30, 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,586 million) compared to Ps. 18,282 million in the same period of 2007. Shipments of finished steel products increased 17% to 2 million 357 thousand tons in the nine-month period ended September 30, 2008 (including the net sales generated by the newly acquired plants of Grupo San of 144 thousand tons) compared to 2 million 18 thousand tons in the same period of 2007. Total sales outside of Mexico in the nine-month period ended September 30, 2008 increased 53% to Ps. 19,489 million (including the net sales generated by the newly acquired plants of Grupo San of Ps. 97 million) compared with Ps. 12,767 million in the same period of 2007, while total Mexican sales increased 46% from Ps. 5,515 million in the nine-month period ended September 30, 2007 to Ps. 8,078 million in the same period of 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,489 million). The increase in sales can be explained due to higher shipments during the nine-month period ended September 30, 2008, compared with the same period in 2007 (339,000 tons increase) and 29% increase in the average price of steel products.

### Direct Cost of Sales

Direct cost of sales increased 49% from Ps. 15,063 million in the nine-month period ended September 30, 2007 to Ps. 22,469 million in the same period 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 970 million). Direct cost of sales as a percentage of net sales represented 82% in the nine-month period ended September 30, 2008 compared to 82% in the same period of 2007. The increase in the direct cost of sales is attributable mainly to an increase of 28% in the average cost of raw materials used to produce steel products in the nine-month period ended September 30, 2008 versus the same period of 2007, primarily as a result of increases in the price of scrap and certain other raw materials, as well as a 17% increase in shipments.

### Gross Profit

Gross profit in the nine-month period ended September 30, 2008 was Ps. 5,098 million (including the gross profit generated by the newly acquired plants of Grupo San of Ps. 616 million) compared to Ps. 3,219 million in the same period of 2007. Gross profit as a percentage of net sales in the nine-month period ended September 30, 2008 was 18% compared to 18% in the same period of 2007. This increase in gross profit was principally due to an increase of 17% in sales volume.

### Operating Expenses

Operating expenses increased 27% to Ps. 1,358 million in the nine-month period ended September 30, 2008 (including the operating expenses by the newly acquired plants of Grupo San of Ps. 202 million) compared to Ps. 1,071 million in the same period of 2007 and represented 5% of net sales in the nine-month period ended September 30, 2008 and 6% of net sales in the same period of 2007.

### Operating Profit

Operating profit increased 74% to Ps. 3,740 million in the nine-month period ended September 30, 2008 (including the operating profit by the newly acquired plants of Grupo San of Ps. 414 million) compared to Ps. 2,148 million in the same period of 2007. Operating profit as a percentage of net sales was 14% in the nine-month period ended September 30, 2008 compared to 12% in the same period of 2007. The increase in the operating profit was due principally to an increase of 17% in sales volume.

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### Comprehensive Financial Cost

Comprehensive financial cost in the nine-month period ended September 30, 2008 represented an expense of Ps. 233 million compared with a gain of Ps. 208 million in the same period of 2007. Net interest income was Ps. 81 million in the nine-month period ended September 30, 2008 compared with net interest income of Ps. 218 million in the same period of 2007, reflecting the use of cash and debt for the acquisition of Grupo San. At the same time, we registered an exchange loss of Ps. 314 million in the nine-month period ended September 30,

2008 compared with an exchange loss of Ps. 2 million in the same period of 2007, reflecting a 0.7% increase in the value of the peso versus the dollar at September 30, 2008 compared to December 31, 2007.

### Other Expenses (Income) net

The company recorded other income net of Ps. 53 million in the nine-month period ended September 30, 2008 compared to other income net of Ps. 45 million in the same period of 2007.

### Income Taxes

Income Taxes recorded Ps. 1,209 million in the nine-month period ended September 30, 2008 compared to Ps. 740 million in the same period of 2007.

### Net Profit

As a result of the foregoing, net profit increased by 42% to Ps. 2,351 million in the nine-month period ended September 30, 2008 from Ps. 1,661 million in the same period of 2007.

### Liquidity and Capital Resources

At September 30, 2008, Simec's total consolidated debt consisted of U.S. \$54.8 million; U.S. \$30 million is a credit bank, U.S. \$21.5 million is a credit from GE Capital and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at September 30, 2008 was U.S. \$380,583). At December 31, 2007, Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at December 31, 2007 was U.S. \$363,703).

Net resources provided by operations were Ps. 1,407 million in the nine-month period ended September 30, 2008 versus Ps. 2,031 million of net resources provided by operations in the same period of 2007. Net resources provided by financing activities were Ps. 1,744 million in the nine-month period ended September 30, 2008 (which amount includes the capital increase of Ps. 1,169 million in July 2008) versus Ps. 2,375 million of net resources provided by financing activities in the same period of 2007 (which amount includes the capital increase of Ps. 2,420 million in February 2007). Net resources used in investing activities (to acquire property, plant and equipment, other non-current assets and liabilities) were Ps. 8,925 million in the nine-month period ended September 30, 2008 (which amount includes Ps. 8,437 million used in the acquisition of Grupo San) versus net resources used in investing activities (to acquire property, plant and equipment and other non-current assets and liabilities) of Ps. 522 million in the same period of 2007.

### Comparative Third Quarter 2008 vs. Second Quarter 2008

### Net Sales

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Net sales increased 8% 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. 10,533 million for the third quarter 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,073 million). Sales in tons of finished steel decreased 3% to 795 thousand tons in the third quarter 2008 compared with 817 thousand tons in the second quarter 2008. The total sales outside of Mexico for the third quarter 2008 increased 8% to Ps. 7,317 million compared with Ps. 6,749 million for the second quarter 2008. Total Mexican sales increased 7% to Ps. 3,216 million in the third quarter 2008 from Ps. 2,997 million in the second quarter 2008. Prices of finished products sold in the third quarter 2008 increased approximately 11% compared to the second quarter 2008.

### Direct Cost of Sales

Direct cost of sales increased 13% 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. 8,726 million for the third quarter 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 663 million). With respect to sales, in the third quarter 2008, the direct cost of sales represents 83% compared to 79% for the second quarter 2008. The average cost of raw materials used to produce steel products increased 17% in the third quarter 2008 versus the second quarter 2008, primarily as a result of increases in the price of scrap and certain other raw materials

### Gross Profit

Gross profit for the third quarter 2008 decreased 12% to Ps. 1,807 million (including the gross profit generated by the newly acquired plants of Grupo San of Ps. 410 million) compared to Ps. 2,053 million in the second quarter 2008 (including the gross profit generated by the newly acquired plants of Grupo San of Ps. 205 million). The gross profit as a percentage of net sales for the third quarter 2008 was 17% compared with 21% for the second quarter 2008. The decrease in gross profit was principally due to the decrease in sales volume.

### Operating Expenses

Operating expenses increased 30% to Ps. 564 million in the third quarter 2008 (including the operating expenses by the newly acquired plants of Grupo San of Ps. 149 million) compared to Ps. 434 million for the second quarter 2008 (including the operating expenses by the newly acquired plants of Grupo San of Ps. 53 million). Operating expenses as a percentage of net sales represented 5% during the third quarter 2008 compared to 4% in the second quarter 2008.

### Operating Profit

Operating profit decreased 23% from Ps. 1,619 million in the second quarter 2008 (including the operating profit by the newly acquired plants of Grupo San of Ps. 152 million) to Ps. 1,243 million for the third quarter 2008 (including the operating profit by the newly acquired plants of Grupo San of Ps. 261 million). The operating profit as a percentage of net sales in the third quarter 2008 was 12% compared to 17% in the second quarter 2008. The decrease in operating profit was principally due to the decrease in tons shipped.

### Comprehensive Financial Cost

Comprehensive financial cost for the third quarter 2008 represented an income of Ps. 25 million compared with an expense of Ps. 197 million for the second quarter 2008. Net interest expense was Ps. 11 million in the third quarter 2008

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compared with Ps. 37 million of net interest income in the second quarter 2008. At the same time, we registered an exchange gain of Ps. 36 million in the third quarter 2008 compared with an exchange loss of Ps. 234 million in the second quarter 2008.

