

COMMENTS AND ANALYSIS BY THE ADMINISTRATION ABOUT THE OPERATIONAL RESULTS AND FINANCIAL SITUATION OF THE COMPANY AT THE CLOSE OF THE SECOND QUARTER 2012

(FIGURES IN MILLIONS OF PESOS)

Million MXP: Millions of Pesos
Dollars: American Dollars

RESULTS FOR 2Q12

Total sales during the 2Q12 amounted to \$4,414 Million MXP, representing an increase of 11.0% with respect to 2Q11; the **same-store sales** increased by 5.1%, totaling \$4,111 Million MXP.

Cost of sales recorded during the second quarter of the year was \$ 2,781 Million MXP, which represented an 11.8% increase compared with 2Q11. As percentage on sales no variation in both years was observed, remaining at 63.0%.

As of the close of 2Q12, the **gross revenue** increased by 9.7% with respect to the 2Q11; therefore, at the close of the period, the amount of \$1,632 Million MXP was recorded. The gross margin in the 2Q12 was 37.0% resulting equal to that recorded in the same period during 2011.

Operating Expenses during the 2Q12 totaled \$1,196.7 Million MXP, which represents a 9.4% increase compared to those recorded in 2Q11. As a percentage on sales it represented 27.0%, which is smaller than the previous year, that recorded 28%. The variation in this item results mainly from the execution of the sales floor expansion strategy in the different business units, mainly in wages, rents, maintenance, among other items.

Operating Flows defined as operating revenue plus depreciation and amortization summed \$550 Million MXP, which is 2.4% more than in the 2Q11.

The **integral financing results** recorded a smaller loss in the fluctuation of the exchange rate, which contributed to a favorable result of \$54.8 Million MXP.

The **Consolidated Net Revenue for Continuous Operations** was \$335.0 Million MXP, which compared to the 2Q11 represented a growth of 17.9%.

Discontinued Operations. The amount reflects the results of the discontinued Company in the quarter.

The **Consolidated Net Revenue** in 2Q12 is \$195.7 Million MXP compared to the consolidated net revenue of \$265.9 Million MXP recorded in the same period of 2011. The diminishment was generated mainly by the effect of the discontinued operations.

RESULTS AS OF JUNE 2012

Sales as of June 2012 amounted \$9,015 Million MXP, having a variation of 12.0% compared to the \$8,047 Million MXP of the previous year.

Grupo Gigante is making continuous efforts to generate growth in same-store sales; in terms of increasing the total sales, 23 units were opened during the first semester of 2012.

At the close of June 2012, the **cost of sales** was \$5,700 Million MXP, 12.7% more than the figure recorded in 2011. The increase may be explained by the contribution in the costs of sales of the units opened during the last months. In terms of total sales, it had levels of 63% in both cases.

As of June, **gross profits** totaled \$3,315 Million MXP, an amount 11.0% more than the figure recorded during the same period in 2011. The increase is principally attributed to the increase in the sales of equivalent units and to the contribution to new units. The sales margin was 37.0% for both years compared.

As of June 2012, the **integral financing results** recorded a smaller loss in the exchange rate fluctuation, which represented a favorable variation in the result of 53.7%.

Operating Flows at the close of June of the current year totaled \$1,128 Million MXP with a variation of 6.9% with respect to the previous year.

At the close of June 2012, there are **discontinued operations** due to the results of the discontinued company.

The **Consolidated Net Income** as of June 2012 is \$339.8, compared to the consolidated net revenue of \$527.6 Million MXP in the same period of year 2011. The diminishment was generated mainly by the effect of the discontinued operations.

Units in Operation. During the second quarter of 2012, a total of 5 units were opened: 3 Office Depot stores, 1 Super Precio store and 1 Toks restaurant; on the other hand, during this same quarter, 25 Super Precio stores were closed.

By the inclusion of these openings and closings, the total number of units in operation at the close of the second quarter was 796 with a total of 451,279 m² of sales floor and 22,212 seats.

Relevant Events. During the second quarter, as part of its strategic reorganization process and its focus in profitability, Grupo Gigante announced an agreement with the Tiendas Neto chain stores, whereby Grupo Gigante sells to it shares in its Tiendas Super Precio business, including the transfer of personnel and its different assets (inventory, lease agreements, furniture and equipment, Distribution Centers, etc.).

