

GROUP SIMEC SA DE CV
Form 6-K
July 26, 2006

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

FORM 6-K

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

For the month of July, 2006.

Group Simec, Inc.
(Translation of Registrant's Name Into English)

Mexico
(Jurisdiction of incorporation or organization)

Av. Lazaro Cardenas 601, Colonia la Nogalera, Guadalajara, Jalisco, Mexico 44440
(Address of principal executive office)

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

Form 20-F Form 40-F

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

Yes No

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

SIGNATURE

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

GRUPO SIMEC, S.A. de C.V.
(Registrant)

Date: July 26, 2006.

By: /s/ Luis García Limón
Name: Luis García Limón
Title: Chief Executive Officer

PRESS RELEASE

GRUPO SIMEC ANNOUNCES RESULTS OF OPERATIONS FOR THE FIRST SIX MONTHS OF 2006

GUADALAJARA, MEXICO, July 19, 2006- Grupo Simec, S.A. de C.V. (AMEX-SIM) ("Simec") announced today its results of operations for the six-month period ended June 30, 2006. Net sales increased 231% to Ps. 11,822 million in the first six months of 2006, compared to Ps. 3,574 million in the same period of 2005, primarily due to the inclusion of net sales of Ps. 8,270 million generated by the newly acquired plants of PAV Republic, Inc. ("Republic"). On July 22, 2005, Simec and its parent company Industrias CH, S.A. de C.V. ("ICH") acquired 100% of Republic's stock. Simec, ICH's largest subsidiary, acquired 50.2% of Republic's stock, and ICH purchased the remaining 49.8%. Simec recorded net income of Ps. 1,239 million in the first six months of 2006, versus net income of Ps. 601 million in the first six months of 2005.

Simec sold 1,369,352 metric tons of basic steel products during the six-month period ended June 30, 2006 (including 851,752 metric tons sold by the newly acquired plants of Republic), an increase of 162% as compared to 523,501 metric tons in the same period of 2005. Exports (including sales by U.S. subsidiaries) of basic steel products were 908,283 metric tons in the six-month period ended June 30, 2006 (including 851,752 metric tons sold by the newly acquired plants of Republic), versus 74,692 metric tons in the same period of 2005. Additionally Simec sold 1,388 metric tons of billet in the six-month period ended June 30, 2006, as compared to 12,870 metric tons of billet in the same period of 2005. Prices of finished products (excluding sales by Republic) sold in the six-month period ended June 30, 2006, increased 2% in real terms versus the same period of 2005.

Simec's direct cost of sales increased 313% to Ps. 9,612 million in the six-month period ended June 30, 2006 (including Ps. 7,391 million relating to the newly acquired plants of Republic), compared to Ps. 2,327 million in the same period of 2005. The average cost of raw materials (excluding the production of Republic) decreased 2% in real terms in the six-month period ended June 30, 2006, versus the same period of 2005, primarily as a result of decreases in the price of scrap and certain other raw materials.

Indirect manufacturing, selling, general and administrative expenses (including depreciation) were Ps. 650 million in the six-month period ending June 30, 2006 (including Ps. 299 million relating to the newly acquired plants of Republic), compared to Ps. 375 million in the same period of 2005.

Simec's operating income increased 79% to Ps. 1,560 million during the first six months of 2006 (including Ps. 580 million relating to the newly acquired plants of Republic), from Ps. 872 million in the first six months of 2005. Operating income was 13% (28% excluding the operating income of Republic) of net sales in the first six months of 2006, compared to 24% of net sales in the first six months of 2005.

Simec recorded financial income of Ps. 25 million in the six-month period ended June 30, 2006, compared to financial expense of Ps. 35 million in the same period of 2005.

Simec recorded other income, net, from other financial operations of Ps. 82 million in the six-month period ended June 30, 2006 (including the amortization of the deferred credit of Ps. 67 million), compared to other income, net, of Ps. 8 million in the same period of 2005. In addition, Simec recorded a provision for income tax and employee profit sharing of Ps. 255 million in the six-month period ended June 30, 2006, versus a provision of Ps. 244 million in the same period of 2005.

At June 30, 2006 Simec repaid substantially all of its consolidated debt, which at December 31, 2005 totalled approximately \$38 million.

All figures have been prepared in accordance with Mexican generally accepted accounting principles and are stated in constant Pesos at June 30, 2006.