### Other Expenses (Income) net

The company recorded other income net of Ps. 49 million in the third quarter 2008 compared with other expense net of Ps. 2 million for the second quarter 2008.

### Income Taxes

Income taxes for the third quarter 2008 was an expense of Ps. 483 million compared to Ps. 495 million of expense for the second quarter 2008.

### Net Profit

As a result of the foregoing, net profit was Ps. 834 million in the third quarter 2008 compared to Ps. 925 million of net profit in the second quarter 2008.

## Comparative Third Quarter 2008 vs. Third Quarter 2007

### Net Sales

Net sales increased 84% from Ps. 5,725 million for the third quarter 2007 compared with Ps. 10,533 million for the same period in 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,073 million). Sales in tons of finished steel increased 25% to 795 thousand tons in the third quarter 2008 compared with 635 thousand tons in the same period 2007. The total sales outside of Mexico for the third quarter 2008 increased 82% to Ps. 7,317 million compared with Ps. 4,029 million for the same period 2007. Total Mexican sales increased 90% to Ps. 3,216 million in the third quarter 2008 from Ps. 1,696 millions in the same period 2007. Prices of finished products sold in the third quarter 2008 increased approximately 47% compared to the third quarter 2007.

### Direct Cost of Sales

Direct cost of sales increased 77% from Ps. 4,927 million in the third quarter 2007 to Ps. 8,726 million for the same period 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 663 million). With respect to sales, in the third quarter 2008, the direct cost of sales represents 83% compared to 86% for the same period 2007. The average cost of raw materials used to produce steel products increased 41% in the third quarter 2008 versus the third quarter 2007, primarily as a result of increases in the price of scrap and certain other raw materials.

### Gross Profit

Gross profit for the third quarter 2008 increased 126% to Ps. 1,807 million (including the gross profit generated by the newly acquired plants of Grupo San of Ps. 410 million) compared to Ps. 798 million in the same period 2007. The gross profit as a percentage of net sales for the third quarter 2008 was 17% compared with 14% for the same period 2007. The increase in gross profit was principally due to the increase in tons shipped.

### Operating Expenses

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Operating expenses increased 60% to Ps. 564 million in the third quarter 2008 (including the operating expenses by the newly acquired plants of Grupo San of Ps. 149 million) compared to Ps. 353 million for the same period 2007. Operating expenses as a percentage of net sales represented 5% during the third quarter 2008 compared to 6% of the same period 2007.

### Operating Profit

Operating profit increased 179% from Ps. 445 million in the third quarter 2007 to Ps. 1,243 million for the same period 2008 (including the operating profit by the newly acquired plants of Grupo San of Ps. 261 million). The operating profit as a percentage of net sales in the third quarter 2008 was 12% compared to 8% in the same period 2007. The increase in operating profit was due principally to an increase of 25% in sales volume.

### Comprehensive Financial Cost

Comprehensive financial cost for the third quarter 2008 represented a gain of Ps. 25 million compared with a gain of Ps. 91 million for the third quarter 2007. Net interest expense was Ps. 11 million in the third quarter 2008 compared with Ps. 93 million in the third quarter 2007. At the same time, we registered an exchange gain of Ps. 36 million in the third quarter 2008 compared with an exchange gain of Ps. 29 million in the third quarter 2007.

### Other Expenses (Income) net

The company recorded other income net of Ps. 49 million for the third quarter 2008 compared with other income net of Ps. 27 million for the same period 2007.

### Income Taxes

Income taxes for the third quarter 2008 increased to Ps. 483 million compared to Ps. 198 million for the same period 2007.

### Net Profit

As a result of the foregoing, net profit increased by 128% to Ps. 834 million in the third quarter 2008 from Ps. 365 million in the third quarter 2007.

	Nine months ended September 30, 2008	Nine months ended September 30, 2007	2008 vs. 2007
	-----	-----	-----
Sales	27,567	18,282	51%
Cost of Sales	22,469	15,063	49%
Gross Profit	5,098	3,219	58%
Operating Expenses	1,358	1,071	27%
Operating Profit	3,740	2,148	74%
EBITDA	4,170	2,527	65%
Net Profit	2,351	1,661	42%
Sales Outside Mexico	19,489	12,767	53%
Sales in Mexico	8,078	5,515	46%
Total Sales (tons)	2,357	2,018	17%

(Millions of pesos)	3Q08	2Q08	3Q07	3Q08 vs. 2Q08	3Q08 vs. 3Q07
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Sales	10,533	9,746	5,725	8%	84%
Cost of Sales	8,726	7,693	4,927	13%	77%
Gross Profit	1,807	2,053	798	(12%)	126%
Operating Expenses	564	434	353	30%	60%
Operating Profit	1,243	1,619	445	(23%)	179%
EBITDA	1,407	1,755	569	(20%)	147%
Net Profit	834	925	365	(10%)	128%
Sales Outside Mexico	7,317	6,749	4,029	8%	82%
Sales in Mexico	3,216	2,997	1,696	7%	90%
Total Sales (tons)	795	817	635	(3%)	25%

Product	Thousands of tons nine months ended September 30, 2008	Millions of pesos nine months ended September 30, 2008	Average price per ton nine months ended September 30, 2008	Thousands of tons nine months ended September 30, 2007	Millions of pesos nine months ended September 30, 2007
SBQ	1,699	20,731	12,202	1,449	17,111
Light Structural	142	1,448	10,197	217	2,187
Structural	150	1,608	10,720	171	1,821
Rebar	321	3,198	9,963	180	1,776
Others	45	582	--	1	124
Total	2,357	27,567	11,696	2,018	23,019

Product	Thousands of tons 3Q08	Millions of pesos 3Q08	Average price per ton 3Q08	Thousands of tons 2Q08	Millions of pesos 2Q08	Average price per ton 2Q08
SBQ	555	7,858	14,159	579	7,124	12,304
Light Structural	41	482	11,756	47	512	10,894
Structural	40	488	12,200	55	616	11,200
Rebar	127	1,324	10,425	124	1,325	10,685
Others	32	381	--	12	169	--
Total	795	10,533	13,249	817	9,746	11,929

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

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

CONSOLIDATED FINANCIAL STATEMENT  
AT SEPTEMBER 30 OF 2008 AND 2007  
(thousands of Mexican pesos)



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REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s01	TOTAL ASSETS	30,807,410	100
s02	CURRENT ASSETS	14,099,087	46
s03	CASH AND SHORT-TERM INVESTMENTS	621,529	2
s04	ACCOUNTS AND NOTES RECEIVABLE (NET)	4,276,608	14
s05	OTHER ACCOUNTS AND NOTES RECEIVABLE	712,722	2
s06	INVENTORIES	8,281,058	27
s07	OTHER CURRENT ASSETS	207,170	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)	9,505,835	31
s13	LAND AND BUILDINGS	3,337,012	11
s14	MACHINERY AND INDUSTRIAL EQUIPMENT	12,073,769	39
s15	OTHER EQUIPMENT	231,790	1
s16	ACCUMULATED DEPRECIATION	6,563,790	21
s17	CONSTRUCTION IN PROGRESS	427,054	1
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	7,105,029	23
s19	OTHER ASSETS	97,459	0
s20	TOTAL LIABILITIES	10,114,717	100
s21	CURRENT LIABILITIES	6,212,902	61
s22	SUPPLIERS	4,214,351	42
s23	BANK LOANS	555,783	5
s24	STOCK MARKET LOANS	3,226	0
s103	OTHER LOANS WITH COST	0	0
s25	TAXES PAYABLE	397,003	4
s26	OTHER CURRENT LIABILITIES WITHOUT COST	1,042,539	10
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	3,901,815	39
s33	CONSOLIDATED STOCKHOLDERS' EQUITY	20,692,693	100
s34	MINORITY INTEREST	3,010,295	14
s35	MAJORITY INTEREST	17,682,398	85
s36	CONTRIBUTED CAPITAL	8,350,900	40
S79	CAPITAL STOCK	4,142,696	20
s39	PREMIUM ON ISSUANCE OF SHARES	4,208,204	20
s40	CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	0
s41	EARNED CAPITAL	9,331,498	45
s42	RETAINED EARNINGS AND CAPITAL RESERVES	10,423,069	50
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	(1,091,571)	(5)
s80	SHARES REPURCHASED	0	0

