

GROUP SIMEC SA DE CV
Form 6-K
May 01, 2012

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 _____ May , _____ 2012.

Group Simec, Inc.

(Translation of Registrant's Name Into English)

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

(Address of principal executive office)

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

Form 20-F Form 40-F

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

Yes No

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

Yes No

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

Yes No

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

SIGNATURE

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

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

(Registrant)

Date: May 3, 2011. By: /s/ Luis
García
Limón
Name:
Luis García
Limón
Title:
Chief
Executive
Officer

PRESS RELEASE Contact: Sergio Vigil González
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GRUPO SIMEC ANNOUNCES RESULTS OF OPERATIONS FOR THE FIRST QUARTER, OF 2012, ENDED MARCH 31, 2012

GUADALAJARA, MEXICO, April 30, 2012- Grupo Simec, S.A.B. de C.V. (AMEX: SIM) (“Simec”) announced today its results of operations for the three-month period ended March 31, 2012.

Comparative first quarter of 2012 vs. first quarter of 2011

Net Sales

Net sales of the company increased 24% by the combination of: increase in volume shipment and the diminish in the sales price and. Sales rose from Ps. 6,565 millions in the first quarter of 2011 to Ps. 8,115 millions in the same period of 2012. Shipments of finished steel products increased 9%, from 538 thousand tons in the first quarter of 2011 compared to 588 thousand tons in the same period of 2012. Total sales outside of Mexico in the first quarter of 2012 increased 17% to Ps. 4,288 million compared to Ps. 3,678 million in the same period of 2011. The Mexican sales increased 33% from Ps. 2,887 millions in the first quarter of 2011 to Ps. 3,827 millions in the same period of 2012. The increase in sales can be explained due to the volume of tons shipments compared with the same period of 2011 the products shipments increase in 50 thousand versus the same period of 2012. The average sales price increase 13% in the first quarter of 2012 compared with the same period of 2011.

Cost of Sales

Cost of sales increased 22% from Ps. 5,705 millions in the first quarter of 2011 to Ps. 6,960 millions in the same period of 2012. Cost of sales as a percentage of net sales in the first quarter of 2012 represented 86% and in 2011 cost of sales represented 87%. The average cost of finished steel products in the first quarter of 2012 increased 12% compared to the same period of 2011.

Gross Profit

Gross profit of the company for the same period increased 34% from Ps. 860 millions in 2011 to Ps. 1,155 millions in the same period of 2012. Gross profit as a percentage of net sales in the first quarter of 2012 was 14% and for the same period of 2011 was 13%. The increase in gross profit is due to the mayor volume of shipments in the first quarter of 2012 compared with the same period of 2011.

General, Sales and administrative Expenses

General, selling and administrative expenses increased 12% to Ps. 282 millions in the first quarter of 2011 compared to Ps. 316 millions in the same period of 2012, and represented 4% of net sales in the first quarter of 2012 and 2011.

Operating Income

Operating income increased 45% from Ps. 578 million for the first quarter of 2011 compared to Ps. 839 millions in the same period of 2012. Operating income as a percentage of net sales was 10% in the first quarter of 2012 compared to 9% in the same period of 2011. The increase in operating income is due to increase in volume of shipments, in the first quarter of 2012 compared with the same period of 2011.

EBITDA

The EBITDA of the company for the first quarter of 2012, show an increase of 30%, by the above mentioned to pass from Ps. 833 millions in the first quarter of 2011 compared against Ps. 1,087 million of the first quarter of 2012.

Comprehensive Financial Cost

Comprehensive financial cost in the first quarter of 2012 represented an expense of Ps. 147 million compared with an expense of Ps. 84 millions in the same period of 2011. Net interest was an expense of Ps. 1 millions in the first quarter of 2012 compared with a net gain of Ps. 2 millions in the same period of 2011. At the same time, Simec registered an exchange loss of Ps. 145 millions in the first quarter of 2012 compared with an exchange loss of Ps. 86 millions in the same period of 2011, due to 8.1% revaluation of the peso versus the dollar as of March 31, 2012 compared to December 31, 2011.

Other Expenses (Income) net

The company recorded other income net of Ps. 11 millions in the first quarter of 2012 compared to other income net of Ps. 1 million in the same period of 2011.

Income Taxes

Income Taxes recorded an income of Ps. 30 millions in the first quarter of 2012 (including the income of Ps. 32 millions of deferred income taxes) compared to an income of Ps. 14 millions in the same period of 2011 (including the benefits of Ps. 36 millions of deferred income taxes).

Net Income (loss) (Before Non- controlling Interest)

As a result of the foregoing, net income decreased 42% to Ps. 703 millions in the first quarter of 2012 versus Ps. 495 millions in the same period of previous year.

Liquidity and Capital Resources

As of March 31, 2012, Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998, or Ps. 3.9 million (accrued interest on March 31, 2012 was U.S. \$479,730, or Ps. 6.2 millions). As of December 31, 2011, Simec's total consolidated debt consisted of U.S. \$302,000 of 8 7/8% medium-term notes ("MTN's") due 1998, or Ps. 3.6 million (accrued interest on December 31, 2011 was U.S. \$452,297 or Ps. 5.4 million).

Comparative first quarter of 2012 vs. fourth quarter of 2011

Net Sales

Net sales of the company increased 4% from Ps. 7,836 million of the fourth quarter of 2011 to Ps. 8,115 million to the first quarter of 2012. Sales in tons of finished steel increased 5% from 558 thousand tons in the fourth quarter of 2011 compared with 588 thousand tons in the first quarter of 2012. The total sales outside of Mexico for the first quarter of 2012 increased 8 % to Ps. 3,958 millions in the fourth quarter of 2011, compared with Ps. 4,288 million for the first quarter of 2012. The Mexican sales decreased 1% from Ps. 3,878 millions in the fourth quarter of 2011 to

Ps. 3,827 millions in the first quarter of 2012. Prices of finished products sold in the first quarter 2011 decreased 10% compared to the fourth quarter 2011.

Cost of Sales

Cost of sales increased 3% from Ps. 6,761 millions in the fourth quarter of 2011 to Ps. 6,960 millions in the first quarter of 2012. With respect to sales, in the first quarter of 2012, the cost of sales represented 86% compared to 86% for the fourth quarter of 2011. The average cost of raw materials used to produce steel products decreased 2% in the first quarter of 2012 versus the fourth quarter of 2011.

Marginal (Loss) Profit

Marginal profit for the first quarter of 2012 amounted to Ps. 1,155 million compared with the profit of Ps. 1,075 million in the fourth quarter of 2011. The marginal profit as a percentage of net sales for the first quarter of 2012 was 14% compared with 14% for the fourth quarter of 2011. The increase in marginal profit is due to the improved in the volume of the shipments and decrease in the average sales price comparing the first quarter of 2012 versus the fourth quarter of 2011.

General, Sales and administrative Expenses

General, selling and administrative expenses amounted to Ps. 316 millions in the first quarter of 2012 versus Ps. 360 million in the fourth quarter of 2011, equivalent to a decreased of 12%. General, selling and administrative expenses as a percentage of net sales represented 4% during the first quarter of 2012 and 5% for the fourth quarter of 2011.

Operating (Loss) Income

Operating income was of Ps. 839 million in the first quarter of 2012 compared to Ps. 715 million of the fourth quarter of 2011. The operating income amount an increase of 17% between both quarters. The operating income as a percentage of net sales in the first quarter of 2012 was 10% compared to an operating of 9% in the fourth quarter of 2011. The increase in operating income is due to the improved in volume of shipments and diminish in the general, selling and administrative expense for the first quarter of 2012 compared with the fourth quarter of 2011.

EBITDA

The ebitda of the first quarter of 2012 was of Ps. 1,087 million compared to Ps. 967 million of the fourth quarter of 2011, an increase of Ps 120 million.

Comprehensive Financial Cost

Comprehensive financial cost for the first quarter of 2012 represented an expense of Ps. 147 million compared with an income of Ps. 261 million for the fourth quarter of 2011. Net interest for the first quarter of 2012 amount an expense of Ps. 1 million, while for the fourth quarter of 2011, the effect was an expense of Ps. 5 million. At the same time we registered an exchange net loss of Ps. 145 millions in the first quarter of 2012 compared with an exchange net gain of Ps. 266 millions in the fourth quarter of 2011.

Other Expenses (Income) net

The company recorded other income net of Ps. 11 millions in the first quarter of 2012 compared with other expenses net of Ps. 135 million for the fourth quarter of 2011.

Income Taxes

The Company record an income tax, as income of Ps. 30 millions in the first quarter of 2012 (including the income of Ps. 32 millions of deferred income taxes) compared to an income of Ps. 335 millions in the fourth quarter same period of 2011 (including the benefits of Ps. 150 millions of deferred income taxes).

Net Income (loss) (Before Non- controlling Interest)

As a result of the foregoing, net income was of Ps. 703 millions in the first quarter of 2012 versus Ps. 1,175 millions in the fourth quarter of 2011

| (Millions of pesos) | 1Q '12 | 1Q '11 | 4Q '11 | 1Q'12 vs 1Q'11 | 1Q'12 vs 4Q'11 |
|--|--------|--------|--------|----------------|----------------|
| Sales | 8,115 | 6,565 | 7,836 | 24% | 4% |
| Cost of Sales | 6,960 | 5,705 | 6,761 | 22% | 3% |
| Gross Profit | 1,155 | 860 | 1,075 | 34% | 7% |
| Operating Expenses | 316 | 282 | 360 | 12% | (12%) |
| Operating Profit | 839 | 578 | 715 | 45% | 17% |
| EBITDA | 1,087 | 833 | 967 | 30% | 12% |
| Net Profit before Non-Controlling Interest | 703 | 495 | 1,175 | 42% | (40%) |
| Sales outside Mexico | 4,288 | 3,678 | 3,958 | 17% | 8% |
| Sales in México | 3,827 | 2,887 | 3,878 | 33% | (1%) |
| Total sales (tons) | 588 | 538 | 558 | 9% | 5% |

| Product | Thousands of tons | Millions of pesos | Average price per ton | Thousands of tons | Millions of pesos | Average price per ton | Thousands of tons | Millions of pesos | Average price per ton |
|------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|-------------------|-----------------------|
| | 1Q '12 | 1Q'12 | 1Q'12 | 1Q '11 | 1Q'11 | 1Q'11 | 4Q'10 | 4Q'10 | 4Q'10 |
| SBQ | 334 | 5,168 | 15,473 | 322 | 4,407 | 13,686 | 318 | 5,011 | 15,758 |
| Light Structural | 254 | 2,947 | 11,602 | 216 | 2,158 | 9,991 | 240 | 2,825 | 11,771 |
| Total | 588 | 8,115 | 13,801 | 538 | 6,565 | 12,203 | 558 | 7,836 | 14,043 |

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.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.
 CLAVE DE COTIZACION: **SIMEC**
 STATEMENTS OF FINANCIAL POSITION
 GRUPO SIMEC, S.A.B. DE C.V