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

Contact:

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**MEXICAN STOCK EXCHANGE
SIFIC / ICS**

STOCK EXCHANGE CODE: **SIMEC**

QUARTER: YEAR:
 2 **2006**

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

**CONSOLIDATED FINANCIAL STATEMENT
AT JUNE 30 OF 2006 AND 2005
(thousands of Mexican pesos)**

REF S	CONCEPTS	CURRENT YEAR		PREVIOUS YEAR	
		AMOUNT	% AMOUNT	AMOUNT	%
s01	TOTAL ASSETS	16,337,525	100	9,429,480	100
s02	CURRENT ASSETS	8,317,390	51	3,527,847	37
s03	CASH AND SHORT-TERM INVESTMENTS	948,505	6	1,165,442	12
s04	ACCOUNTS AND NOTES RECEIVABLE (NET)	2,530,040	15	1,222,526	13
s05	OTHER ACCOUNTS AND NOTES RECEIVABLE	176,545	1	40,562	0
s06	INVENTORIES	4,358,959	27	1,034,150	11
s07	OTHER CURRENT ASSETS	303,341	2	65,167	1
s08	LONG-TERM	0	0	0	0
s09	ACCOUNTS AND NOTES RECEIVABLE (NET)	0	0	0	0
s10	INVESTMENT IN SHARES OF NON-CONSOLIDATED SUBSIDIARIES AND ASSOCIATES	0	0	0	0
s11	OTHER INVESTMENTS	0	0	0	0
s12	PROPERTY, PLANT AND EQUIPMENT (NET)	7,361,137	45	5,672,797	60
s13	LAND AND BUILDINGS	2,403,462	15	2,274,034	24
s14	MACHINERY AND INDUSTRIAL EQUIPMENT	7,442,777	46	5,594,370	59
s15	OTHER EQUIPMENT	175,255	1	158,133	2
s16	ACCUMULATED DEPRECIATION	2,867,463	18	2,364,120	25
s17	CONSTRUCTION IN PROGRESS	207,106	1	10,380	0
s18	OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	598,695	4	228,836	2
s19	OTHER ASSETS	60,303	0	0	0
s20	TOTAL LIABILITIES	4,724,107	100	2,205,668	100
s21	CURRENT LIABILITIES	2,681,602	57	855,346	39
s22	SUPPLIERS	1,641,251	35	486,335	22
s23	BANK LOANS	0	0	0	0
s24	STOCK MARKET LOANS	3,442	0	3,380	0

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s25	TAXES PAYABLE	19,284	0	208,313	9
s26	OTHER CURRENT LIABILITIES	1,017,625	22	157,318	7
s27	LONG-TERM LIABILITIES	0	0	0	0
s28	BANK LOANS	0	0	0	0
s29	STOCK MARKET LOANS	0	0	0	0
s30	OTHER LOANS	0	0	0	0
s31	DEFERRED LIABILITIES	141,474	3	0	0
s32	OTHER NON-CURRENT LIABILITIES	1,901,031	40	1,350,322	61
CONSOLIDATED STOCKHOLDERS'					
s33	EQUITY	11,613,418	100	7,223,812	100
s34	MINORITY INTEREST	2,224,356	19	482	0
s35	MAJORITY INTEREST	9,389,062	81	7,223,330	100
s36	CONTRIBUTED CAPITAL	4,445,130	38	4,322,924	60
S79	CAPITAL STOCK	3,513,705	30	3,477,617	48
s39	PREMIUM ON ISSUANCE OF SHARES	931,425	8	845,307	12
CONTRIBUTIONS FOR FUTURE CAPITAL					
s40	INCREASES	0	0	0	0
s41	EARNED CAPITAL	4,943,932	43	2,900,406	40
RETAINED EARNINGS AND CAPITAL					
s42	RESERVES	5,760,216	50	3,842,347	53
OTHER ACCUMULATED					
s44	COMPREHENSIVE RESULT	(816,284)	(7)	(941,941)	(13)
s80	SHARES REPURCHASED	0	0	0	0

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SIFIC / ICS**

STOCK EXCHANGE CODE: **SIMEC**

QUARTER: YEAR:
 2 **2006**

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

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

REF S	CONCEPTS	CURRENT YEAR	PREVIOUS YEAR
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