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## MEXICAN STOCK EXCHANGE SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

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

REF S	CONCEPTS	CURRENT YEAR	
		AMOUNT	%
s03	CASH AND SHORT-TERM INVESTMENTS	621,529	100
s46	CASH	520,535	84
s47	SHORT-TERM INVESTMENTS	100,994	16
s07	OTHER CURRENT ASSETS	207,170	100
s81	DERIVATIVE FINANCIAL INSTRUMENTS	0	0
s82	DISCONTINUED OPERATIONS	0	0
s83	OTHER	207,170	100
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	7,105,029	100
s48	DEFERRED EXPENSES	275,915	4
s49	GOODWILL	6,767,670	95
s51	OTHER	61,444	1
s19	OTHER ASSETS	97,459	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	97,459	100
s21	CURRENT LIABILITIES	6,212,902	100
s52	FOREIGN CURRENCY LIABILITIES	4,440,801	71
s53	MEXICAN PESOS LIABILITIES	1,772,101	29
s26	OTHER CURRENT LIABILITIES WITHOUT COST	1,042,539	100
s88	DERIVATIVE FINANCIAL INSTRUMENTS	112,499	11
s89	INTEREST LIABILITIES	4,107	0
s68	PROVISIONS	0	0
s90	DISCONTINUED OPERATIONS	0	0
s58	OTHER CURRENT LIABILITIES	925,933	89
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	3,901,815	100
s66	DEFERRED TAXES	3,732,267	96
s91	OTHER LIABILITIES IN RESPECT OF SOCIAL INSURANCE	111,948	3

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s92	DISCONTINUED OPERATIONS	0	0
s69	OTHER LIABILITIES	57,600	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: 3 YEAR: 2008

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

REF S -----	CONCEPTS -----	CURRENT YEAR -----	
		AMOUNT -----	% -----
s42	RETAINED EARNINGS AND CAPITAL RESERVES	10,423,069	100
s93	LEGAL RESERVE	0	0
s43	RESERVE FOR REPURCHASE OF SHARES	200,612	2
s94	OTHER RESERVES	0	0
s95	RETAINED EARNINGS	8,481,722	81
s45	NET INCOME FOR THE YEAR	1,740,735	17
s44	OTHER ACCUMULATED COMPREHENSIVE RESULT	(1,091,571)	100
s70	ACCUMULATED MONETARY RESULT	0	0
s71	RESULT FROM HOLDING NON-MONETARY ASSETS	0	0
s96	CUMULATIVE RESULT FROM FOREIGN CURRENCY TRANSLATION	(45,040)	4
s97	CUMULATIVE RESULT FROM DERIVATIVE FINANCIAL INSTRUMENTS	(76,018)	7
s98	CUMULATIVE EFFECT OF DEFERRED INCOME TAXES	(970,513)	89
s99	LABOR OBLIGATION ADJUSTMENT	0	0
s100	OTHER	0	0

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

BALANCE SHEETS  
OTHER CONCEPTS  
(thousands of Mexican pesos)

REF S ----	CONCEPTS -----	CURRENT YEAR	PREVIOUS YEAR
		AMOUNT -----	AMOUNT -----

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S72	WORKING CAPITAL	7,886,185	11,327,614
S73	PENSIONS FUND AND SENIORITY PREMIUMS	103,501	0
S74	EXECUTIVES (*)	60	47
S75	EMPLOYERS (*)	2,070	1,178
S76	WORKERS (*)	3,820	3,187
S77	COMMON SHARES (*)	497,709,214	474,621,611
S78	REPURCHASED SHARES (*)	0	0
S101	RESTRICTED CASH	0	0
S102	NET DEBT OF NON CONSOLIDATED COMPANIES	0	0

(\*) THESE ITEMS SHOULD BE EXPRESSED IN UNITS

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

STATEMENTS OF INCOME  
FROM JANUARY 1 TO SEPTEMBER 30 OF 2008 AND 2007  
(thousands of Mexican pesos)

REF R -----	CATEGORIES -----	CURRENT YEAR -----	
		AMOUNT -----	% -----
r01	NET SALES	27,567,332	100
r02	COST OF SALES	22,469,467	82
r03	GROSS PROFIT	5,097,865	18
r04	OPERATING EXPENSES	1,357,534	5
r05	OPERATING INCOME	3,740,331	14
r08	OTHER INCOME AND (EXPENSE), NET	52,951	0
r06	COMPREHENSIVE FINANCING RESULT	(233,514)	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	3,559,768	13
r10	INCOME TAXES	1,208,615	4
r11	INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	2,351,153	9
r14	DISCONTINUED OPERATIONS	0	0
r18	NET CONSOLIDATED INCOME	2,351,153	9
r19	NET INCOME OF MINORITY INTEREST	610,418	2
r20	NET INCOME OF MAJORITY INTEREST	1,740,735	6

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

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

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REF R -----	CONCEPTS -----	CURRENT YEAR	
		AMOUNT -----	% -----
r01	NET SALES	27,567,332	100
r21	DOMESTIC	8,078,531	29
r22	FOREIGN	19,488,801	71
r23	TRANSLATED INTO DOLLARS (***)	1,859,864	
r08	OTHER INCOME AND (EXPENSE), NET	52,951	100
r49	OTHER INCOME AND (EXPENSE), NET	61,641	116
r34	EMPLOYEES' PROFIT SHARING EXPENSES	8,690	16
r35	DEFERRED EMPLOYEES' PROFIT SHARING	0	0
r06	COMPREHENSIVE FINANCING RESULT	(233,514)	100
r24	INTEREST EXPENSE	29,218	(13
r42	GAIN (LOSS) ON RESTATEMENT OF UDI'S	0	0
r45	OTHER FINANCE COSTS	0	0
r26	INTEREST INCOME	110,125	(47
r46	OTHER FINANCIAL PRODUCTS	0	0
r25	FOREIGN EXCHANGE GAIN (LOSS), NET	(314,421)	135
r28	RESULT FROM MONETARY POSITION	0	0
r10	INCOME TAXES	1,208,615	100
r32	INCOME TAX	437,736	36
r33	DEFERRED INCOME TAX	770,879	64

(\*\*\*) THOUSANDS OF DOLLARS

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

STATEMENTS OF INCOME  
OTHER CONCEPTS  
(thousands of Mexican pesos)

REF R ---	CONCEPTS -----	CURRENT YEAR	PREVIOUS YEAR
		AMOUNT -----	AMOUNT -----
r36	TOTAL SALES	27,900,486	18,531,117
r37	TAX RESULT FOR THE YEAR	0	0
r38	NET SALES (**)	33,391,683	23,181,135
r39	OPERATION INCOME (**)	3,776,816	2,624,836
r40	NET INCOME OF MAJORITY INTEREST (**)	1,845,140	1,657,619
r41	NET CONSOLIDATED INCOME (**)	2,315,149	1,847,690
r47	OPERATIVE DEPRECIATION AND AMORTIZATION	430,097	379,376

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

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MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

QUARTERLY STATEMENTS OF INCOME  
FROM JULY 1 TO SEPTEMBER 30 OF 2008 AND 2007  
(thousands of Mexican pesos)