Grupo Gigante once again reiterates its commitment to timely inform the public about the relevant events according to the regulatory provisions through the electronic means made available for issuers of the National Banking and Securities Commission (CNBV) and the Mexican Stock Exchange (BMV).

FINANCIAL SITUATION JUNE 2012 VS. DECEMBER 2011

The Company did not execute significant transactions that were not registered in the balance sheet.

Current Assets

Cash and Cash Equivalents / Short-Term Investments. At the close of the second quarter of 2012, the amount of these securities was \$3,438.7 Million MXP (including investments classified for negotiation purposes and available for sale), which figure is smaller by 21.6% than the amount recorded at the close of 2011. The reduction is principally due to tax and dividend payments, among others.

Other Current Assets. At the end of the 2Q12, this heading totaled \$150.1 Million MXP, representing a decrease of 13.3% compared to the close of December 2011, due to the advance payments of damage and car insurances and real estate taxes, among others.

Other Assets. This account shows an increase of 25.7% compared to the previous year and is mainly due to the advance of investment properties.

Current Liabilities

Bank Credits. The increase of 52.8% is due to the fact that the payments of the bank credit taken on a basis of less than twelve months are greater in 2012 compared to the previous year.

FINANCIAL SITUATION JUNE 2012 VS. DECEMBER 2010

Cash and Cash Equivalents / Short-Term Investments. This account decreased by 17.0%, due to tax and dividend payments, among others.

Clients / Other Accounts Receivable. At the close of the second quarter of 2012, this item amounted \$1,381.2 Million MXP, observing a variation of 13.1% compared to the close of December 2010, with \$1,221 Million MXP, caused by the increase of the client portfolio in this period.

Other Long-Term Assets. At the close of June 2012, this heading recorded a variation of 17.7% with respect to December 2010, which is due to the advance of investment properties.

Suppliers. At the close of the second quarter of 2012, \$2,870 Million MXP were recorded, representing a growth of 17.0% compared to the close of the 2010 tax year, arisen from the increase of liabilities from the acquisition of merchandise in subsidiaries and from the opening of new stores.

Bank Credits. There is a variation of 584.4% with respect to the close of the 2010 tax year arisen from the current portion of the bank credits hired with Banco Santander in June 2010. The bank granted a grace period of 12 and 24 months for the payment of principal; that is, in 2010 and in 2012 the current portion of six months and 12 months were presented, respectively.

Discontinued Operations. In 2012, this account had an entry for \$417.1 Million MXP derived from the discontinuation of the operation of one of the group's companies.

Financial Ratios

Total liabilities to total assets. At the close of 2Q12, this proportion equaled 0.25 times vs. the figure obtained in 2011 of 0.24 times.

Total liabilities to net worth. At the close of 2Q12, this ratio was equivalent to 0.33 times vs. the figure obtained in December 2011 of 0.32 times.

Current assets to current liabilities. At the close of 2Q12, this proportion equaled 1.99 times vs. the figure obtained in December 2011 of 2.17 times.

Current assets minus inventories to current liabilities. At the close of 2Q12, this entry equaled 1.20 times vs. the figure obtained in December 2011 of 1.36 times.

Current assets to total liabilities. At the close of 2Q12, this ratio was equivalent to 1.32 times vs. the figure obtained in December 2011 of 1.39 times.

SOURCES OF LIQUIDITY AND CAPITAL RESOURCES

In addition to generating a cash flow from the operation, the subsidiaries of the Group have taken out revolving credits and letters of credit with banking institutions in order to cover the working capital needs.

Letters of credit: At the close of the second quarter 2012, the subsidiaries had letters of credit in US dollars available to them. The percentage used from the total available was 20.2%.

Revolving Credits and Simple Credits. At the close of the second quarter 2012, the subsidiaries had lines of credit in Pesos and US Dollars available to them. However, only 65.1% of the line of credit in Pesos was used.

Policies Governing the Treasury

The banking conciliations are carried out on a monthly basis and are reviewed by a different area than the one that generated the movements.