QUARTER: 1 YEAR 2012

| | CONSOLIDADO | | |
|--|---------------------------|-------------------------|----------------------------|
| (THOUSAND PESOS) | ENDING CURRENT QUARTER | ENDING PREVIOUS YEAR | BEGINNING PREVIOUS YEAR |
| ACCOUNT | Amount | Amount | Amount |
| TOTAL ASSETS | 30,854,119 | 31,015,761 | 27,193,132 |
| TOTAL CURRENT ASSETS | 16,623,211 | 16,209,931 | 12,197,692 |
| CASH AND CASH EQUIVALENTS | 6,646,031 | 6,537,088 | 3,384,917 |
| SHORT-TERM INVESTMENTS | 0 | 0 | 0 |
| AVAILABLE-FOR-SALE INVESTMENTS | 0 | 0 | 0 |
| TRADING INVESTMENTS | 0 | 0 | 0 |
| HELD-TO-MATURITY INVESTMENTS | 0 | 0 | 0 |
| TRADE RECEIVABLES, NET | 3,498,503 | 3,031,679 | 2,465,208 |
| TRADE RECEIVABLES | 3,763,201 | 3,296,377 | 2,702,587 |
| ALLOWANCE FOR DOUBTFUL ACCOUNTS | -264,698 | -264,698 | -237,379 |
| OTHER RECEIVABLES, NET | 622,838 | 677,989 | 857,485 |
| OTHER RECEIVABLES | 622,838 | 677,989 | 857,485 |
| ALLOWANCE FOR DOUBTFUL ACCOUNTS | 0 | 0 | 0 |
| INVENTORIES | 5,547,671 | 5,769,190 | 5,227,374 |
| BIOLOGICAL CURRENT ASSETS | 0 | 0 | 0 |
| OTHER CURRENT ASSETS | 308,168 | 193,985 | 262,708 |
| PREPAYMENTS | 0 | 0 | 0 |
| DERIVATIVE FINANCIAL INSTRUMENTS | 0 | 0 | 0 |
| ASSETS AVAILABLE FOR SALE | 0 | 0 | 0 |
| DISCONTINUED OPERATIONS | 0 | 0 | 0 |
| RIGHTS AND LICENSES | 0 | 0 | 0 |
| OTHER | 308,168 | 193,985 | 262,708 |
| TOTAL NON-CURRENT ASSETS | 14,230,908 | 14,805,830 | 14,995,440 |
| ACCOUNTS RECEIVABLE, NET | 0 | 0 | 0 |
| INVESTMENTS | 0 | 0 | 0 |
| INVESTMENTS IN ASSOCIATES AND JOINT VENTURES | 0 | 0 | 0 |
| HELD-TO-MATURITY INVESTMENTS | 0 | 0 | 0 |
| AVAILABLE-FOR-SALE INVESTMENTS | 0 | 0 | 0 |
| OTHER INVESTMENTS | 0 | 0 | 0 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 8,882,594 | 9,212,787 | 9,288,331 |
| LAND AND BUILDINGS | 4,125,273 | 4,171,787 | 3,800,468 |
| MACHINERY AND INDUSTRIAL EQUIPMENT | 13,722,571 | 13,935,986 | 13,111,559 |
| OTHER EQUIPMENT | 269,118 | 267,596 | 233,810 |
| ACCUMULATED DEPRECIATION | -9,322,249 | -9,240,737 | -8,344,941 |

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| | | | |
|----------------------------------|-----------|-----------|-----------|
| CONSTRUCTION IN PROGRESS | 87,881 | 78,155 | 487,435 |
| INVESTMENT PROPERTY | 0 | 0 | 0 |
| BIOLOGICAL NON- CURRENT ASSETS | 0 | 0 | 0 |
| INTANGIBLE ASSETS, NET | 3,691,057 | 3,801,003 | 4,101,141 |
| GOODWILL | 1,814,160 | 1,814,160 | 1,814,160 |
| TRADEMARKS | 398,810 | 404,952 | 396,089 |
| RIGHTS AND LICENSES | 52,293 | 81,981 | 179,376 |
| CONCESSIONS | 0 | 0 | 0 |
| OTHER INTANGIBLE ASSETS | 1,425,794 | 1,499,910 | 1,711,516 |
| DEFERRED TAX ASSETS | 0 | 0 | 0 |
| OTHER NON-CURRENT ASSETS | 1,657,257 | 1,792,040 | 1,605,968 |
| PREPAYMENTS | 0 | 0 | 0 |
| DERIVATIVE FINANCIAL INSTRUMENTS | 0 | 0 | 0 |
| EMPLOYEE BENEFITS | 0 | 0 | 0 |
| AVAILABLE FOR SALE ASSETS | 0 | 0 | 0 |
| DISCONTINUED OPERATIONS | 0 | 0 | 0 |
| DEFERRED CHARGES | 0 | 0 | 0 |
| OTHER | 1,657,257 | 1,792,040 | 1,605,968 |
| TOTAL LIABILITIES | 6,873,034 | 6,936,532 | 6,653,768 |
| TOTAL CURRENT LIABILITIES | 3,849,255 | 3,822,757 | 3,898,606 |
| BANK LOANS | 0 | 0 | 0 |
| STOCK MARKET LOANS | 3,880 | 4,225 | 3,732 |
| OTHER LIABILITIES WITH COST | 649,941 | 707,453 | 602,168 |
| TRADE PAYABLES | 2,298,294 | 2,294,701 | 2,162,801 |
| TAXES PAYABLE | 262,533 | 246,247 | 434,220 |
| INCOME TAX PAYABLE | 0 | 0 | 0 |
| OTHER TAXES PAYABLE | 262,533 | 246,247 | 434,220 |
| OTHER CURRENT LIABILITIES | 634,607 | 570,131 | 695,685 |
| INTEREST PAYABLE | 6,164 | 6,615 | 5,503 |
| DERIVATIVE FINANCIAL INSTRUMENTS | 26,286 | 35,456 | 79,708 |
| DEFERRED REVENUE | 0 | 0 | 0 |
| EMPLOYEE BENEFITS | 0 | 0 | 0 |
| PROVISIONS | 0 | 0 | 0 |
| CURRENT LIABILITIES RELATED TO | | | |
| AVAILABLE FOR SALE ASSETS | 0 | 0 | 0 |
| DISCONTINUED OPERATIONS | 0 | 0 | 0 |
| OTHER | 602,157 | 528,060 | 610,474 |
| TOTAL NON-CURRENT LIABILITIES | 3,023,779 | 3,113,775 | 2,755,162 |
| BANK LOANS | 0 | 0 | 0 |
| STOCK MARKET LOANS | 0 | 0 | 0 |
| OTHER LIABILITIES WITH COST | 0 | 0 | 0 |
| DEFERRED TAX LIABILITIES | 2,912,920 | 2,998,263 | 2,641,506 |
| OTHER NON-CURRENT LIABILITIES | 110,859 | 115,512 | 113,656 |
| DERIVATIVE FINANCIAL INSTRUMENTS | 0 | 0 | 0 |
| DEFERRED REVENUE | 0 | 0 | 0 |

| | | | |
|--|------------|------------|------------|
| EMPLOYEE BENEFITS PROVISIONS | 57,287 | 67,325 | 62,653 |
| NON-CURRENT LIABILITIES RELATED TO AVAILABLE FOR SALE | 0 | 0 | 0 |
| ASSETS | 0 | 0 | 0 |
| DISCONTINUED OPERATIONS | 0 | 0 | 0 |
| OTHER | 53,572 | 48,187 | 51,003 |
| TOTAL EQUITY | 23,981,085 | 24,079,229 | 20,539,364 |
| EQUITY ATTRIBUTABLE TO OWNERS OF PARENT | 21,973,286 | 21,903,371 | 18,695,281 |
| CAPITAL STOCK | 2,832,268 | 2,832,268 | 2,832,268 |
| SHARES REPURCHASED | 0 | 0 | 0 |
| PREMIUM ON ISSUANCE OF SHARES | 4,153,850 | 4,153,850 | 4,153,850 |
| CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 | 0 |
| OTHER CONTRIBUTED CAPITAL | 0 | 0 | 0 |
| RETAINED EARNINGS (ACCUMULATED LOSSES) | 15,252,453 | 14,523,364 | 11,772,512 |
| LEGAL RESERVE | 0 | 0 | 0 |
| OTHER RESERVES | 200,612 | 200,612 | 200,612 |
| RETAINED EARNINGS | 14,322,752 | 11,668,559 | 11,571,900 |
| NET INCOME FOR THE PERIOD | 729,089 | 2,654,193 | 0 |
| OTHER | 0 | 0 | 0 |
| ACCUMULATED OTHER COMPREHENSIVE INCOME (NET OF TAX) | -265,285 | 393,889 | -63,349 |
| GAIN ON REVALUATION OF PROPERTIES | 0 | 0 | 0 |
| ACTUARIAL GAINS (LOSSES) FROM LABOR OBLIGATIONS | 0 | 0 | 0 |
| FOREIGN CURRENCY TRANSLATION | -249,060 | 419,334 | 0 |
| CHANGES IN THE VALUATION OF FINANCIAL ASSETS AVAILABLE FOR SALE | 0 | 0 | 0 |
| CHANGES IN THE VALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS | -16,225 | -25,445 | -63,349 |
| CHANGES IN FAIR VALUE OF OTHER ASSETS | 0 | 0 | 0 |
| SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES | 0 | 0 | 0 |
| OTHER COMPREHENSIVE INCOME | 0 | 0 | 0 |
| NON-CONTROLLING INTERESTS | 2,007,799 | 2,175,858 | 1,844,083 |
| | 0 | 0 | 0 |

| Informational data (not a part of the STATEMENTS OF FINANCIAL POSITION) | ENDING CURRENT QUARTER Amount | ENDING PREVIOUS YEAR Amount | BEGINNING PREVIOUS YEAR Amount |
|---|----------------------------------|--------------------------------|-----------------------------------|
| SHORT-TERM FOREIGN CURRENCY LIABILITIES | 3,139,964 | 3,005,735 | 2,776,601 |
| LONG-TERM FOREIGN CURRENCY LIABILITIES | 42,171 | 48,188 | 51,010 |
| CAPITAL STOCK (NOMINAL) | 2,420,230 | 2,420,230 | 2,420,230 |
| RESTATEMENT OF CAPITAL STOCK | 412,038 | 412,038 | 412,038 |
| PLAN ASSETS FOR PENSIONS AND SENIORITY PREMIUMS | 0 | 0 | 0 |
| NUMBER OF EXECUTIVES (+) | 53 | 54 | 54 |
| NUMBER OF EMPLOYEES (+) | 1,553 | 1,519 | 1,443 |
| NUMBER OF WORKERS (+) | 3,123 | 3,113 | 2,864 |