REF R -----	CATEGORIES -----	CURRENT YEAR	
		AMOUNT -----	% -----
r01	NET SALES	10,532,672	100
r02	COST OF SALES	8,725,802	83
r03	GROSS PROFIT	1,806,870	17
r04	OPERATING EXPENSES	563,612	5
r05	OPERATING INCOME	1,243,258	12
r08	OTHER INCOME AND (EXPENSE), NET	48,981	0
r06	COMPREHENSIVE FINANCING RESULT	24,944	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	1,317,183	13
r10	INCOME TAXES	483,004	5
r11	INCOME (LOSS) BEFORE DISCONTINUED OPERATIONS	834,179	8
r14	DISCONTINUED OPERATIONS	0	0
r18	NET CONSOLIDATED INCOME	834,179	8
r19	NET INCOME OF MINORITY INTEREST	218,301	2
r20	NET INCOME OF MAJORITY INTEREST	615,878	6

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

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

REF R -----	CONCEPTS -----	CURRENT YEAR	
		AMOUNT -----	% -----
rt01	NET SALES	10,532,672	100
rt21	DOMESTIC	3,216,177	31
rt22	FOREIGN	7,316,495	69

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rt23	TRANSLATED INTO DOLLARS (***)	707,023	
rt08	OTHER INCOME AND (EXPENSE), NET	48,981	100
rt49	OTHER INCOME AND (EXPENSE), NET	46,956	96
rt34	EMPLOYEES' PROFIT SHARING EXPENSES	(2,025)	(4
rt35	DEFERRED EMPLOYEES' PROFIT SHARING	0	0
rt06	COMPREHENSIVE FINANCING RESULT	24,944	100
rt24	INTEREST EXPENSE	14,938	60
rt42	GAIN (LOSS) ON RESTATEMENT OF UDI'S	0	0
rt45	OTHER FINANCE COSTS	0	0
rt26	INTEREST INCOME	3,516	14
rt46	OTHER FINANCIAL PRODUCTS	0	0
rt25	FOREIGN EXCHANGE GAIN (LOSS), NET	36,366	146
rt28	RESULT FROM MONETARY POSITION	0	0
rt10	INCOME TAXES	483,004	100
rt32	INCOME TAX	54,460	11
rt33	DEFERRED INCOME TAX	428,544	89

(\*\*\*) THOUSANDS OF DOLLARS

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

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

REF	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
RT	-----	-----	-----
---		AMOUNT	AMOUNT
		-----	-----
rt47	OPERATIVE DEPRECIATION AND ACCUMULATED IMPAIRMENT LOSSES	163,935	124,861

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

STATEMENTS OF CHANGES IN FINANCIAL POSITION  
FROM JANUARY 1 TO SEPTEMBER 30 OF 2008 AND 2007  
(thousands of pesos)

REF	CONCEPTS	CURRENT YEAR	PR
C	-----	-----	---
---		AMOUNT	---
		-----	---

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c01	CONSOLIDATED NET INCOME	2,351,153
c02	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE CASH	1,650,976
c03	RESOURCES FROM NET INCOME FOR THE YEAR	4,002,129
c04	RESOURCES PROVIDED OR USED IN OPERATION	(2,595,144)
c05	RESOURCES PROVIDED BY (USED FOR) OPERATING ACTIVITIES	1,406,985
c06	RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES	574,690
c07	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	1,169,156
c08	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	1,743,846
c09	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(8,925,457)
c10	NET INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(5,774,626)
c11	CASH AND SHORT-TERM INVESTMENTS AT THE BEGINNING OF PERIOD	6,396,155
c12	CASH AND SHORT TERM INVESTMENTS AT THE END OF PERIOD	621,529

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

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

REF C ---	CONCEPTS -----	CURRENT YEAR ----- AMOUNT -----	PR ---
c02	+ (-) ITEMS ADDED TO INCOME WHICH DO NOT REQUIRE CASH	1,650,976	
c13	DEPRECIATION AND AMORTIZATION FOR THE YEAR	430,097	
c41	+ (-) OTHER ITEMS	1,220,879	
c04	RESOURCES PROVIDED OR USED IN OPERATION	(2,595,144)	
c18	+ (-) DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE	(1,402,864)	
c19	+ (-) DECREASE (INCREASE) IN INVENTORIES	(3,053,291)	
c20	+ (-) DECREASE (INCREASE) IN OTHER ACCOUNTS RECEIVABLE	(12,484)	
c21	+ (-) INCREASE (DECREASE) IN SUPPLIERS	1,864,394	
c22	+ (-) INCREASE (DECREASE) IN OTHER LIABILITIES	9,101	
c06	RESOURCES PROVIDED BY (USED FOR) EXTERNAL FINANCING ACTIVITIES	574,690	
c23	+ BANK FINANCING	1,483,366	
c24	+ STOCK MARKET FINANCING	(56)	
c25	+ DIVIDEND RECEIVED	0	
c26	OTHER FINANCING	0	
c27	BANK FINANCING AMORTIZATION	(927,583)	
c28	(-) STOCK MARKET FINANCING AMORTIZATION	0	
c29	(-) OTHER FINANCING AMORTIZATION	0	
c42	+ (-) OTHER ITEMS	18,963	
C07	RESOURCES PROVIDED BY (USED FOR) INTERNAL FINANCING ACTIVITIES	1,169,156	
c30	+ (-) INCREASE (DECREASE) IN CAPITAL STOCK	112,269	
c31	(-) DIVIDENDS PAID	0	
c32	+ PREMIUM ON ISSUANCE OF SHARES	1,056,887	
c33	+ CONTRIBUTION FOR FUTURE CAPITAL INCREASES	0	
c43	+ (-) OTHER ITEMS	0	



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c09	RESOURCES PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	(8,925,457)
c34	+ (-) DECREASE (INCREASE) IN PERMANENT INVESTMENTS	(8,470,226)
c35	(-) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(377,014)
c36	(-) INCREASE IN CONSTRUCTION PROGRESS	0
c37	+ SALE OF OTHER PERMANENT INVESTMENTS	0
c38	+ SALE OF TANGIBLE FIXED ASSETS	0
c39	+ (-) OTHER ITEMS	(78,217)

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

STATE OF CASH FLOW (INDIRECT METHOD)  
FROM JANUARY 1 TO SEPTEMBER 30 OF 2008 AND 2007  
(thousands of pesos)

REF	CONCEPTS	CURRENT YEAR	PR
C	-----	-----	---
---		AMOUNT	---
		-----	---
	ACTIVITIES OF OPERATION		
e01	INCOME (LOSS) BEFORE INCOME TAXES	3,559,768	
e02	+ (-) ITEMS NOT REQUIRING CASH	450,000	
e03	+ (-) ITEMS RELATED TO INVESTING ACTIVITIES	319,972	
e04	+ (-) ITEMS RELATED TO FINANCING ACTIVITIES	29,218	
e05	CASH FLOW BEFORE INCOME TAX	4,358,958	
e06	CASH FLOW PROVIDED OR USED IN OPERATION	(3,032,880)	
e07	CASH FLOW PROVIDED OF OPERATING ACTIVITIES	1,326,078	
	INVESTMENT ACTIVITIES		
e08	NET CASH FLOW FROM INVESTING ACTIVITIES	(8,802,003)	
e09	CASH FLOW AFTER INVESTING ACTIVITIES	(7,475,925)	
	FINANCING ACTIVITIES		
e10	NET CASH FROM FINANCING ACTIVITIES	1,714,628	
e11	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,761,297)	
e12	TRANSLATION DIFFERENCES IN CASH AND CASH EQUIVALENTS	(13,329)	
e13	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	6,396,155	
e14	CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	621,529	

