



July 28, 2008

MANAGEMENT DISCUSSION AND ANALYSIS ON THE COMPANY'S OPERATING AND FINANCIAL RESULTS FOR THE SECOND QUARTER 2008

Figures corresponding to the second quarter of 2007 presented in this report are expressed in millions of pesos with purchasing power as of December 31, 2007. Figures corresponding to the second quarter of 2008 are expressed in millions of constant pesos. 'b.p' represents basis points and 'md' represents million dollars.

i) Operating Results

As a result of the divestiture of our retail stores in December 2007, comparisons and figures are stated on a pro forma basis; thus, figures for the second quarter of 2007 exclude the results from the retail business with the goal of making them comparable to those obtained during this year's second quarter.

The company has not made any relevant transactions that are not included in the financial statements.

Operating and Financial highlights for the second quarter of 2008

- Total sales and same store sales showed an increase of **24.8%** and **13.7%** respectively, during 2Q08 vs. 2Q07
- Due to the execution of our expansion plan, operating expenses for the quarter registered an increase of **33.6%** when compared to 2Q07.
- Operating income for the quarter showed an increase of **59.5%** versus the same quarter of the previous year, representing an operating margin of **9.6%**.
- From January to June of 2008, Grupo Gigante invested **\$521** mp in the acquisition of some lands, openings, remodeling and systems.



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

Second Quarter 2008 results

(Figures in million pesos)

	2Q08	2Q07	Var %
Net Sales	2,205	1,766	24.8
Gross Profit	941	678	38.6
Operating Income	212	133	59.5
EBITDA	285	218	30.3
Net Income	(59)	36	(261.7)

Sales.- The Company's business strategy has contributed to the performance in sales.

During 2008's second quarter, all the divisions in the Group increased their sales; reason why total sales amounted to **\$2,205 mp**, representing an increase of **24.8%** from 2Q07. Similarly, sales at stores with more than 12 months in operation increased **13.7%** to **\$1,964 mp**.

Accumulated total sales and same store sales in the year rose **21.2%** and **9.3%**, when compared to the same six month period in 2007, amounting to **\$4,435 mp** and **\$3,932 mp**, respectively.

Several factors positively impacted the Group's results. On one hand, the addition of **92⁽¹⁾** new points of sales, as well as excellent quality that distinguishes our restaurant chain and the no interest promotions offered by Office Depot and Radio Shack. Also, during the quarter we had the anniversary sale at Office Depot with excellent results.

It is worth to mention that same store and total sales includes the renting income of our real state business.

⁽¹⁾ Last 12 months.



Cost of Sales.- During 2008 Grupo Gigante has observed an increase in this item as a result of the growth in sales, as well as the increase in prices of some farming products affecting the restaurant business.

At the close of the second quarter 2008, cost of sales reached **\$1,263 mp**, an increase of **16.2%** when compared to 2Q07.

In cumulative terms it totaled **\$2,563 mp** in 1H08 which represent an increase of **14.7%** respect 1H07

Gross Profit.- During 2Q08 gross profit amounted to **\$941 mp**, which compares favorably with the same year ago period, as it represents an increase of **38.6%**.

gross margin reached **42.7%**, showing an improvement of **4.3 b.p.** from the same period in 2007.

During the period from January to June of 2008, the gross profit totaled **\$1,872 mp**, showing an increase of **31.3%** from **1H07**. As a percentage of sales, operating income increased from **39.0%** in the first half of 2007 to **42.2%** in 2008.

Operating expenses.- During 2008 second quarter, the expenses amounted to **\$729 mp** and represented an increase of **33.6%** from 2q07.

Accumulated operating expenses increased **16.4%** in the period to **\$1,316 mp**, which in turn represents a decline as a percentage of sales of **1.2 b.p.**

This growth rates in the period stems from the execution of the Group's expansion plan.

At the close of 1H08 the increase in expenses was well below the growth recorded for same store sales, showing the tight spending policy implemented by the Group.



Operating Cash flow.- During the second quarter of this year, operating cash flow amounted to **\$285 mp** reflecting an increase of **30.3%** versus 2Q07

In cumulative terms operating cash flow registered an increase of **62.0%** when compared to 1H07, summing **\$704 mp** this semester.

Operating income.- During the second quarter operating income reached **\$212 mp**, representing an increase of **59.5%** when compared to **\$133 mp** in 2Q07. As a result the margin improved by **2.1 b.p.**, from **7.5%** in 2Q07 to **9.6%** this quarter.