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|---|-------------|-------------|-------------|
| OUTSTANDING SHARES (+) | 497,709,214 | 497,709,214 | 497,709,214 |
| REPURCHASED SHARES (+) | 0 | 0 | 0 |
| RESTRICTED CASH (1) | 0 | 0 | 0 |
| GUARANTEED DEBT OF ASSOCIATED COMPANIES | 649,941 | 707,453 | 602,168 |

(1) This concept must be filled when there are guarantees or restrictions that affect cash and cash equivalents

(*) Data in units

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

CLAVE DE COTIZACION: SIMEC

QUARTER: YEAR 2012
1

STATEMENTS OF COMPREHENSIVE INCOME

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

CONSOLIDADO

(THOUSAND PESOS)

| ACCOUNT | CURRENT YEAR ACCUMULATED QUARTER | | PREVIOUS YEAR ACCUMULATED QUARTER | |
|--|-------------------------------------|-----------|--------------------------------------|-----------|
| REVENUE | 8,114,840 | 8,114,840 | 6,565,451 | 6,565,451 |
| SERVICES | 0 | 0 | 0 | 0 |
| SALE OF GOODS | 8,114,840 | 8,114,840 | 6,565,451 | 6,565,451 |
| INTERESTS | 0 | 0 | 0 | 0 |
| ROYALTIES | 0 | 0 | 0 | 0 |
| DIVIDENDS | 0 | 0 | 0 | 0 |
| LEASES | 0 | 0 | 0 | 0 |
| CONSTRUCTIONS | 0 | 0 | 0 | 0 |
| OTHER REVENUE | 0 | 0 | 0 | 0 |
| COST OF SALES | 6,959,556 | 6,959,556 | 5,704,782 | 5,704,782 |
| GROSS PROFIT | 1,155,284 | 1,155,284 | 860,669 | 860,669 |
| GENERAL EXPENSES | 316,357 | 316,357 | 282,259 | 282,259 |
| PROFIT (LOSS) BEFORE OTHER INCOME (EXPENSE), NET | 838,927 | 838,927 | 578,410 | 578,410 |
| OTHER INCOME (EXPENSE), NET | 10,538 | 10,538 | 938 | 938 |
| OPERATING PROFIT (LOSS) (*) | 849,465 | 849,465 | 579,348 | 579,348 |
| FINANCE INCOME | 5,906 | 5,906 | 5,379 | 5,379 |
| INTEREST INCOME | 5,906 | 5,906 | 5,379 | 5,379 |
| GAIN ON FOREIGN EXCHANGE, NET | 0 | 0 | 0 | 0 |
| GAIN ON DERIVATIVES, NET | 0 | 0 | 0 | 0 |
| GAIN ON CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS | 0 | 0 | 0 | 0 |
| OTHER FINANCE INCOME | 0 | 0 | 0 | 0 |
| FINANCE COSTS | 152,624 | 152,624 | 89,658 | 89,658 |
| INTEREST EXPENSE | 7,163 | 7,163 | 3,209 | 3,209 |
| LOSS ON FOREIGN EXCHANGE, NET | 145,461 | 145,461 | 86,449 | 86,449 |
| LOSS ON DERIVATIVES, NET | 0 | 0 | 0 | 0 |
| LOSS ON CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS | 0 | 0 | 0 | 0 |
| OTHER FINANCE COSTS | 0 | 0 | 0 | 0 |
| FINANCE INCOME (COSTS), NET | -146,718 | -146,718 | -84,279 | -84,279 |
| SHARE OF PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES | 0 | 0 | 0 | 0 |
| PROFIT (LOSS) BEFORE INCOME TAX | 702,747 | 702,747 | 495,069 | 495,069 |
| INCOME TAX EXPENSE | -29,732 | -29,732 | -14,366 | -14,366 |
| CURRENT TAX | 2,210 | 2,210 | 22,133 | 22,133 |
| DEFERRED TAX | -31,942 | -31,942 | -36,499 | -36,499 |
| | 732,479 | 732,479 | 509,435 | 509,435 |

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|---|---------|---------|---------|---------|
| PROFIT (LOSS) FROM CONTINUING OPERATIONS | | | | |
| PROFIT (LOSS) FROM DISCONTINUED OPERATIONS | 0 | 0 | 0 | 0 |
| NET PROFIT (LOSS) | 732,479 | 732,479 | 509,435 | 509,435 |
| PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | 3,390 | 3,390 | 45,900 | 45,900 |
| PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT | 729,089 | 729,089 | 463,535 | 463,535 |
| BASIC EARNINGS (LOSS) PER SHARE | 0 | 0 | 0 | 0 |
| DILUTED EARNINGS (LOSS) PER SHARE | 0 | 0 | 0 | 0 |
| OTHER COMPREHENSIVE INCOME (NET OF INCOME TAX) | | | | |
| NET PROFIT (LOSS) | 732,479 | 732,479 | 509,435 | 509,435 |
| DISCLOSURES NOT BE RECLASSIFIED ON INCOME | | | | |
| PROPERTY REVALUATION GAINS | 0 | 0 | 0 | 0 |
| ACTUARIAL EARNINGS (LOSS) FROM LABOR OBLIGATIONS | 0 | 0 | 0 | 0 |
| SHARE OF INCOME ON REVALUATION ON PROPERTIES OF ASSOCIATES AND JOINT VENTURES | 0 | 0 | 0 | 0 |
| DISCLOSURES MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME | | | | |
| FOREING CURRENCY TRANSLATION CHANGES IN THE VALUATION OF FINANCIAL ASSETS HELD-FOR-SALE | 0 | 0 | 0 | 0 |
| CHANGES IN THE VALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS | | | | |
| CHANGES IN FAIR VALUE OF OTHER ASSETS | 0 | 0 | 0 | 0 |
| SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES | 0 | 0 | 0 | 0 |
| OTHER COMPREHENSIVE INCOME | 0 | 0 | 0 | 0 |
| TOTAL OTHER COMPREHENSIVE INCOME | 0 | 0 | 0 | 0 |
| TOTAL COMPREHENSIVE INCOME | 732,479 | 732,479 | 346,900 | 346,900 |
| COMPREHENSIVE INCOME, ATTRIBUTABLE TO NON-CONTROLLING INTERESTS | 3,390 | 3,390 | 45,900 | 45,900 |
| COMPREHENSIVE INCOME, ATTRIBUTABLE TO OWNERS OF PARENT | 729,089 | 729,089 | 463,535 | 463,535 |

| | | |
|--|-------------------------------------|--------------------------------------|
| Informational data (not part of the statement) | CURRENT YEAR ACCUMULATED QUARTER | PREVIOUS YEAR ACCUMULATED QUARTER |
|--|-------------------------------------|--------------------------------------|

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| | | | | |
|---|---------|---------|---------|---------|
| OPERATING DEPRECIATION AND AMORTIZATION | 248,473 | 248,473 | 254,506 | 254,506 |
| EMPLOYEE PROFIT SHARING EXPENSE | 0 | 0 | 0 | 0 |

| Informative data (12 Months) | YEAR | |
|--|------------|------------|
| | CURRENT | PREVIOUS |
| REVENUE NET (**) | 30,819,887 | 20,645,867 |
| OPERATING PROFIT (LOSS) (**) | 2,622,619 | 1,058,142 |
| PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF PARENT(**) | 47,294 | 997,481 |
| NET PROFIT (LOSS) (**) | 2,967,040 | 1,156,692 |
| OPERATING DEPRECIATION AND AMORTIZATION (**) | 1,082,125 | 1,159,823 |

(*) TO BE DEFINED BY EACH COMPANY

(**) INFORMATION FOR THE LAST 12 MONTHS

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.
 CLAVE DE COTIZACION: **SIMEC**
 GRUPO SIMEC, S.A.B. DE C.V.
 STATEMENTS OF CASH FLOWS

YEAR 2012

QUARTER: 1

CONSOLIDADO

(THOUSAND PESOS)

| CONCEPTS | CURRENT YEAR Amount | PREVIOUS YEAR Amount |
|--|---------------------------|-------------------------|
| OPERATING ACTIVITIES | | |
| PROFIT (LOSS) BEFORE INCOME TAX | 702,747 | 495,069 |
| +(-) ITEMS NOT REQUIRING CASH | 0 | 0 |
| + ESTIMATE FOR THE PERIOD | 0 | 0 |
| + PROVISION FOR THE PERIOD | 0 | 0 |
| +(-) OTHER UNREALISED ITEMS | 0 | 0 |
| +(-) ITEMS RELATED TO INVESTING ACTIVITIES | 242,567 | 249,127 |
| DEPRECIATION AND AMORTISATION FOR THE PERIOD | 248,473 | 254,506 |
| (-)+ GAIN OR LOSS ON SALE OF PROPERTY, PLANT AND EQUIPMENT | 0 | 0 |
| +(-) LOSS (REVERSAL) IMPAIRMENT | 0 | 0 |
| (-)+ EQUITY IN RESULTS OF ASSOCIATES AND JOINT VENTURES | 0 | 0 |
| (-) DIVIDENDS RECEIVED | 0 | 0 |
| (-) INTEREST RECEIVED | -5,906 | -5,379 |
| (-) EXCHANGE FLUCTUATION | 0 | 0 |
| (-)+ OTHER INFLOWS (OUTFLOWS) OF CASH | 0 | 0 |
| +(-) ITEMS RELATED TO FINANCING ACTIVITIES | 7,163 | 3,209 |
| (+) ACCRUED INTEREST | 7,163 | 3,209 |
| (+) EXCHANGE FLUCTUATION | 0 | 0 |
| (+) DERIVATIVE TRANSACTIONS | 0 | 0 |
| (-)+ OTHER INFLOWS (OUTFLOWS) OF CASH | 0 | 0 |
| CASH FLOWS BEFORE INCOME TAX | 952,477 | 747,405 |
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | -800,753 | -482,480 |
| +(-) DECREASE (INCREASE) IN TRADE ACCOUNTS RECEIVABLE | -571,065 | -497,748 |
| +(-) DECREASE (INCREASE) IN INVENTORIES | -162,276 | -404,103 |
| +(-) DECREASE (INCREASE) IN OTHER ACCOUNTS RECEIVABLE | -370,426 | -27,722 |
| +(-) INCREASE (DECREASE) IN TRADE ACCOUNTS PAYABLE | 177,432 | 492,893 |
| +(-) INCREASE (DECREASE) IN OTHER LIABILITIES | 125,582 | -45,800 |
| +(-) INCOME TAXES PAID OR RETURNED | 0 | 0 |
| NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES | 151,724 | 264,925 |
| INVESTING ACTIVITIES | | |
| NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | -34,113 | -164,646 |
| (-) PERMANENT INVESTMENTS | 0 | 0 |
| + DISPOSITION OF PERMANENT INVESTMENTS | 0 | 0 |
| (-) INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT | 0 | 0 |
| + SALE OF PROPERTY, PLANT AND EQUIPMENT | -40,019 | -146,785 |
| (-) TEMPORARY INVESTMENTS | 0 | 0 |
| + DISPOSITION OF TEMPORARY INVESTMENTS | 0 | 0 |
| (-) INVESTMENT IN INTANGIBLE ASSETS | 0 | 0 |
| + DISPOSITION OF INTANGIBLE ASSETS | 0 | 0 |