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

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

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REF C ---	CONCEPTS -----	CURRENT YEAR ----- AMOUNT -----	PR ---
e02	+ (-) ITEMS NOT REQUIRING CASH	450,000	
e15	+ ESTIMATES FOR THE PERIOD	0	
e16	+ PROVISIONS FOR THE PERIOD	450,000	
e17	+ (-) OTHER UNREALIZED ITEMS	0	
e03	+ (-) ITEMS RELATED TO INVESTING ACTIVITIES	319,972	
e18	+ DEPRECIATION AND AMORTIZATION FOR THE PERIOD	430,097	
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	(110,125)	
e24	(-) + OTHER ITEMS	0	
e04	+ (-) ITEMS RELATED TO FINANCING ACTIVITIES	29,218	
e25	+ ACCRUED INTEREST	29,218	
e26	+ (-) OTHER ITEMS	0	
e06	CASH FLOW PROVIDED OR USED IN OPERATION	(3,032,880)	
e27	+ (-) DECREASE (INCREASE) IN ACCOUNTS RECEIVABLE	(1,402,864)	
e28	+ (-) DECREASE (INCREASE) IN INVENTORIES	(3,053,291)	
e29	+ (-) DECREASE (INCREASE) IN OTHER ACCOUNT RECEIVABLES	(12,484)	
e30	+ (-) INCREASE DECREASE IN SUPPLIERS	1,864,394	
e31	+ (-) INCREASE DECREASE IN OTHER LIABILITIES	(174,105)	
e32	+ (-) INCOME TAXES PAID OR RETURNED	(254,530)	
e08	NET CASH FLOW FROM INVESTING ACTIVITIES	(8,802,003)	
e33	(-) PERMANENT INVESTMENT IN SHARES	(8,470,226)	
e34	+ DISPOSITION OF PERMANENT INVESTMENT IN SHARES	0	
e35	(-) INVESTMENT IN PROPERTY PLANT AND EQUIPMENT	(377,014)	
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	110,125	
e43	+ (-) DECREASE (INCREASE) ADVANCES AND LOANS TO THIRD PARTS	0	
e44	+ (-) OTHER ITEMS	(64,888)	
e10	NET CASH FROM FINANCING ACTIVITIES	1,714,628	
e45	+ BANK FINANCING	1,483,366	
e46	+ STOCK MARKET FINANCING	(56)	
e47	+ OTHER FINANCING	0	
e48	(-) BANK FINANCING AMORTIZATION	(927,583)	
e49	(-) STOCK MARKET FINANCING AMORTIZATION	0	
e50	(-) OTHER FINANCING AMORTIZATION	0	
e51	+ (-) INCREASE (DECREASE ) IN CAPITAL STOCK	112,269	
e52	(-) DIVIDENDS PAID	0	
e53	+ PREMIUM ON ISSUANCE OF SHARES	1,056,887	
e54	+ CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES	0	
e55	(-) INTEREST EXPENSE	(29,218)	
e56	(-) REPURCHASE OF SHARES	0	
e57	+ (-) OTHER ITEMS	18,963	

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MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

DATE PER SHARE  
CONSOLIDATED

REF D ---	CATEGORIES -----	QUARTER OF PRESEN FINANCIAL YEAR -----
d01	BASIC PROFIT PER ORDINARY SHARE (**)	\$ 3.85
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 (**)	\$ 3.85
d05	DISCONTINUED OPERATIONS EFFECT ON EARNING (LOSS) PER SHARE (**)	\$ 0.00
d08	CARRYING VALUE PER SHARE	\$35.68
d09	CASH DIVIDEND ACCUMULATED PER SHARE	\$ 0.00
d10	DIVIDEND IN SHARES PER SHARE	0.00 shares
d11	MARKET PRICE TO CARRYING VALUE	0.90 times
d12	MARKET PRICE TO BASIC PROFIT PER ORDINARY SHARE	8.32 times
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.

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

RATIOS  
CONSOLIDATED

REF P ---	CATEGORIES -----	QUARTER OF PRESEN FINANCIAL YEAR -----
YIELD		
p01	NET INCOME TO NET SALES	8.53%
p02	NET INCOME TO STOCKHOLDERS' EQUITY (**)	11.19%
p03	NET INCOME TO TOTAL ASSETS (**)	7.51%
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 (**)	1.08 times
p07	NET SALES TO FIXED ASSETS (**)	3.51 times
p08	INVENTORIES TURNOVER (**)	3.37 times

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p09	ACCOUNTS RECEIVABLE IN DAYS OF SALES	36 days
p10	PAID INTEREST TO TOTAL LIABILITIES WITH COST (**)	6.14%
	LEVERAGE	
p11	TOTAL LIABILITIES TO TOTAL ASSETS	32.83%
p12	TOTAL LIABILITIES TO STOCKHOLDERS' EQUITY	0.49 times
p13	FOREIGN CURRENCY LIABILITIES TO TOTAL LIABILITIES	43.90%
p14	LONG-TERM LIABILITIES TO FIXED ASSETS	0.00%
p15	OPERATING INCOME TO INTEREST PAID	128.01 times
p16	NET SALES TO TOTAL LIABILITIES (**)	3.30 times
	LIQUIDITY	
p17	CURRENT ASSETS TO CURRENT LIABILITIES	2.27 times
p18	CURRENT ASSETS LESS INVENTORY TO CURRENT LIABILITIES	0.94 times
p19	CURRENT ASSETS TO TOTAL LIABILITIES	1.39 times
p20	AVAILABLE ASSETS TO CURRENT LIABILITIES	10.00%

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

### MEXICAN STOCK EXCHANGE SIFIC / ICS

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

QUARTER: 2 YEAR: 2008

DIRECTOR REPORT

CONSOLIDATED

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

On February 21, 2008, we entered into an agreement to acquire 100% of the shares of Corporacion Aceros DM, S.A. de C.V. and certain of its affiliates ("Grupo San"), and on May 30, 2008 said acquisition was consummated. Grupo San is a long products steel mini-mill and the second-largest corrugated rebar producer in Mexico. Grupo San's operations are based in San Luis Potosi, Mexico. Its plants and 1,450 employees produce 600 thousand tons of finished products annually.

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

With this strategic acquisition, Simec and ICH will achieve a more diversified product mix, with 40% of sales in Mexico and 60% outside Mexico, both of which will allow them to better address the natural cycles of the steel industry on the domestic and global levels. Additionally, Simec has already identified significant synergies and economies of scale that will increase the company's operating margins. Grupo San's central location in San Luis Potosi, where Simec is not currently present, also represents a strong competitive advantage since it provides several strategic benefits mainly related to distribution, given its proximity to Mexico's main cities, sea ports, and borders.

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

The financial statements of Simec include the operations of Grupo San since June 1, 2008.

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Pursuant to Mexican Financial Reporting Standards "Bulletin B-7 Acquisitions of Business," Simec is in the process of calculating the goodwill and other intangible assets in the acquisition of Grupo San.

Nine-Month Period Ended September 30, 2008 compared to Nine-Month Period Ended September 30, 2007

### Net Sales

Net sales increased 51% to Ps. 27,567 million in the nine-month period ended September 30, 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,586 million) compared to Ps. 18,282 million in the same period of 2007. Shipments of finished steel products increased 17% to 2 million 357 thousand tons in the nine-month period ended September 30, 2008 (including the net sales generated by the newly acquired plants of Grupo San of 144 thousand tons) compared to 2 million 18 thousand tons in the same period of 2007. Total sales outside of Mexico in the nine-month period ended September 30, 2008 increased 53% to Ps. 19,489 million (including the net sales generated by the newly acquired plants of Grupo San of Ps. 97 million) compared with Ps. 12,767 million in the same period of 2007, while total Mexican sales increased 46% from Ps. 5,515 million in the nine-month period ended September 30, 2007 to Ps. 8,078 million in the same

period of 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,489 million). The increase in sales can be explained due to higher shipments during the nine-month period ended September 30, 2008, compared with the same period in 2007 (339,000 tons increase) and 29% increase in the average price of steel products.