Investments are made, previous analysis of the cash excess and the purchase, and sale conditions and the expiration of same, as well as the authorization by the finance departments or areas, pursuant to the policies and procedures established. Investment operations are recorded once the fund transfer is made to the selected financial institution, that is, in the period corresponding to it. Interests accrued on the investments are recorded in the period of accrual and are compared with the bank statements through banking conciliations.

Financing requests are approved by the authorized attorneys-in-fact and by the authorized directors, and if applicable, by the Finance and Planning Committee and/or by the Board of Directors, pursuant to the policies and procedures established.

Once the credit is obtained, it is recorded in the loan books, pursuant to the agreements executed. Records for interests and payments made are periodically made, pursuant to the transfers made to the financial institutions and they are conciliated periodically with support documentation. Compliance with the clauses set forth in the executed loan agreements is constantly reviewed.

The management is not authorized to hire derivative financial instruments. The Finance and Planning Committee is the body in charge of analyzing and, if applicable, of approving the hiring of these financial instruments.

Currencies of Cash and Temporary Investments

The Company has cash and cash equivalents invested in Mexican currency and in Dollars, both in checking accounts and on investments in securities; classified as investments with negotiation purposes and available for sale.

The cash and cash equivalents will continue to be invested pursuant to the policies established with basis on the strategic plan approved by the Board of Directors and pursuant to the guidelines of the Finance and Planning Committee.

Material Tax Credits or Liabilities

At the close of 2Q12, the Company is up to date with its tax obligations.

The internal controls of the Company are focused on the safeguard of assets, on the compliance of the policies and procedures established, on the detection and prevention of fraud and on the generation of reliable financial information.

Financial Analyst

“IXE Casa de Bolsa” was appointed by the Company to follow-up and to cover the analysis of its securities.

GENERAL INFORMATION

Grupo Gigante, S.A.B. DE C.V.
BMV Ticker Code: Gigante*
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GRUPO GIGANTE S.A.B. DE C.V.

Consolidated Balance Sheets
 As of June 30, 2012; December 2011 and 2010
 (In Millions of Mexican Pesos)

Concept	2Q2012	2011	2010
Total Assets	27,775	27,375	25,507
Current Assets	8,981	9,224	8,780
Investment in Shares	2	2	2
Property and Equipment - Net	7,767	7,789	7,101
Investment Properties	10,354	10,097	9,345
Uncollected accrued income	35	32	33
Goodwill and other intangible assets - Net	290	231	247
Discontinued Operations	345		
Total Liabilities	6,814	6,629	5,704
Current Liabilities	4,508	4,200	3,442
Long - Term Bank Loans	501	524	553
Deferred Taxes	1,627	1,741	1,565
Others	136	126	105
Employee Benefits	40	38	39
Stockholders' Equity	20,961	20,746	19,804

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

GRUPO GIGANTE S.A.B. DE C.V.

Consolidated Statements of Income
From January 1 to June 30, 2012 and 2011
(In Millions of Mexican Pesos)

Concept	2012	2011
Revenue	9,015	8,047
Cost of Sales	5,700	5,059
Gross Revenue	3,315	2,987
Operating Expenses	2,412	2,198
Operating Income	902	789
Net Comprehensive Financing	22	47
Income from Continuing Operations before Income Taxes	880	742
Expensive Taxes	256	185
Income from Continuing Operations	624	557
Discontinued Operations	285	29
Consolidated Net Income	340	528
Net Income of Majority Stockholders	170	165
Net Income of Minority Stockholders	170	363

GRUPO GIGANTE S.A.B. DE C.V.

Consolidated Statements of Income
From April 1 to June 30, 2012 and 2011
(In Millions of Mexican Pesos)

Concepto	2012	2011
Revenue	4,414	3,977
Cost of Sales	2,781	2,489
Gross Revenue	1,632	1,488
Operating Expenses	1,197	1,094
Operating Income	436	394
Net Comprehensive Financing	-33	21
Income from Continuing Operations before Income Taxes	469	373
Expensive Taxes	134	88
Income from Continuing Operations	335	284
Discontinued Operations	139	18
Consolidated Net Income	196	266
Net Income of Majority Stockholders	63	76
Net Income of Minority Stockholders	133	189