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| | | |
|--|-----------|-----------|
| (-) ACQUISITIONS OF VENTURES | 0 | 0 |
| + DISPOSITIONS OF VENTURES | 0 | 0 |
| + DIVIDEND RECEIVED | 0 | 0 |
| + INTEREST RECEIVED | 5,906 | 5,379 |
| +(-) DECREASE (INCREASE) ADVANCES AND LOANS TO THIRD PARTS | 0 | 0 |
| (-)+ OTHER INFLOWS (OUTFLOWS) OF CASH | 0 | -23,240 |
| FINANCING ACTIVITIES | | |
| NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | -7,163 | -3,209 |
| + BANK FINANCING | 0 | 0 |
| + STOCK MARKET FINANCING | 0 | 0 |
| + OTHER FINANCING | 0 | 0 |
| (-) BANK FINANCING AMORTISATION | 0 | 0 |
| (-) STOCK MARKET FINANCING AMORTISATION | 0 | 0 |
| (-) OTHER FINANCING AMORTISATION | 0 | 0 |
| +(-) INCREASE (DECREASE) IN CAPITAL STOCK | 0 | 0 |
| (-) DIVIDENDS PAID | 0 | 0 |
| + PREMIUM ON ISSUANCE OF SHARES | 0 | 0 |
| + CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES | 0 | 0 |
| (-) INTEREST EXPENSE | -7,163 | -3,209 |
| (-) REPURCHASE OF SHARES | 0 | 0 |
| (-)+ OTHER INFLOWS (OUTFLOWS) OF CASH | 0 | 0 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 110,448 | 97,070 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | -1,505 | 28,400 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 6,537,088 | 3,384,917 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 6,646,031 | 3,510,387 |

QUARTER: 1 YEAR 2012

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.
 STATEMENTS OF CHANGES IN EQUITY
 CLAVE DE COTIZACION:
SIMEC

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

| CONCEPTS | CAPITAL STOCK | SHARES REPURCHASED | PREMIUM ON ISSUANCE OF SHARES | (THOUSAND PESOS) CONTRIBUTIONS FOR FUTURE CAPITAL INCREASES |
|--|---------------|--------------------|-------------------------------|--|
| BALANCE AT _____ | 2,832,268 | | 4,153,850 | |
| RETROSPECTIVE ADJUSTMENTS | | | | |
| APPLICATION OF COMPREHENSIVE INCOME TO RETAINED EARNINGS | | | | |
| RESERVES | | | | |
| DIVIDENDS | | | | |
| CAPITAL INCREASE (DECREASE) | | | | |
| REPURCHASE OF SHARES | | | | |
| (DECREASE) INCREASE IN PREMIUM ON ISSUE OF SHARES | | | | |
| (DECREASE) INCREASE IN NON-CONTROLLING INTERESTS | | | | |
| OTHER CHANGES | | | | |
| COMPREHENSIVE INCOME | | | | |
| BALANCE AT _____ | 2,832,268 | 0 | 4,153,850 | 0 |
| BALANCE AT _____ | 2,832,268 | 0 | 4,153,850 | 0 |
| RETROSPECTIVE ADJUSTMENTS | | | | |

APPLICATION OF
COMPREHENSIVE INCOME TO
RETAINED EARNINGS

RESERVES

DIVIDENDS

CAPITAL INCREASE
(DECREASE)

REPURCHASE OF SHARES

(DECREASE) INCREASE IN
PREMIUM ON ISSUE OF
SHARES

(DECREASE) INCREASE IN
NON-CONTROLLING
INTERESTS

OTHER CHANGES

COMPREHENSIVE INCOME

| | | | | |
|------------------|-----------|---|-----------|---|
| BALANCE AT _____ | 2,832,268 | 0 | 4,153,850 | 0 |
|------------------|-----------|---|-----------|---|

QUARTER: 1 YEAR 2012

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

STATEMENTS OF CHANGES IN EQUITY

CLAVE DE COTIZACION: SIMEC

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

(THOUSAND PESOS)

| OTHER CONTRIBUTED CAPITAL | RETAINED EARNINGS (ACCUMULATED LOSSES) UNAPPROPRIATED EARNINGS (ACCUMULATED LOSSES) | ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) | EQUITY ATTRIBUTABLE TO OWNERS OF PARENT | NON-CONTROLLING INTERESTS | TOTAL EQUITY | |
|---------------------------------|--|--|--|------------------------------|-----------------|--------|
| | 200,612 | 11,571,900 | (63,349) | 18,695,281 | 1,844,083 | 20,539 |
| | | 463,535 | (41,263) | 422,272 | (75,372) | 346,90 |
| 0 | 200,612 | 12,035,435 | (104,612) | 19,117,553 | 1,768,711 | 20,886 |
| 0 | 200,612 | 14,322,752 | 393,889 | 21,903,371 | 2,175,858 | 24,079 |
| | | 729,089 | (659,174) | 69,915 | (168,059) | (98,14 |

| | | | | | | |
|---|---------|------------|-----------|------------|-----------|--------|
| 0 | 200,612 | 15,051,841 | (265,285) | 21,973,286 | 2,007,799 | 23,981 |
|---|---------|------------|-----------|------------|-----------|--------|

Grupo Simec, S.A.B. de C.V. and Subsidiaries

(Subsidiary of Industrias CH, S.A.B. de C.V.)

Notes to the consolidated financial statements

1. Nature of business and relevant events

Nature of business – The principal activities of Grupo Simec, S.A.B. de C.V. and subsidiaries (the Company) are the manufacture and sale of special bar quality “SBQ” commercial and profiles structural steel products for the automotive and construction industries both in Mexico, the United States (USA) and Canada. The Company is a subsidiary of Industrias CH, S.A.B. de C.V. (Industrias CH). The Company is a private company with limited liability incorporated and existing under the laws of Mexico. The address of its registered office and place of business is Calzada Lazaro Cardenas 601, Guadalajara, Jalisco, Mexico.

The Mexican Securities Commission (CNBV) establish the requirement to certain listed companies to disclose their financial information to the public trough the Mexican Stock Exchange (BMV) to that from 2012 to develop obligatory financial information based on Financial Reporting Standard (IFRS) hereinafter IFRS or IAS, issued by the International accounting standard board (IASB)

The Financial Statement to be issued by the Company for the year ending December 31, 2012 will be its first annual financial statement complies with IFRS. The translation date is January 1, 2012 and therefore, the year ended December 31, 2011 will be the comparative period covered by the standard of adoption IFRS 1, “Initial Adoption of International Financial Reporting Standards”. According to IFRS 1 the Company will apply the relevant mandatory exceptions and certain optional exemption to retrospective application of IFRS

2. Basis of preparation

a. **The consolidated financial statements-** As result of the adoption of IFRS mentioned in note 1, consolidated financial statement, interim no audited, have been prepared according to IAS 34, financial information interim, and will be part of the first consolidated financial statement according to IFRS, that will be issued to the year ended December 31, 2012, for this reason we have adopted the disposition of IFRS 1, additionally , this consolidated financial statement not include the information and disclosure required for annual financial statement according with IFRS.

The Company has included recurring adjustment accounting estimates considered necessary for presentation of the consolidated financial statements interim no audited according to IAS 34. Comprehensive income for the first quarter ended march 31, 2012 is not necessarily an indicator of comprehensive income that could be expected for the year ended December, 31 2012.

The account policies applied to these financial statement are consistent with those applied to the consolidated financial statement at march 31, 2011.

Historic Cost- consolidated financial statement have been prepared on the historical cost basis, except for certain b. financial instruments valued to fair value which are valued to fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Consolidated Base-consolidated financial statement include of Grupo Simec, S. A. B. de C. V. and the entities (including special purpose entities) controlled by the company (its subsidiaries). Control its obtained when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its c. activities. The outcome of subsidiaries acquired or sold during the year include in the consolidated statement of comprehensive income from acquisition date or the date of sale, as the case. Comprehensive income is attributed to both, the company and non-controlling interest even if the non- controlling present a deficit.

If necessary, further adjustments are done on the financial statements of subsidiaries to adapt their accounting policies that are aligned with those used by other group members. All transactions, balances, income and expenses between companies that are consolidated are eliminated on consolidation.

The changes in investments in subsidiaries of the company that not resulting in a loss of control is recorded as equity transactions. The book value of investments and equity of the company controlled not adjusted to reflect changes in related investments in subsidiaries. Any difference between the amount for which share are adjusted not controlled and the fair value of consideration paid or received is recognized directly in equity and attributed to the owners of the company.

When the company loss control of a subsidiary, the gain or loss on disposal is computed as the difference between (i) the aggregate fair value of compensation received and the fair value of any retained interest and (ii) the value prior books of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interest.

The amounts recognized in other comprehensive income items relating to the subsidiary are recorded (ie to income are reclassified or transferred directly to retained earnings) in the same manner established for the case of the availability of assets or liabilities relevant. The fair value of any investment retained in the former subsidiary at the date of loss of control is considered fair value for the initial recognition in subsequent accounting according to IAS 39 "Financial Instruments Recognition and Measurement", or if applicable, the cost on initial recognition of an investment in an associate or under joint control entity.

Business acquisitions recorded using the purchase method. The consideration given for each acquisition are measured at fair value at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the company in exchange for control of the acquire. Cost related to the acquisition is recognized in income incurred.

The identifiable assets acquired and liabilities assumed are recognized at the fair value at the acquisition date, except that:

-Assets and liabilities deferred income tax liabilities or assets and related agreements, employee benefits are recognized and valued in accordance with IAS 12, "Income tax" and IAS 19, employee benefits, respectively;

-Liabilities or equity instruments related to the replacement by the Company acquired the business incentive base payments in shares, are valued in accordance with IFRS 2, "Share based payment" and.

The assets or group of assets for sale are classified as held for sale under IFRS 5, long term assets available for sale and discontinued operation, are valued pursuant with this standard.

Goodwill is recognized as an asset to the date on which control is acquired, ie the acquisition date and is valued as the excess of the amount of the consideration paid, plus the value of the non-controlling interest in the business acquired over the fair value of the acquired business share in the previously possessed, if any, on the net at the acquisition date of the identifiable assets acquired and liabilities assumed. If the value of these last is higher, the difference shall be recognized immediately in income as a gain from a bargain purchase.

The non-controlling interest on the acquired business should appraise initially at fair value or proportion of the non-controlling interest on the net value at the date of acquisition of the identifiable assets acquired and liabilities assumed. The choice of the basis of valuation of the non-controlling is done case by case.