### Direct Cost of Sales

Direct cost of sales increased 49% from Ps. 15,063 million in the nine-month period ended September 30, 2007 to Ps. 22,469 million in the same period 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 970 million). Direct cost of sales as a percentage of net sales represented 82% in the nine-month period ended September 30, 2008 compared to 82% in the same period of 2007. The increase in the direct cost of sales is attributable mainly to an increase of 28% in the average cost of raw materials used to produce steel products in the nine-month period ended September 30, 2008 versus the same period of 2007, primarily as a result of increases in the price of scrap and certain other raw materials, as well as a 17% increase in shipments.

### Gross Profit

Gross profit in the nine-month period ended September 30, 2008 was Ps. 5,098 million (including the gross profit generated by the newly acquired plants of Grupo San of Ps. 616 million) compared to Ps. 3,219 million in the same period of 2007. Gross profit as a percentage of net sales in the nine-month period ended September 30, 2008 was 18% compared to 18% in the same period of 2007. This increase in gross profit was principally due to an increase of 17% in sales volume.

### Operating Expenses

Operating expenses increased 27% to Ps. 1,358 million in the nine-month period ended September 30, 2008 (including the operating expenses by the newly acquired plants of Grupo San of Ps. 202 million) compared to Ps. 1,071 million in the same period of 2007 and represented 5% of net sales in the nine-month period ended September 30, 2008 and 6% of net sales in the same period of 2007.

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### Operating Profit

Operating profit increased 74% to Ps. 3,740 million in the nine-month period ended September 30, 2008 (including the operating profit by the newly acquired plants of Grupo San of Ps. 414 million) compared to Ps. 2,148 million in the same period of 2007. Operating profit as a percentage of net sales was 14% in the nine-month period ended September 30, 2008 compared to 12% in the same period of 2007. The increase in the operating profit was due principally to an increase of 17% in sales volume.

### Comprehensive Financial Cost

Comprehensive financial cost in the nine-month period ended September 30, 2008 represented an expense of Ps. 233 million compared with a gain of Ps. 208 million in the same period of 2007. Net interest income was Ps. 81 million in the nine-month period ended September 30, 2008 compared with net interest income of Ps. 218 million in the same period of 2007, reflecting the use of cash and debt for the acquisition of Grupo San. At the same time, we registered an exchange loss of Ps. 314 million in the nine-month period ended September 30, 2008 compared with an exchange loss of Ps. 2 million in the same period of 2007, reflecting a 0.7% increase in the value of the peso versus the dollar at September 30, 2008 compared to December 31, 2007.

### Other Expenses (Income) net

The company recorded other income net of Ps. 53 million in the nine-month period ended September 30, 2008 compared to other income net of Ps. 45 million in the same period of 2007.

### Income Taxes

Income Taxes recorded Ps. 1,209 million in the nine-month period ended September 30, 2008 compared to Ps. 740 million in the same period of 2007.

### Net Profit

As a result of the foregoing, net profit increased by 42% to Ps. 2,351 million in the nine-month period ended September 30, 2008 from Ps. 1,661 million in the same period of 2007.

### Liquidity and Capital Resources

At September 30, 2008, Simec's total consolidated debt consisted of U.S. \$54.8 million; U.S. \$30 million is a credit bank, U.S. \$21.5 million is a credit from GE Capital and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at September 30, 2008 was U.S. \$380,583). At December 31, 2007, Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at December 31, 2007 was U.S. \$363,703).

Net resources provided by operations were Ps. 1,407 million in the nine-month period ended September 30, 2008 versus Ps. 2,031 million of net resources provided by operations in the same period of 2007. Net resources provided by financing activities were Ps. 1,744 million in the nine-month period ended September 30, 2008 (which amount includes the capital increase of Ps. 1,169 million in July 2008) versus Ps. 2,375 million of net resources provided by financing activities in the same period of 2007 (which amount includes the capital increase of Ps. 2,420 million in February 2007). Net resources used in investing activities (to acquire property, plant and equipment, other

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non-current assets and liabilities) were Ps. 8,925 million in the nine-month period ended September 30, 2008 (which amount includes Ps. 8,437 million used in the acquisition of Grupo San) versus net resources used in investing activities (to acquire property, plant and equipment and other non-current assets and liabilities) of Ps. 522 million in the same period of 2007.

Comparative Third Quarter 2008 vs. Second Quarter 2008

### Net Sales

Net sales increased 8% 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. 10,533 million for the third quarter 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,073 million). Sales in tons of finished steel decreased 3% to 795 thousand tons in the third quarter 2008 compared with 817 thousand tons in the second quarter 2008. The total sales outside of Mexico for the third quarter 2008 increased 8% to Ps. 7,317 million compared with Ps. 6,749 million for the second quarter 2008. Total Mexican sales increased 7% to Ps. 3,216 million in the third quarter 2008 from Ps. 2,997 million in the second quarter 2008. Prices of finished products sold in the third quarter 2008 increased approximately 11% compared to the second quarter 2008.

### Direct Cost of Sales

Direct cost of sales increased 13% 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. 8,726 million for the third quarter 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 663 million). With respect to sales, in the third quarter 2008, the direct cost of sales represents 83% compared to 79% for the second quarter 2008. The average cost of raw materials used to produce steel products increased 17% in the third quarter 2008 versus the second quarter 2008, primarily as a result of increases in the price of scrap and certain other raw materials.

### Gross Profit

Gross profit for the third quarter 2008 decreased 12% to Ps. 1,807 million (including the gross profit generated by the newly acquired plants of Grupo San of Ps. 410 million) compared to Ps. 2,053 million in the second quarter 2008 (including the gross profit generated by the newly acquired plants of Grupo San of Ps. 205 million).

The gross profit as a percentage of net sales for the third quarter 2008 was 17% compared with 21% for the second quarter 2008. The decrease in gross profit was principally due to the decrease in sales volume.

### Operating Expenses

Operating expenses increased 30% to Ps. 564 million in the third quarter 2008 (including the operating expenses by the newly acquired plants of Grupo San of Ps. 149 million) compared to Ps. 434 million for the second quarter 2008 (including the operating expenses by the newly acquired plants of Grupo San of Ps. 53 million). Operating expenses as a percentage of net sales represented 5% during the third quarter 2008 compared to 4% in the second quarter 2008.

### Operating Profit

Operating profit decreased 23% from Ps. 1,619 million in the second quarter 2008 (including the operating profit by the newly acquired plants of Grupo San of Ps.

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152 million) to Ps. 1,243 million for the third quarter 2008 (including the operating profit by the newly acquired plants of Grupo San of Ps. 261 million). The operating profit as a percentage of net sales in the third quarter 2008 was 12% compared to 17% in the second quarter 2008. The decrease in operating profit was principally due to the decrease in tons shipped.

### Comprehensive Financial Cost

Comprehensive financial cost for the third quarter 2008 represented an income of Ps. 25 million compared with an expense of Ps. 197 million for the second quarter 2008. Net interest expense was Ps. 11 million in the third quarter 2008 compared with Ps. 37 million of net interest income in the second quarter 2008. At the same time, we registered an exchange gain of Ps. 36 million in the third quarter 2008 compared with an exchange loss of Ps. 234 million in the second quarter 2008.

### Other Expenses (Income) net

The company recorded other income net of Ps. 49 million in the third quarter 2008 compared with other expense net of Ps. 2 million for the second quarter 2008.

### Income Taxes

Income taxes for the third quarter 2008 was an expense of Ps. 483 million compared to Ps. 495 million of expense for the second quarter 2008.

### Net Profit

As a result of the foregoing, net profit was Ps. 834 million in the third quarter 2008 compared to Ps. 925 million of net profit in the second quarter 2008.