In the period January to June 2008, operating income reached **\$556 mp**, increasing **88.7%** from the same 2007 period.

Comprehensive financing cost (CFC).- At the close of 2008's second quarter, the comprehensive financing cost registered a loss of **\$214 mp**, which is **11.3 times** below of the gain registered in the same period of 2007. Said result stems from a foreign exchange loss of **\$268 mp** generated in 2008 from temporary investments in dollars coming from the divestiture of the self –service stores.

The foreign exchange loss of the first semester of 2008 was of **\$321 mp**, which is **34.6** times lower from the gain registered in 2007's period.

Foreign exchange losses do not involve funds and are subject to the amount and spot rate of the foreign currency in a particular moment of time.



Income taxes.- During **2Q08** the income tax amounted to a gain of **\$6.2 mp**, showing a decrease of **122.9%** from 2Q07. The decline stems from the net loss registered this quarter.

In terms of the first semester of 2008, income taxes amounted to **\$68.5 mp**, increasing **6.2%** from the same year ago period.

Net income.- At the close of 2Q08 the company recorded a net loss of **\$59 mp**, or **261.7%** below that of 2007. The decrease stems from a foreign exchange loss related to the dollar investments, and as mentioned before does not imply a decrease in cash flow.

Accumulated net income amounted to **\$2,209 mp**, which is **16.1 times** above that of 1H07.

Capital Investments (CAPEX).- From January to June of 2008, the Company has invested a total amount of **\$521 mp** of **\$1,774 mdp** budgeted for 2008. Said amount was used in the acquisition of land, openings, remodelings and improvements in IT

During the second quarter of 2008 **22** units were opened: **3** Office Depot stores, **11** Super Precio, **1** Toks and **7** Radio Shack. With these openings total stores in operation were **528**, summing **277,991 sqm** of sales floor and **16,060** seats. At the same time, we remodeled **8** Radio Shack stores and **2** Office Depot and closed **2** Radio Shack units



It is worth to mention that capital investments are being financed with own resources.



Openinigs

Branch	State	Date	Office Depot	Super Precio	Toks	Radio Shack	Total
Figuroa	Edo. de Méx	25/04/2008		1			1
Gallo de Oro	Distrito Federal	28/04/2008		1			1
Ávila Camacho	Edo. de Méx	30/04/2008		1			1
El Zacaton	Distrito Federal	24/05/2008		1			1
Pirules	Distrito Federal	28/05/2008		1			1
Chiapas	Distrito Federal	31/05/2008		1			1
Olimpica	Edo. de Méx	13/06/2008		1			1
Valle de Aragón	Edo. de Méx	26/06/2008		1			1
Juventino Rosas	Distrito Federal	30/06/2008		1			1
Chimalhuacán	Edo. de Méx	27/06/2008		1			1
Recursos Hidráulicos	Edo. de Méx	30/06/2008		1			1
Paseo Cancún	Quintana Roo	25/06/2008			1		1
El Palomar	Jalisco	17/04/2008	1				1
Citadel	Nuevo León	08/01/2008	1				1
Tlalpan	Distrito Federal	12/06/2008	1				1
Soriana Ciudad Victor	Tamaulipas	19/04/2008				1	1
Plaza Las Américas M	Michoacán	28/04/2008				1	1
Chedraui Neza	Edo. De Mex.	30/04/2008				1	1
Forum Tepic	Distrito Federal	05/05/2008				1	1
Córdoba	Veracruz	18/05/2008				1	1
Plaza Camelinas	Michoacán	13/06/2008				1	1
Chedraui Tenayuca	Distrito Federal	22/06/2008				1	1
Total			3	11	1	7	22

As of June 30, 2008 the number of stores and sales floor area by format were as follows:

	1Q08	Closings	Openings	2Q08	Sqm. Sales Floor	Var. June vs. Dec.
	90	0	11	101	23,855	15.6%
	75	0	1	76	16,060	2.6%
	166	0	3	169	232,722	3.1%
	177	2	7	182	21,414	2.3%
Total	508	2	22	528	277,991	3.9%

* Number of seats

Sincerely,

Ángel Losada Moreno

Chairman of the Board and

Chief Executive Officer, Grupo Gigante, S.A.B. de C.V.