When the consideration paid by the Company in a business acquisition includes assets or liabilities resulting from a contingent consideration, it is valued at its fair value at the acquisition date and include as part of the consideration paid.

Changes in the fair value of contingent consideration, which they describe as valuation period settings are adjusted against goodwill retrospectively determined.

The valuation period settings are settings that are determined as a result of information obtained during the “period of valuation”, which can’t exceed one year from the date of acquisition, on facts and circumstances that existed at the acquisition date. The record of changes in fair value subsequent to the period of valuation is based on the classification of contingent consideration in the statement of financial position. If the contingent consideration is classified as equity, changes in fair value not

recorded and the variation may be seen as contingent consideration is recorded in liquid capital. If the contingent consideration is classified an asset or liability, changes in fair value are recognized in accordance with IAS 39 “Financial Instruments Recognition and Valuation, or IAS 37, Provisions. Contingent Liabilities and Contingent assets, as appropriate, and corresponding gain or loss is recorded in the utility.

The initial recognition of business acquisition is not completed at the end of the reporting period, in which acquisition occurs, the Company reported provisional amounts for the items whose recognition is incomplete. During the period of valuation, the Company recognizes adjustments to provisional amounts recognized asset or liability or additional requirements to reflect new information obtained about facts and circumstances that existed at the acquisition date, which if known, would have affected the valuation of amounts recognized at that time.

At March 31, 2012, December 31, 2011 and December 2010 the subsidiaries of Grupo, Simec, S. A. B. de C. V. included in the consolidation are as follows.

Percentage of equity owned

| Subsidiaries established in Mexico: | 2011/2012 | 2010 |
|--|------------------|-------------|
| Compañía Siderúrgica de Guadalajara, S.A. de C.V. | 99.99% | 99.99% |
| Arrendadora Norte de Matamoros S.A. de C.V. (1) | 100.00% | 100.00% |
| Arrendadora Simec, S.A. de C.V. | 100.00% | 100.00% |
| Simec International, S.A. de C.V. | 100.00% | 100.00% |
| Compañía Siderúrgica del Pacífico, S.A. de C.V. | 99.99% | 99.99% |
| Coordinadora de Servicios Siderúrgicos de Calidad, S.A. de C.V. | 100.00% | 100.00% |
| Industrias del Acero y del Alambre, S.A. de C.V. | 99.99% | 99.99% |
| Procesadora Mexicali, S.A. de C.V. | 99.99% | 99.99% |
| Servicios Simec, S.A. de C.V. | 100.00% | 100.00% |
| Sistemas de Transporte de Baja California, S.A. de C.V. | 100.00% | 100.00% |
| Operadora de Servicios Siderúrgicos de Tlaxcala, S.A. de C.V. | 100.00% | 100.00% |
| Operadora de Metales, S.A. de C.V. | 100.00% | 100.00% |
| Administradora de Servicios Siderúrgicos de Tlaxcala, S.A., de C.V. | 100.00% | 100.00% |
| Comercializadora Simec, S.A. de C.V. | 100.00% | 100.00% |
| CSG Comercial, S.A. de C.V. | 99.95% | 99.95% |
| Corporativos G&DL S.A. de C.V.(2) | 100.00% | 100.00% |
| Comercializadora de Productos de Acero de Tlaxcala, S.A. de C.V. | 99.95% | 99.95% |
| Siderúrgica de Baja California, S.A. de C.V. | 99.95% | 99.95% |
| Operadora de Servicios de la Industria Siderúrgica ICH, S.A. de C.V. | 100.00% | 100.00% |
| Productos Siderúrgicos de Tlaxcala, S.A. de C.V. | 100.00% | 100.00% |
| Comercializadora MSAN, S.A. de C.V. | 100.00% | 100.00% |
| Simec International 2, Inc (3) | 99.99% | 99.99% |
| Simec International 3, Inc. (3) | 99.99% | 99.99% |
| Corporación Aceros DM, S. A. de C. V. y Subsidiarias (4) | 100.00% | 100.00% |
| Simec International 4, Inc. (3) y (4) | 99.99% | 99.99% |

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| | | |
|---|----------------|----------------|
| Simec International 5, Inc. (3) y (4) | 99.99% | 99.99% |
| Acero Transportes San, S. A. de C. V. (4) | 100.00% | 100.00% |
| Simec Acero, S.A. de C.V. | 100.00% | 100.00% |
| Corporación ASL, S. A. de C. V. (2) | 99.99% | 99.99% |
| Simec International 6, S. A. de C. V. (2) | 100.00% | 100.00% |
| Simec International 7, S. A. de C. V. (2) | 99.99% | 99.99% |

Subsidiaries established in foreign countries:

SimRep Corporation and Subsidiaries (5) (6) y (7)

| | | |
|---|----------------|----------------|
| | 50.22% | 50.22% |
| Pacific Steel, Inc. (6) | 100.00% | 100.00% |
| Pacific Steel Projects, Inc. (6) | 100.00% | 100.00% |
| Simec Steel, Inc. (6) | 100.00% | 100.00% |
| Simec USA, Corp. (6) | 100.00% | 100.00% |
| Undershaft Investments, NV. (8) | 100.00% | 100.00% |
| GV do Brasil Industria e Comercio de Aco LTDA (9) | 100.00% | 100.00% |

(1) This company sold on May 2011.

(2) Entities established in 2010.

(3) Entities that change their address and fiscal authority, to the state of California, USA through 2011. Since the change, the main activity of this entities is the acquisition of new business or projects (Investment funds).

(4) This Subsidiaries are located in San Luis Potosi, in Mexico, which were acquired by Grupo Simec, S.A.B. de C.V. in 2008. For effects of these Financial Statements, this companies are named as "Grupo San".

(5) The parent Company ICH it's the owner of 49.78% of capital stock of this subsidiaries.

(6) Companies established in the United States of America, except for one facility that is established in Canada.

(7) SimRep does not have important transaction, or assets, except for the investment on Republic Steel. Before September 2011 the name of this subsidiary was Republic Engineered Products Inc.

(8) Subsidiary established in Curacao.

(9) Subsidiary established in Brazil. (See paragraph k, below)

dCost and Expenses Classification - Are presented its function due the practice of industry belong the Company.

3. Summary of significant account policies.

a. Conversion of financial Statement of Foreign Subsidiaries

As a result of early adoption of IFRS as mentioned in Note 1, the financial statements have been prepared in accordance with IFRS-1, *First-time Adoption of International Financial Reporting Standards*.

The functional and reporting currency of the Company is the Mexican peso. The financial statements of foreign subsidiaries were translated to Mexican pesos in accordance with International Accounting Standard (IAS) 21, *“The Effects of Changes in Foreign Exchange Rates”*. Under this standard, the first step to convert financial information from foreign operations is the determination of the functional currency. The functional currency is the currency of the primary economic environment of the foreign operation or, if different, the currency that mainly impacts its cash flows.

The U.S. dollar is considered as the functional currency of the U.S. subsidiaries, SimRep Corporation and Subsidiaries, Inc (Republic) and Pacific Steel Inc. and the Brazilian real for GV do Brasil Industria e Comercio de Aco LTDA., therefore the financial statements of these subsidiaries were translated into Mexican pesos by applying:

- a. The exchange rates at the balance sheet date to all assets and liabilities.
- b. The historical exchange rate at stockholders' equity accounts and revenues, costs and expenses.

The Mexican Peso was considered the functional currency of the subsidiaries Simec USA Inc., Pacific Steel Projects, Inc., Simec Steel Inc., and Simec International, 2,3,4 and 5 this last establish in United States of America in 2011 and the U.S. dollar as its recording currency; therefore the financial statements were translated to Mexican pesos as follows:

- 1) Monetary assets and liabilities by applying the exchange rates at the balance sheet date.

- 2) Non-monetary assets and liabilities, as well as stockholders' equity accounts, at the historical exchange rate, Revenues, costs and expenses at the historical exchange rate. The effect of assets and liabilities non-monetary in the
- 3) income of the year, such depreciation and cost of sales, are translate at historical exchange rate corresponding to the balance sheet date.

Translation differences were carried directly to the income statement as part of the comprehensive financing cost under the caption foreign exchange loss.

Relevant exchange rates used in the preparation of the consolidated financial statements were as follows (Mexican pesos per one U.S. dollar):

| | |
|--|---------|
| Current exchange rate as of March 31, 2012 | 12.8489 |
| Current exchange rate as of December 31, 2011 | 13.9904 |
| Current exchange rate as of January 1, 2011 | 12.3571 |
| Weighted average exchange rate for the year ended March 31, 2012 | 12.9965 |
| Weighted average exchange rate for the year ended March 31, 2011 | 12.0549 |

b. Cash and cash equivalents

Cash consists of deposits in bank accounts that do not generate interest. Cash equivalents consists in temporary investments refer to short- term fixed income investments whose original maturity is less than three months. These investments are expressed at cost plus accrued yields. The value so determined is similar to their fair value

c. Allowances for doubtful accounts

The Company follows the practice of recording an estimation of an allowance for doubtful accounts, which is computed considering the balance of customer with age higher than one year, those under litigation or the possible loss for non-fulfillment of the customer. Actual result may differ materially from these estimates in the future.

d. Inventories and cost of sales

Inventories are recorded at the lower of acquisition cost and production, which cost do not exceed the market value or net realizable value. The allocation of cost used is the average cost method. The net realization value represent the estimated selling price for inventories less all costs to complete all necessary costs and for sale.

The Company classifies the raw materials inventory on the balance according to the expected date of consumption but she represented as long term inventory who according to historical data and trends, are not consumed in the short term (one year).

The Company follows the practice of creating a reserve for slow moving inventory, considering all of products and raw materials with turnover greater than one year.

Property Plant and equipment- Are recorded at cost less any recognized impairment loss. The cost include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the accounting policies of the Company. Depreciation is recognized for writing off the cost of assets (other than land and properties under e. construction) less its residual value over their useful lives using the straight-line method, and commences when the assets are ready for their intended use. The estimated useful-lives, residual values and depreciation method are reviewed at the end of each year, and the effect of any change in the estimate recorded is recognized on a prospective basis.

Land is not depreciated.

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Property, plant and equipment fail to recognize when they are available or when no future economic benefits expected from its use. The gain or (loss) arising on the disposal or retirement of assets, is the difference between income from the sale and book value of the asset and is recognized in income.

The estimated useful lives of the main assets of the Company are:

| | <u>Years</u> |
|--|--------------|
| Buildings | 10 to 65 |
| Machinery and equipment | 5 to 40 |
| Transportation equipment | 4 |
| Furniture, mixtures and computer equipment | 3 to 10 |

f. Leasing- Leases are classified as financial leases when the terms of the lease transfer substantially all the risk and benefits inherent to ownership. All other lease transfer classified as operating leases.