### Comparative Third Quarter 2008 vs. Third Quarter 2007

#### Net Sales

Net sales increased 84% from Ps. 5,725 million for the third quarter 2007 compared with Ps. 10,533 million for the same period in 2008 (including the net sales generated by the newly acquired plants of Grupo San of Ps. 1,073 million). Sales in tons of finished steel increased 25% to 795 thousand tons in the third quarter 2008 compared with 635 thousand tons in the same period 2007. The total sales outside of Mexico for the third quarter 2008 increased 82% to Ps. 7,317 million compared with Ps. 4,029 million for the same period 2007. Total Mexican sales increased 90% to Ps. 3,216 million in the third quarter 2008 from Ps. 1,696 millions in the same period 2007. Prices of finished products sold in the third quarter 2008 increased approximately 47% compared to the third quarter 2007.

#### Direct Cost of Sales

Direct cost of sales increased 77% from Ps. 4,927 million in the third quarter 2007 to Ps. 8,726 million for the same period 2008 (including the cost of sales generated by the newly acquired plants of Grupo San of Ps. 663 million). With respect to sales, in the third quarter 2008, the direct cost of sales represents 83% compared to 86% for the same period 2007. The average cost of raw materials used to produce steel products increased 41% in the third quarter 2008 versus the third quarter 2007, primarily as a result of increases in the price of scrap and certain other raw materials.



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### Gross Profit

Gross profit for the third quarter 2008 increased 126% to Ps. 1,807 million (including the gross profit generated by the newly acquired plants of Grupo San of Ps. 410 million) compared to Ps. 798 million in the same period 2007. The gross profit as a percentage of net sales for the third quarter 2008 was 17% compared with 14% for the same period 2007. The increase in gross profit was principally due to the increase in tons shipped.

### Operating Expenses

Operating expenses increased 60% to Ps. 564 million in the third quarter 2008 (including the operating expenses by the newly acquired plants of Grupo San of Ps. 149 million) compared to Ps. 353 million for the same period 2007. Operating expenses as a percentage of net sales represented 5% during the third quarter 2008 compared to 6% of the same period 2007.

### Operating Profit

Operating profit increased 179% from Ps. 445 million in the third quarter 2007 to Ps. 1,243 million for the same period 2008 (including the operating profit by the newly acquired plants of Grupo San of Ps. 261 million). The operating profit as a percentage of net sales in the third quarter 2008 was 12% compared to 8% in the same period 2007. The increase in operating profit was due principally to an increase of 25% in sales volume.

### Comprehensive Financial Cost

Comprehensive financial cost for the third quarter 2008 represented a gain of Ps. 25 million compared with a gain of Ps. 91 million for the third quarter 2007. Net interest expense was Ps. 11 million in the third quarter 2008 compared with Ps. 93 million in the third quarter 2007. At the same time, we registered an exchange gain of Ps. 36 million in the third quarter 2008 compared with an exchange gain of Ps. 29 million in the third quarter 2007.

### Other Expenses (Income) net

The company recorded other income net of Ps. 49 million for the third quarter 2008 compared with other income net of Ps. 27 million for the same period 2007.

### Income Taxes

Income taxes for the third quarter 2008 increased to Ps. 483 million compared to Ps. 198 million for the same period 2007.

### Net Profit

As a result of the foregoing, net profit increased by 128% to Ps. 834 million in the third quarter 2008 from Ps. 365 million in the third quarter 2007.

	Nine months ended September 30, 2008	Nine months ended September 30, 2007	2008 vs. 2007
	-----	-----	
Sales	27,567	18,282	51%
Cost of Sales	22,469	15,063	49%
Gross Profit	5,098	3,219	58%
Operating Expenses	1,358	1,071	27%
Operating Profit	3,740	2,148	74%
EBITDA	4,170	2,527	65%

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Net Profit	2,351	1,661	42%
Sales Outside Mexico	19,489	12,767	53%
Sales in Mexico	8,078	5,515	46%
Total Sales (tons)	2,357	2,018	17%

(Millions of pesos)	3Q08	2Q08	3Q07	3Q08 vs. 2Q08	3Q08 vs. 3Q07
Sales	10,533	9,746	5,725	8%	84%
Cost of Sales	8,726	7,693	4,927	13%	77%
Gross Profit	1,807	2,053	798	(12%)	126%
Operating Expenses	564	434	353	30%	60%
Operating Profit	1,243	1,619	445	(23%)	179%
EBITDA	1,407	1,755	569	(20%)	147%
Net Profit	834	925	365	(10%)	128%
Sales Outside Mexico	7,317	6,749	4,029	8%	82%
Sales in Mexico	3,216	2,997	1,696	7%	90%
Total Sales (tons)	795	817	635	(3%)	25%

Product	Thousands of tons nine months ended September 30, 2008	Millions of pesos nine months ended September 30, 2008	Average price per ton nine months ended September 30, 2008	Thousands of tons nine months ended September 30, 2007	Millions of pesos nine months ended September 30, 2007
SBQ	1,699	20,731	12,202	1,449	17,311
Light Structural	142	1,448	10,197	217	2,185
Structural	150	1,608	10,720	171	1,821
Rebar	321	3,198	9,963	180	1,764
Others	45	582	--	1	126
Total	2,357	27,567	11,696	2,018	23,007

Product	Thousands of tons 3Q08	Millions of pesos 3Q08	Average price per ton 3Q08	Thousands of tons 2Q08	Millions of pesos 2Q08	Average price per ton 2Q08
SBQ	555	7,858	14,159	579	7,124	12,304
Light Structural	41	482	11,756	47	512	10,894
Structural	40	488	12,200	55	616	11,200
Rebar	127	1,324	10,425	124	1,325	10,685
Others	32	381	--	12	169	--
Total	795	10,533	13,249	817	9,746	11,929

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.

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MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 2 YEAR: 2008

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 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
- o Corporacion Aceros DM, S.A. de C.V.

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

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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.

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.

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 costs.

Derivative financial instruments are recognized in the balance sheet at fair value, which is initially represented by the amount of consideration agreed on. Such fair value is restated at the end of each month based on the new estimate. The Company periodically evaluates the changes in the cash flows of derivative instruments to analyze if the swaps are highly effective for mitigating the exposure to natural gas price fluctuations. In 2008, 2007 and 2006, the fair value of derivatives not qualifying as accounting hedging instruments was recorded currently against results of operations in the year. In the case of instruments qualifying as derivative accounting hedging instruments of the cash flow type, the fair value and subsequent changes were recorded under stockholders' equity as Comprehensive income, net of the deferred tax effect.

The effectiveness of hedging instruments is determined at the time the derivative financial instruments are designated as hedging, and this is evaluated periodically. A highly effective instrument is such in which the changes in the fair value of cash flows of primary position are offset on a periodic or cumulative basis, by the changes in the fair value or cash flows of the hedging instruments within a range of 80% and 125%.

At September 30, 2008, the Company has contracts for hedging risks associated with natural gas prices, that are estimated and recognized according to the MFRS C-10 "Derivative Financial Instruments".

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 September 30, 2008 are as follows:

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	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, 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

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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.
- 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 September 30, 2008 sales to five customers accounted for approximately 29.8% 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:

At September 30, 2008, Simec's total consolidated debt consisted of U.S. \$54.8 million; U.S. \$30 million is a credit bank, U.S. \$21.5 million is a credit from GE Capital and U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at September 30, 2008 was U.S. \$380,583). At December 31, 2007, Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998 (accrued interest at December 31, 2007 was U.S. \$363,703).

### (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. 11,804 (U.S. \$1,093,762) at September 30, 2008, (included in accrued liabilities) relating to these actions; the reduction of this reserve from previous levels reflects clean-up activities undertaken by Simec. Management believes the ultimate liability with respect to this matter will not exceed the amounts that have been accrued.