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

Income Statement

Second Quarter 2008/2007

(Thousands of pesos)

Items	2T08	2T07
Net Sales	2,205,089	1,766,559
Cost of Sales	1,263,892	1,087,616
Gross Profit	941,197	678,943
Total Operating Expenses	729,392	546,154
Operating Income	211,805	132,789
Other income and expenses (net)	(14,445)	(35,500)
Comprehensive Financial Cost	(213,885)	20,820
Interest Paid	19,300	969
Other Financial Expenses	9,758 -	
Interest Earned	58,794	2,883
Other Financial Products	9,598	15,762
Exchange Loss (Gain) Net	(255,608)	(455)
Monetary Position	2,388	3,599
Extraordinary Items	(476)	2,361
Net Income Before Taxes	(17,001)	120,470
Provisions for Taxes and Profit Sharing due	(6,280)	27,390
Net Income before discontinued Operations	(10,722)	93,080
Discontinued operations	(47,925)	(56,804)
Net consolidated income	(58,646)	36,276
Net income of minority interest	(5,750)	(1,416)
Net income of majority interest	(52,896)	37,692



GRUPO GIGANTE, S.A.B. DE C. V.
Income Statement
Second Quarter Accumulated Figures 2008/2007
(Thousands of pesos)

Items	2008	2007
Net Sales	4,435,111	3,659,365
Cost of Sales	2,563,237	2,233,781
Gross Profit	1,871,873	1,425,584
Total Operating Expenses	1,316,253	1,131,177
Operating Income	555,620	294,407
Other income and expenses (net)	(4,056)	(35,078)
Comprehensive Financial Cost	(316,697)	9,421
Interest Paid	20,948	1,921
Other Financial Expenses	32,120	13,688
Interest Earned	100,502	5,783
Other Financial Products	20,353	14,671
Exchange Loss (Gain) Net	(384,484)	(2,226)
Monetary Position	-	6,856
Extraordinary Items	9,860 -	
Net Income Before Taxes	244,727	268,751
Provisions for Taxes and Profit Sharing due	68,523	64,511
Net Income before discontinued Operations	176,204	204,240
Discontinued operations	2,032,624	(75,014)
Net consolidated income	2,208,828	129,225
Net income of minority interest	1,223	1,544
Net income of majority interest	2,207,605	127,681



Balance Sheet
Accumulated to the Second Quarter 2008/2007
Thousands of pesos

Items	2008	2007
Total assets	21,682,509	24,364,583
Current assets	7,670,294	6,770,472
Cash and temporary investments	3,946,348	481,627
Trade accounts receivable (net)	149,599	108,883
Other accounts receivable (net)	1,655,135	260,816
Inventories	1,426,103	1,221,501
Other current assets	493,109	4,697,645
Long term assets	218,314	223,736
Accounts receivable (net)	-	-
Investment in equity shares and unconsolidated subsidiaries	-	-
Other Investments	218,314	223,736
Property, plant and equipment(net)	13,131,685	12,498,349
Property	13,130,784	14,130,999
Machinery and industrial equipment other equipment	-	-
1,104,210	1,311,851	
Accumulated Depreciation	1,238,542	3,054,194
Building in process	135,233	109,693
Deferred assets	537,769	524,922
Other assets	124,447	4,347,103



Balance Sheet
Accumulated to the Second Quarter 2008/2007
Thousands of pesos

Concepto	2008	2007
Total Liabilities	4,703,577	10,314,032
Current Liabilities	2,862,919	8,876,731
Accounts Payable	852,311	834,139
Bank Debt	234,002	54,475
Debt Securities	-	-
Other Credits	75,705	-
Accrued Taxes	567,690	388,581
Other Current Liabilities	1,133,211	7,599,536
Long-Term Liabilities	283	105,400
Bank debt	-	105,223
Debt securities	-	-
Other debts	283	177
Deferred Liabilities	-	-
Other long-term liabilities	1,840,375	1,331,901
Shareholder's Equity	16,978,932	14,050,550
Minority Stockholder's Equity	127,721	112,413
Majority Stockholder's Equity	16,851,211	13,938,137
Paid in Capital	10,337,226	10,288,853
Capital Stock	2,689,077	2,688,834
Premium on Stock Sold	7,648,149	7,600,019
Contributions for Future Capital Increases	-	-
Cumulative results and equity reserve	6,513,985	3,649,284
Cumulative Results and Equity Reserve	4,416,153	3,529,137
Other Cumulative Results	-	-
Reserve for Shares Repurchase	2,097,832	120,147



Web Pages

www.grupogigante.com.mx

www.officedepot.com.mx

www.toks.com.mx

www.radioshack.com.mx

Contacts:

Emilia Maldonado

+ 52 (55) 5269-8727

emaldona@gigante.com.mx

IR Communications

Bernarda Tinoco

+ 52 (55) 5644-1247

bernarda@irandpr.com