The assets held under finance leases are recognized as assets of the Company at their fair value at inception of the lease, or if lower, the present value of minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

Lease payments are apportioned between the finance charge and the reduction of lease obligation in order to achieve a constant interest rate on the remaining balance of the liability. Finance cost are charged directly to income, unless they can be directly attributable to qualifying assets, in which case it is capitalized in accordance with the general policy of the Company for borrowing costs. Contingent rents are recognized as expenses in the period incurred.

Income payments under operating leases are charged to expense using the straight line method during the period corresponding to the lease, but is more representative of another systematic basis is more representative of the pattern of the benefits of leasing for the user. Contingent rents are recognized as expenses in the period incurred.

If the Company receives incentives to enter an operating lease, these are recognized as a liability and the added benefit of them is recognized as a reduction of rental expenses on a straight-line basis, unless it is more representative as another systematic basis is more representative of the pattern of benefits to the user.

Borrowing Cost. Borrowing costs directly attributable to the acquisition construction or production of qualifying g.assets, which are assets that require a substantial period of time until ready for use or sale, are added to the cost of those assets during that time until they are ready for use or sale.

The income obtained by the temporary investment of specific borrowings pending funds to be used in qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing cost are recognized in income during the period they are incurred.

h. Intangible assets- Intangible assets with finite useful- lives acquires separately are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is based on the straight-line method over their estimated useful lives. The estimated useful lives, residual value and amortization method are reviewed at the end of each year, and the effect of any change in the estimate recorded is recognized on a prospective basis. Intangibles assets with as indefinite useful life acquired separately are recognized at cost less accumulated impairment losses.

Disbursements arising from research activities are recognized as an expense in the period in which incurred.

An internally generated intangible asset arising out of activities of development (or from the development phase of an internal project) is recognized if and only if all the following have been demonstrated.

- Technical feasibility of completing the intangible asset so that may be available for use or sale,
- The intention of completing the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- The manner in which the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial or otherwise , to complete the development and use or sell the intangible asset, and

- The ability to value reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible asset is the sum of expenditure incurred from the time that the item meets the conditions for recognition set out above. When you can't recognize an internally generated intangible asset, the development expenditure is expensed in the period incurred. Subsequent to initial recognition, internally generated intangible asset is recognized at cost less accumulated depreciation and any accumulated impairment losses, on the same basis as intangible assets acquired separately.

When an intangible asset acquired in a business combination and recognized separately from goodwill, its cost is its fair value at the acquisition date (which is considered as its cost). Subsequent to initial recognition, an intangible asset acquired in a business combination are recognized at cost less accumulated depreciation and any accumulated impairment losses, on the same basis as intangible assets acquired separately.

An intangible asset is left to recognize when it is available or when no future economic benefits are expected to use. The gain or (loss) obtained arising from the lowering of intangible, calculated as the difference between the net disposal proceeds and its carrying amount is recognized in earnings.

Goodwill- Goodwill arising from a business combination is recognized as an asset at the date on which control is acquired (acquisition date) less accumulated impairment losses. For purposes of assessing impairment, goodwill is allocated to each cash generating units of the Company expects to benefit from the synergies of this combination. The cash generating units to which goodwill is allocated are subject to impairment reviews annually, or more frequently if there is an indication that the unit may be impaired. If the recoverable amount of the cash generating units less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of the unit, based on the carrying amount of each asset in the unit. The impairment loss recognized for goodwill purposes can't be reversed at a later period. Having a cash generating unit, the amount attributable to goodwill is included in determining the gain or loss on disposal.

j. Impairment of tangible and intangible assets excluding goodwill- To the end of each year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered any loss deterioration. If there is any indication, we calculate the assets have recoverable amount to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimate the recoverable amount of the cash generating unit to which the asset belong. When you can identify a reasonable and consistent distribution of corporate assets are also allocated to individual cash generating units, or otherwise, are assigned to the smallest group of cash generating units for which can be identified based reasonable and consistent distribution. Intangible assets with an indefinite useful life or not yet available for use, are subjected to test for purposes of impairment at least annually and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate before tax that reflects current market assessments of the value of money and the risks specific to the asset for which have not been adjusted estimates of future cash flows. If it is estimated that the recoverable amount of an asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss unless the assets is carried at revalued amount, in which case should be considered an impairment loss as a revaluation decrease, where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimated recoverable amount, so that the increased carrying amount does

not exceed the carrying amount is have not been determined whether an impairment loss recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss unless the assets is recognized to an amount revalued in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions -. Provisions are recognized when the Company has a present obligation (legal or assumed) as a result of **k.** past events, if it is likely that the Company has to liquidate the obligation and reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period under review, taking into account the risk and uncertainties that surround obligation. When a provision is valued using cash flows estimated to settle the present obligation, its carrying amount represent the present value of those cash flows.

When expected to recover from a third party of some or all the economic benefits required to settle a provision is recognized a receivable as an asset if it is virtually certain to be received the disbursement and the amount of the receivable can be valued reliably.

l. Cost of retirement benefits. Contributions to benefit plans to defined contribution retirement are recognized as expenses at the time the employees render the services that entitle them to the contributions.

In the case of defined benefit plans, the cost of such benefits are determined using the projected unit credit method, with actuarial valuation carried out at the end of each period being reported. Gain and losses that exceed 10% of the greater of the present value of defined benefit obligations of the Company and the fair value of plan assets at the end of last year, are amortized over the estimated average remaining working lives of employees participating in the plan. The past service costs are recognized immediately to the extent that benefits are acquired otherwise, are amortized using the straight-line method over the average period until the benefits become acquired.

The retirement benefit obligation recognized in the statement of financial position represent the present value of defined benefit obligation, adjusted for gains and losses not recognized and the costs of unrecognized past service, less the fair value of the plan assets. Any asset that arises from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of reimbursements and reductions in future contributions to the plan.

m. Income per share- Earnings per share are calculated by dividing net income controlling interest by the weighted average of common shares outstanding for each of the periods presented.

n. Income Taxes. Expense for income taxes represent the sum of the resulting income taxes payable and deferred income tax.

Current Income Tax- The current income tax is the higher income tax (ISR) and the flat rate business tax (Flat Tax) and is recognized in income in the year they are incurred. The income tax payable is based on fiscal profits and cash flows of each year respectively. The fiscal profit differs from profit reported in the consolidated statement of comprehensive income due to items of income or expenses taxable and deductible in other years and items that are never taxable or deductible. The company's liability for taxes due is computed using tax rates enacted or substantially approved at the end of the period over which it is reported.

Deferred Income Tax- The company determined, based on financial projections, determine whether ISR or Flat Tax in the future and recognize the corresponding deferred tax on the tax it paid. Deferred tax is recognized temporary differences between the carrying amount of assets and liabilities included in the financial statements and the corresponding tax base used to determine the tax profit, using the liability method. The deferred tax liability is generally recognized for all temporary tax differences. It recognizes a deferred tax asset, because of all deductible temporary differences, as far as is probable that the future taxable profits available against which to apply those deductible temporary differences. These assets and liabilities are not recognized if temporary differences arise from

goodwill or the initial recognition (other than the business combination) of other assets and liabilities in a transaction that affects neither the tax profit accounting profit.

The carrying value of deferred tax asset should be reviewed at the end of each year and should be reduced to the extent deemed unlikely to have sufficient taxable profits to allow it to recover all or a portion of the asset.

Assets and deferred tax liabilities are computed using tax rates expected to apply in the period when the liability is paid or the asset is realized, based on the rates (and tax act) that have been approved or substantially approved the end of the reporting period under review. The valuation of liabilities and deferred tax assets reflects the tax consequences that would result from the way the Company

expects, at the end of the reporting period under review, to recover or settle the carrying amount of assets and liabilities.

It also recognizes a deferred tax asset for the estimated future effects of tax loss carry-forwards and tax credits recoverable asset. It records a valuation allowance to reduce the balance of deferred tax assets to the amount of future net benefits are more likely than not they do.

Deferred tax assets and deferred tax liabilities are offset when there is a statutory right to offset short-term assets with short term liabilities as they relate to income taxes for the same taxation authority and the Company intends to liquidate its assets and liabilities en a net basis.

Current income tax and deferred income tax period. Current and deferred are recognized as income or expense in profit or loss, except when related items that are recognized out of the income, either in other comprehensive income or (loss) or directly in equity, in which case the tax is also recognized outside of the outcome, or when arising on initial recognition of a business combination.

Interest on balance recoverable taxes- Interest on tax receivables balances are presented in the consolidated statement of comprehensive income as interest income.

Income Tax in the interim period - The income tax is recorded in the interim period based on the estimated annual effective rate.

Foreign currency transaction- In preparing the financials statements of individual entities, transaction in currencies other than the entity's functional currency (foreign currencies) are recorded using exchange rates prevailing at the dates on which operations are carried out. At the end each reporting period, monetary items denominated in foreign currency are converted at exchange rates prevailing at that time.

The exchange rate differences are recognized in the income statement except:

Foreign exchanges differences from foreign currency denominated loans relate to assets under construction for future -productive use, which are included in the cost of those assets when considered as an adjustment to interest cost on loans denominated in foreign currency,

- Differences on exchange derived from transaction related to hedging exchange rate risks, and

Differences in exchange rate from monetary items receivable from or payable to a foreign operation for which it is planned or is it possible to make a payment (forming part of the investment in foreign operations), which are initially recognized in other comprehensive income and reclassified from equity to profit or loss when selling all or part of investment.

Financial Instruments – assets and liabilities are recognized when the Company is part of the contractual provisions of the instrument.

The assets and liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are increased or decreased from its fair value, as appropriate, on initial recognition, the transaction costs directly attributable to the acquisition of assets or liabilities at fair value through income is recognized immediately in earnings.

Financial assets- Financial assets are classified into the following specific categories, “financial assets at fair value through income”, “preserved at maturity investment”, “financial assets available for sale” and loans and charge receivable. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition. All financial assets are recognized and unknown on trade date where purchase or sale of financial assets is under a contract whose terms require delivery of the asset during a period which is usually set by the relevant market.

The method of the effective interest rate is a method of computed the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts including all fees on points based on interest paid or received that form an integral of the effective interest rate, transaction costs and other premiums or discounts over the expected life of the debt or financial instrument (where appropriate) in a shorter period, with the carrying amount on initial recognition.

The Company has no financial assets classified as “financial assets at fair value through income”, “preserved at maturity investments” or “financial assets available for sale”,

Accounts receivable, loans and other receivable with fixed or determinable payments that are not trade in an active market are classified as loans and receivable. Loans and receivables are stated at amortized cost using the effective interest method, less any impairment.

Financial assets other than financial assets at fair value through income, are subject testing for effects of impairment at the end of each period which is reported. It is considered that financial assets are impaired when there is objective evidence that as a result of one or more events that occurred after initial recognition of financial asset, the estimated future cash flows of the financial assets have been affected.

The estimates and underlying assumption are reviewed on a regular basis. The reviews at accounting estimates are recognized in the period of the review and future periods if the review affects both current period and to subsequent periods.