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

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QUARTER: 3 YEAR: 2008

RELATIONS OF SHARES INVESTMENTS  
CONSOLIDATED

COMPANY NAME -----	MAIN ACTIVITIES -----
SUBSIDIARIES	
Cia Siderurgica de Guadalajara	Sub-Holding
Simec International	Production and sales of steel pr
Arrendadora Simec	Production and sales of steel pr
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 pr
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	Production and sales of steel pr
Productos Siderurgicos Tlaxcala	Sales of steel products
Comercializadora MSAN	Sales of steel products
Comercializadora Aceros DM	Sales of steel products
Promotora de Aceros San Luis	Sales of steel products
TOTAL INVESTMENT IN SUBSIDIARIES	Sales of steel products
ASSOCIATEDS	
TOTAL INVESTMENT IN ASSOCIATEDS	
OTHER PERMANENT INVESTMENTS	
TOTAL	

NOTES

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CREDITS BREAK DOWN  
(THOUSANDS OF MEXICAN PESOS)

CONSOLIDATED

Credit Type / Institution -----	Amortization Date -----	Rate of Interest -----	Denominated in Pesos (Thousands of Pesos) Time Interval					Until 5 Years or More -----	Current Year -----
			Current Year -----	Until 1 Year -----	Until 2 Years -----	Until 3 Years -----	Until 4 Years -----		
BANKS									
Banco Inbursa, S.A.	29/05/2009	Libor + 1.45	0	0	0	0	0	0	
GE Capital	20/05/2009	Libor + 0.25							
TOTAL BANKS			0	0	0	0	0	0	
LISTED IN THE STOCK EXCHANGE									
UNSECURED DEBT									
Medium Term Notes	15/12/1998	9.33	0	0	0	0	0	3,226	
TOTAL STOCK EXCHANGE			0	0	0	0	0	3,226	
SUPPLIERS									
Various			733,014	0	0	0	0	3,481,337	
TOTAL SUPPLIERS			733,014		0	0	0	3,481,337	
OTHER LOANS WITH COST									
TOTAL			0	0	0	0	0	0	
OTHER CURRENT LIABILITIES WITHOUT COST									
Various			596,440	0	0	0	0	400,455	
TOTAL			596,440	0	0	0	0	400,455	
TOTAL			1,329,454	0	0	0	0	3,885,018	

NOTES: The exchange rate of the peso to the U.S. Dollar at September 30, 2008 was Ps. 10.7919

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QUARTER: 3 YEAR: 2008

MONETARY FOREIGN CURRENCY POSITION  
(Thousands of Mexican Pesos)

CONSOLIDATED

FOREIGN CURRENCY POSITION -----	DOLLARS		OTH
	THOUSANDS OF DOLLARS -----	THOUSANDS OF PESOS -----	THOUSANDS OF DOLLAR -----
TOTAL ASSETS	333,756	3,601,849	1
LIABILITIES POSITION	411,190	4,437,522	304
SHORT TERM LIABILITIES POSITION	411,190	4,437,522	304
LONG TERM LIABILITIES POSITION	0	0	0
NET BALANCE	(77,434)	(835,673)	(303)

NOTES

THE EXCHANGE RATE OF THE PESO TO THE U.S. DOLLAR AT SEPTEMBER 30, 2008 WAS PS. 10.7919

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QUARTER: 3 YEAR: 2008

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 2.27 times.
- B) Accomplished the actual situation is 0.33

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C) Accomplished the actual situation is 142.73

As of September 30, 2008, the remaining balance of the MTNs not exchanged amounts to Ps. 3,226 (\$302,000 dollars).

C.P. Jose Flores Flores  
Chief Financial Officer

BONDS AND/OR MEDIUM TERM NOTES CERTIFICATE

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QUARTER: 3 YEAR: 2008

PLANTS, COMMERCE CENTERS OR DISTRIBUTION CENTERS

CONSOLIDATED

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

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

MAIN RAW MATERIALS

CONSOLIDATED

DOMESTIC -----	MAIN SUPPLIERS -----	FOREIGN -----	MAIN SUPPLIERS -----	DOMESTIC SUBSTITUTION -----	PRO -----
PLANTS IN USA		SCRAP	VARIOUS	NO	
SCRAP	VARIOUS	PLANTS IN MEXICO		YES	

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PLANTS IN USA		COKE	VARIOUS	NO
PLANTS IN USA		PELLETS	VARIOUS	NO
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

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

SELLS DISTRIBUTION BY PRODUCT

CONSOLIDATED

DOMESTIC SELLS

MAIN PRODUCTS -----	NET SALES		MAIN DESTINATION	
	VOLUME	AMOUNT	TRADEMARKS	COSTUMERS
STRUCTURAL PROFILES	113	1,237,651		
COMMERCIAL PROFILES	42	454,464		
REBAR	236	2,464,909		
FLAT BAR	68	664,379		
STEEL BARS	249	2,674,867		
OTHER	3	143,320		
BILLET	20	183,340		
MALLA	9	98,365		
CASTILLOS	6	76,093		
ALAMBRON	7	81,143		
TOTAL		8,078,531		
FOREIGN SALES		19,488,801		
TOTAL		27,567,332		

MEXICAN STOCK EXCHANGE  
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QUARTER: 3 YEAR: 2008

SELLS DISTRIBUTION BY PRODUCT

CONSOLIDATED

FOREIGN SELLS

MAIN PRODUCTS -----	NET SALES		MAIN	
	VOLUME	AMOUNT	TRADEMARKS	COSTUMERS
EXPORTS				
STRUCTURAL PROFILES	37	370,395		
COMMERCIAL PROFILES	19	184,446		

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REBAR	85	733,392
STEEL BARS	37	414,523
FLAT BAR	13	144,982
BILLET	0	0
FOREIGN SUBSIDIARIES		
HOT-ROLLED BARS	771	9,927,650
COLD-FINISHED BARS	106	1,842,046
SEMI-FINISHED SEAMLESS		
TUBE ROUNDS	311	3,223,520
OTHER SEMI-FINISHED		
TRADE PRODUCTS	225	2,647,847
TOTAL		19,488,801

MEXICAN STOCK EXCHANGE  
SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

CONSTRUCTION IN PROGRESS

CONSOLIDATED

THE PROJECTS IN PROGRESS AT SEPTEMBER 30, 2008, ARE:

PROJECTS IN PROGRESS	TOTAL INVESTMENT
PROJECTS IN REPUBLIC	220,791
PROJECTS IN MEXICALI	144,148
PROJECTS IN TLAXCALA	18,702
PROJECTS IN GUADALAJARA	39,653
PROJECTS IN SAN LUIS (GRUPO SAN)	3,760
	-----
TOTAL INVESTMENT AT SEPTEMBER 30, 2008	427,054
	-----

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

QUARTER: 3 YEAR: 2008

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

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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 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.

### MEXICAN STOCK EXCHANGE SIFIC / ICS

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

QUARTER: 3 YEAR: 2008

CONSOLIDATED

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

SERIES	NOMINAL VALUE	VALID CUPON	NUMBER OF SHARES				CAPITAL STOCK	
			FIXED PORTION	VARIABLE PORTION	MEXICAN	FREE SUSCRIPTION	FIXED	VA
B			90,850,050	406,859,164	0	497,709,214	441,786	1,9
TOTAL			90,850,050	406,859,164	0	497,709,214	441,786	1,9

TOTAL NUMBER OF SHARES REPRESENTING THE PAID-IN CAPITAL STOCK ON THE DATE OF SENDING THE INFORMATION: 497,709,214

### MEXICAN STOCK EXCHANGE SIFIC / ICS

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QUARTER: 3 YEAR: 2008

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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 conducted at the beginning of 2008 and 2007, respectively, 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.

		Nine months ended September 30, ----- 2008 -----		Nine months ended September 30, ----- 2007 -----
Net sales	Ps.	30,311	Ps.	21,346
Marginal profit		6,111		3,967
Net income	Ps.	2,300	Ps.	1,834
		-----		-----
Earnings per share		5.02		4.54
		=====		=====

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

QUARTER: 3 YEAR: 2008

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 THIRD QUARTER REPORT.

ING LUIS GARCIA LIMON  
CHIEF EXECUTIVE OFFICER

C.P. JOSE FLORES FLORES  
CHIEF FINANCIAL OFFICER

GUADALAJARA, JAL, AT OCTOBER 28 OF 2008.