Objective evidence of impairment could include:

- Significant financial difficulties of the issuer or counterparty, or
- Non-payment of interest or principal, or
- It is likely that the borrower will enter bankruptcy of financial reorganization, or
- The disappearance of an active market where quoted by the financial asset because of financial difficulties.

For certain categories of financial assets such as accounts receivables, assets that have been subjected to testing for effects impairment and have not been impaired as individual, are included in the evaluation of impairment on a collective basis. Among the objective evidence that a portfolio of accounts receivable may be impaired, you could include the past experience of the Company with respect to the collection, an increase in the number of last payments in the portfolio in excess of the average credit period of 60 days as well as changes observable in national and local economic conditions that correlate with default on payments.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the book value of assets and present value of future cash receipts discounted at the original effective interest rate of the asset financial.

The carrying value of financial assets is reduced by the impairment loss directly for all financial assets except for accounts receivable, where the carrying amount is reduced through an account estimate for doubtful accounts. When you consider that a receivable is uncollectible, it is removed from the estimate. The subsequent recovery of amounts previously deleted become claims against the estimate. Changes in the carrying value of the account of the estimate is recognized in income.

Except for equity instruments available for sale, if, in a subsequent period, the amount of the impairment loss decreases and this decrease can be related objectively to an event that occurs after recognition of impairment, impairment loss previously recognized is reversed through income to the extent that the carrying amount of investment to date reversed the impairment does not exceed the amortized cost would have been if he had not recognized the damage.

The company fails to recognize a financial asset only when the contractual rights on the cash flows of financial assets, and transfers substantially all the risk and benefits inherent to the ownership of financial assets. If the Company neither transfer not retains substantially all the risks and benefits inherent to the ownership and continues to retain control of the asset transferred, the Company recognizes its interest in the asset and liability associated to the amounts that would have to pay. If the Company retains substantially all risks and benefits inherent in ownership of transferred financial asset, the Company continues to recognize the financial asset and also recognizes collateral for loan funds received.

When fully unknown a financial asset, the difference in value of the asset and the amount of the consideration received and the cumulative gain or loss that has been left to recognize in other comprehensive income (loss) and accumulated in the equity is recognized in income.

Not knowing a financial asset in part (where the Company retains the option to repurchase part of a transferred asset, or retains a residual interest that does not result in the retention of substantial risk and benefits property and the company retains control), the Company distributed the previous value of the asset financial between the part that continues to be recognized and the part no longer recognized based on the fair value of those parts of the date of transfer. The difference between the carrying amount allocated to the party is no longer recognized and the amount of the consideration received by such party, and any cumulative gain or loss allocated to it has been recognized in other comprehensive income (loss) will be recognized in income.

Financial liabilities – debt and equity instruments issued by the Company are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of a financial liability^s and equity instrument. Financial liabilities are classified either as “financial liabilities at fair value through income “or” other financial liabilities”-

Financial liability at fair value through income is a financial liability is classified as held trading or is designated as fair value through income.

A financial liability is classified as held for trading if:

- Is acquired principally for the purpose of repurchasing in the near future, or,
On initial recognition is part of identified financial instruments that are managed together and for which there is evidence of a recent pattern of making short-term profits, or
- It is a derivative not designed as hedges and meet the conditions to be effective.

A financial liability other than a financial liability held for trading may be designated as an financial liability at fair value through profit or loss upon initial recognition if:

- This eliminates or significantly reduces an inconsistency in the valuation or recognition that would otherwise arise, or
- The performance of a group of financial assets, financial liabilities or both is managed and evaluated on the basis of fair value, according to an investment strategy or risk management that the entity's documented, and provide internally about that group, based on their fair value or,
- Part of a contract containing one or more embedded derivatives, and IAS 39, Financial instruments Recognition and Measurement, allow the entire hybrid contract (asset or liability) is designated as at fair value through income.

Financial liabilities at fair value through income are recorded at fair value recognize any gain or loss arising from the remediation in the income statement. The gain or loss recognized in the statement include any dividend or interest earned from the financial asset and is included under the heading "other gains and losses" in the statement of comprehensive income.

Other financial liabilities, including loans, are valued initially at fair value, net of transaction costs. The method of effective interest rate is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate exactly discounts estimated cash payments over the expected life of the financial liability (or, where appropriate, a short period) to the carrying amount financial liabilities on initial recognition.

The Company writes off financial liabilities if and only if, the Company's obligations are fulfilled, cancelled or expire. The difference between the carrying amount of financial liability discharged from and the consideration paid and payable is recognized in earnings.

t Derivative financial instruments – The Company uses derivative financial instruments to manage its exposure to risk in the changes in natural gas prices, which is used for production, conducting studies on historical volumes, future requirements or commitments, reducing the exposure to risks outside the normal operation of the Company.

Derivatives are initially recognized at fair value at the date the derivative contract subscribe and then remiden at fair value at the end of the reporting period. The gain or loss is recognized in income immediatly unless the derivative is designated and is effective as a hedging instrument, in which case the timing of the recognition results depend on the nature of the hedging relationship.

In order to mitigate the risks associated with fluctuations in the price of natural gas, whose price is based on supply and demand from major markets, the Company uses exchange contracts or swaps cash flow of natural gas, where price the Company receives floating and pays fixed price. Fluctuations in the price of this energy input from consumed volumes are recognized as part of the operating costs of the Company.

At the beginning of the hedging relationship, the Company documents the relationship between the hedging instrument and hedged item, along with its risk management objective and strategy of hedging transactions. Additionally, the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting the exposure to change in fair value or changes in cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flows hedges is recognized in other comprehensive income and accumulated under the title of the fair value of derivative financial instruments, net of profit taxes. Gains and losses on the ineffective portion of the hedging instrument is recognized instrument is recognized immediately in income, and is included in other income (expense)

The Company periodically assesses the changes in cash flows from derivative financial instruments to analyze if the swaps are highly effective in reducing exposure to fluctuations in the price of natural gas. A hedging instrument is considered highly effective when changes in fair value or cash flows of the primary position are compensated on a regular basis or as a whole, by changes in the fair value or cash flows of the hedging instrument in a range between 80% and 125%.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to earning in the periods when the hedged item is recognized in income in the same area of the statement of comprehensive income of hedged item recognized. However, when a forecast transaction that is covered gives rise to the recognition of a non-financial asset or liability is not financial gain or loss previously accumulated in equity are transferred and include in the initial valuation of the cost of the asset does not financial or nonfinancial liabilities.

Hedge accounting is discontinued when the Company reverses the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or no longer meets the criteria for hedge accounting. Any cumulative gain or loss on the hedging instrument that is recognized in equity remain in equity until the forecast transaction is ultimately recognized in the results. When no longer expects the forecast transaction occurs, the cumulative gain or loss in equity is immediately reclassified the results.

u. Revenue recognition – Revenue is recognized in the period in which transfer the risks and benefits of inventories to customer who purchased them, which usually coincides with the delivery of products to customers in fulfilling their orders. Net sales represent the goods sold at list price, less returns received and discounts.

V. Segments Information – Segment information is presented in accordance with the region and due to the operation business is presented in accordance with the information used by management for decision making purposes.

w. Earnings (loss) per share

Income per share is calculated by dividing controlling net income or loss, by the weighted average shares outstanding during each year presented.

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

CLAVE DE COTIZACION:

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

QUARTER: 1 YEAR 2012

CONSOLIDADO

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

| COMPANY NAME | PRINCIPAL ACTIVITY | NUMBER OF SHARES | % OWNERSHIP | (THOUSAND PESOS) | |
|---|---|------------------------|----------------|-------------------------------------|------------------|
| | | | | TOTAL AMOUNT ACQUISITION COST | CURRENT VALUE |
| SIMEC INTERNATIONAL | FABRICACION Y VENTA DE PROD. DE ACERO | 0 | 99.99 | 0 | 0 |
| ARRENDADORA SIMEC | FABRICACION Y VENTA DE PROD DE ACERO | 0 | 100.00 | 0 | 0 |
| PACIFIC STEEL | COMPRA VENTA DE CHATARRA | 0 | 100.00 | 0 | 0 |
| CIA SIDERURGICA DEL PACIFICO | ARRENDADORA DE INMUEBLES | 0 | 99.89 | 0 | 0 |
| COORDINADORA DE SERVICIOS | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |
| COMERCIALIZADORA SIMEC | COMPRA VENTA DE PROD DE ACERO | 0 | 99.99 | 0 | 0 |
| INDUSTRIA DEL ACERO Y EL ALAMBRE | FABRICACION Y VENTA DE PROD DE ACERO | 0 | 99.99 | 0 | 0 |
| PROCESADORA MEXICALI | COMPRA VENTA DE CHATARRA | 0 | 99.99 | 0 | 0 |
| SERVICIOS SIMEC | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |
| SISTEMAS DE TRANSPORTE DE BAJA CALIFORNIA | TRANSPORTISTA | 0 | 100.00 | 0 | 0 |
| OPERADORA DE METALES | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |
| OPERADORA DE SERVICIOS | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |
| SIDERURGICOS DE TLAXCALA | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |
| ADMINISTRADORA DE SERV SIDERURGICOS DE TLAXCALA | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |
| SIMREP | SUB-HOLDING | 0 | 50.22 | 0 | 0 |

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| | | | | | |
|--|--------------------------------------|---|--------|---|---|
| REPUBLIC ENGINEERED PRODUCTS | FABRICACION Y VENTA DE PROD DE ACERO | 0 | 50.22 | 0 | 0 |
| OPERADORA DE SERV DE LA INDUSTRIA SIDERURGICA | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |
| CSG COMERCIAL | COMPRA VENTA DE PROD DE ACERO | 0 | 99.95 | 0 | 0 |
| COMER DE PROD DE ACEROS DE TLAXCALA SIDERURGICA DE BAJA CALIFORNIA | COMPRA VENTA DE PROD DE ACERO | 0 | 99.95 | 0 | 0 |
| COORPORACION ACEROS DM | COMPRA VENTA DE PROD DE ACERO | 0 | 99.95 | 0 | 0 |
| PRODUCTOS SIDERURGICOS DE TLAXCALA | SUB-HOLDING | 0 | 99.99 | 0 | 0 |
| COMERCIALIZADORA MSAN | COMPRA VENTA DE PROD DE ACERO | 0 | 100.00 | 0 | 0 |
| COMERCIALIZADORA ACEROS DM | COMPRA VENTA DE PROD DE ACERO | 0 | 100.00 | 0 | 0 |
| PROMOTORA ACEROS SAN LUIS | COMPRA VENTA DE PROD DE ACERO | 0 | 100.00 | 0 | 0 |
| UNDER SHAFT PROCESADORA INDUSTRIAL | SUB-HOLDING | 0 | 100.00 | 0 | 0 |
| CORPORATIVOS G&DL | PRESTACION DE SERVICIOS | 0 | 99.99 | 0 | 0 |
| ACERO TRANSPORTE SAN SIMEC INTERNATIONAL INC | TRANSPORTISTA | 0 | 100.00 | 0 | 0 |
| SIMEC INTERNATIONAL INC | COMPRA VENTA DE PROD DE ACERO | 0 | 99.99 | 0 | 0 |
| SIMEC INTERNATIONAL INC | COMPRA VENTA DE PROD DE ACERO | 0 | 99.99 | 0 | 0 |
| SIMEC INTERNATIONAL INC | COMPRA VENTA DE PROD DE ACERO | 0 | 99.99 | 0 | 0 |
| SIMEC INTERNATIONAL INC | COMPRA VENTA DE PROD DE ACERO | 0 | 99.99 | 0 | 0 |
| SIMEC INTERNATIONAL | FABRICACION Y VENTA DE PROD DE ACERO | 0 | 99.99 | 0 | 0 |
| SIMEC INTERNATIONAL | FABRICACION Y VENTA DE PROD DE ACERO | 0 | 99.99 | 0 | 0 |
| SIMEC ACERO | COMPRA VENTA DE PROD DE ACERO | 0 | 100.00 | 0 | 0 |
| SIMEC USA | COMPRA VENTA DE PROD DE ACERO | 0 | 100.00 | 0 | 0 |
| PACIFIC STEEL PROJECTS | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |
| SIMEC STEEL | PRESTACION DE SERVICIOS | 0 | 100.00 | 0 | 0 |

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| | | | | |
|-----------------------------------|--|-------|---|---|
| CIA SIDERURGICA DE GUADALAJARA | FABRICACION Y VENTA DE PROD DE 0 ACERO | 99.99 | 0 | 0 |
| CORPORACION ASL | COMPRA VENTA DE PROD DE ACERO 0 | 99.99 | 0 | 0 |
| GV DO BRASIL | FABRICACION Y VENTA DE PROD DE 0 ACERO | 99.99 | 0 | 0 |

TOTAL INVESTMENT IN
ASSOCIATES

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

CLAVE DE
COTIZACION:

SIMEC

GRUPO SIMEC,

S.A.B. DE C.V

BREAKDOWN OF CREDITS

(THOUSAND PESOS)

| CREDIT TYPE / INSTITUTION | FOREIGN INSTITUTION (YES / NO) | CONTRACT SIGNING DATE | EXPIRATION DATE | INTEREST RATE | MATURITY OR AMORTIZATION OF CRE NATIONAL CURRENCY | | | | |
|------------------------------|--------------------------------------|-----------------------------|--------------------|------------------|--|-----------------|-----------------|-----------------|-----------------|
| | | | | | TIME INTERVAL | CURRENT YEAR | UNTIL 1 YEAR | UNTIL 2 YEAR | UNTIL 3 YEAR |
| BANKS | | | | | | | | | |
| FOREIGN TRADE | | | | | | | | | |
| SECURED | | | | | | | | | |
| COMERCIAL BANKS | | | | | | | | | |
| OTHER | | | | | | | | | |
| TOTAL BANKS | | | | | 0 | 0 | 0 | 0 | 0 |

| LISTED STOCK EXCHANGE (MEXICO AND / OR FOREIGN) | FOREIGN INSTITUTION (YES / NO) | CONTRACT SIGNING DATE | EXPIRATION DATE | INTEREST RATE | MATURITY OR AMORTIZATION OF CRE NATIONAL CURRENCY | | | | |
|--|--------------------------------------|-----------------------------|--------------------|------------------|--|-----------------|-----------------|-----------------|-----------------|
| | | | | | TIME INTERVAL | CURRENT YEAR | UNTIL 1 YEAR | UNTIL 2 YEAR | UNTIL 3 YEAR |
| UNSECURED MEDIUM TERM NOTES | NO | | | | | | | | |
| SECURED | | | | | | | | | |
| PRIVATE PLACEMENTS | | | | | | | | | |
| UNSECURED | | | | | | | | | |
| SECURED | | | | | | | | | |

| TOTAL STOCK MARKET LISTED IN STOCK EXCHANGE AND PRIVATE PLACEMENT | | | | 0 | 0 | 0 | 0 | 0 |
|---|--------------------------------|-------------------|-----------------|---|--------------|--------------|--------------|--------------|
| OTHER CURRENT AND NON-CURRENT LIABILITIES WITH COST | FOREIGN INSTITUTION (YES / NO) | DATE OF AGREEMENT | EXPIRATION DATE | MATURITY OR AMORTIZATION OF CRE NATIONAL CURRENCY | | | | |
| | | | | CURRENT YEAR | UNTIL 1 YEAR | UNTIL 2 YEAR | UNTIL 3 YEAR | UNTIL 4 YEAR |
| MISCELLANEOUS NO | | | | | | | | |
| TOTAL OTHER CURRENT AND NON-CURRENT LIABILITIES WITH COST | | | | 0 | 0 | 0 | 0 | 0 |
| SUPPLIERS | FOREIGN INSTITUTION (YES / NO) | DATE OF AGREEMENT | EXPIRATION DATE | MATURITY OR AMORTIZATION OF CRE NATIONAL CURRENCY | | | | |
| | | | | CURRENT YEAR | UNTIL 1 YEAR | UNTIL 2 YEAR | UNTIL 3 YEAR | UNTIL 4 YEAR |
| MISCELLANEOUS NO | | | | | 423,217 | | | |
| MISCELLANEOUS NO | | | | | | | | |
| TOTAL SUPPLIERS | | | | 0 | 423,217 | 0 | 0 | 0 |
| OTHER CURRENT AND NON-CURRENT LIABILITIES | FOREIGN INSTITUTION (YES / NO) | | | MATURITY OR AMORTIZATION OF CRE NATIONAL CURRENCY | | | | |
| | | | | CURRENT YEAR | UNTIL 1 YEAR | UNTIL 2 YEAR | UNTIL 3 YEAR | UNTIL 4 YEAR |
| MISCELLANEOUS NO | | | | | 23,541 | 68,688 | | |
| MISCELLANEOUS NO | | | | | | | | |
| TOTAL OTHER CURRENT AND NON-CURRENT LIABILITIES | | | | 0 | 23,541 | 68,688 | 0 | 0 |
| GENERAL TOTAL | | | | 0 | 446,758 | 68,688 | 0 | 0 |

Estas columnas no aplican para las secciones correspondientes

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

CLAVE DE

COTIZACION:

SIMEC

GRUPO SIMEC,

S.A.B. DE C.V

QUARTER: 1 YEAR 2012

MONETARY FOREIGN CURRENCY POSITION

THOUSAND PESOS

| FOREIGN CURRENCY POSITION | DOLLARS (1) THOUSANDS OF DOLLARS | THOUSAND PESOS | OTHER CURRENCIES THOUSANDS OF DOLLARS | THOUSAND PESOS | THOUSAND PESOS TOTAL |
|---------------------------------|--|-------------------|---|-------------------|-------------------------|
| MONETARY ASSETS | 710,190 | 9,125,163 | 0 | 0 | 9,125,163 |
| CURRENT | 710,190 | 9,125,163 | 0 | 0 | 9,125,163 |
| NON CURRENT | 0 | 0 | 0 | 0 | 0 |
| LIABILITIES | 247,390 | 3,182,135 | 0 | 0 | 3,182,135 |
| SHORT TERM | 244,376 | 3,139,964 | 0 | 0 | 3,139,964 |
| LONG TERM | 3,014 | 42,171 | 0 | 0 | 42,171 |
| NET BALANCE | 462,800 | 5,943,028 | 0 | 0 | 5,943,028 |

(1) IN THE NOTES SECTION MUST SPECIFY THE CURRENCY AND EXCHANGE RATE

BOLSA MEXICANA DE
VALORES, S.A.B. DE C.V.
QUARTER: 1 YEAR 2012
DEBT INSTRUMENTS

FINANCIAL LIMITATIONS IN
CONTRACT, ISSUED DEED AND /
OR TITLE
MEDIUM
TERM
NOTES

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

This notes
was
offered in
the
international
market

ACTUAL SITUATION OF
FINANCIAL LIMITED
MEDIUM
TERM
NOTES

- A)
Accomplished
the actual
situation
is 4.42
times
- B)
Accomplished
the actual
situation
is 0.22
- C)
Accomplished

the actual
situation
is 153.28

As of March 31, 2012, the remaining
balance of the MTNs not exchanged
amounts to Ps. 3.9 Millions (\$302.000
dollars)

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

CLAVE DE COTIZACION: **SIMEC**

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

QUARTER: 1 YEAR 2012

DISTRIBUTION OF REVENUE BY PRODUCT

TOTAL INCOME

(THOUSAND PESOS)

| MAIN PRODUCTS OR PRODUCT LINE | SALES VOLUME | AMOUNT | MARKET SHARE % | MAIN TRADEMARKS | CUSTOMERS |
|----------------------------------|-----------------|-----------|-------------------|--------------------|-----------|
| DOMESTIC SALES | | | | | |
| COMMERCIAL PROFILES | 204 | 2,274,289 | 0 | | |
| SPECIAL PROFILES | 126 | 1,552,310 | 0 | | |
| OTHERS | 0 | 164 | 0 | | |
| TOTAL | 330 | 3,826,763 | 0 | | |
| FOREIGN SALES | | | | | |
| COMMERCIAL PROFILES | 34 | 421,862 | 0 | | |
| SPECIAL PROFILES | 11 | 110,194 | 0 | | |
| OTHERS | 0 | 16,409 | 0 | | |
| TOTAL | 45 | 548,465 | 0 | | |
| FOREIGN SUBSIDIARIES | | | | | |
| SPECIAL PROFILES | 213 | 3,739,612 | | | |
| T O T A L | 588 | 8,114,840 | | | |

BOLSA MEXICANA DE VALORES, S.A.B. DE C.V.

CLAVE DE

COTIZACION: **SIMEC**

GRUPO SIMEC, S.A.B. DE C.V. QUARTER: 1 YEAR 2012

CONSOLIDADO

ANALYSIS OF PAID CAPITAL STOCK

CHARACTERISTICS OF THE SHARES

| SERIES | NOMINAL VALUE (\$) | VALID COUPON | NUMBER OF SHARES | | MEXICAN | FREE SUBSCRIPTION | CAPITAL SOCIAL | |
|--------|--------------------------|-----------------|------------------|---------------------|---------|----------------------|----------------|-----------|
| | | | FIXED PORTION | VARIABLE PORTION | | | FIXED | VARIABLE |
| B | 0 | 0 | 90,850,050 | 406,856,164 | 0 | 497,709,214 | 441,786 | 1,978,444 |

| | | | | | | | | |
|-------|--|--|------------|-------------|---|-------------|---------|-----------|
| TOTAL | | | 90,850,050 | 406,859,164 | 0 | 497,709,214 | 441,786 | 1,978,444 |
|-------|--|--|------------|-------------|---|-------------|---------|-----------|

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