



February 27, 2009

MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY'S OPERATING AND FINANCIAL RESULTS FOR THE YEAR ENDED 2008

Figures corresponding to 2007 and 2008 presented in this report are expressed in millions of pesos ("mp") with purchasing power as of each period. 'p.p.' represents percentage points, 'b.p.' represents basis points. 'md' represents million of US dollars.

As it was announced in December 2008 Grupo Gigante sold its participation in Radio Shack de México. As a result, comparison and figures presented in this report are in pro forma basis, which means that data corresponding to 2007 excludes the results of Radio Shack de México, with the goal of making them comparable to 2008 figures.

Without doubt 2009 will be a challenging year but will also offer new opportunities, Grupo Gigante is well prepared to use its competitive advantages to seize them, as well as through the deep knowledge of the Mexican consumer, which has accumulated in the past 46 years.

It is worth to notice that Grupo Gigante does not have any derivative contracts and its foreign exchange debt at the close of 4Q08 amounted to **\$17 md**.

Operating and Financial Highlights for the Fourth Quarter of 2008

- Total sales and same store sales during 4Q08 rose **37.0%** and **16.3%**, respectively, when compared to the same year-ago period.
- Cost of sales represented **53.4%** of sales.
- Gross profit for the quarter reached **\$1,098 mp**.
- Operating expenses, as a result of the increase in sales, rose **27.9%** from 4Q07 as a result of the accomplishment of the expansion goals. During the period **30** units were opened.
- Operating income for the quarter totaled **\$301 mp**.
- Operating cash flow for the quarter amounted to **\$376 mp**, **161%** above the same year-ago period.



Grupo Gigante, S.A.B. DE C.V.
Fourth Quarter 2008 Results

	4Q08	4Q07	Var %
Net Sales	2,355	1,719	37.0
Gross Profit	1,098	698	57.3
Operating Income	301	75	303.0
Net Income	531	4,222	(-87.4)

Figures in million pesos

Sales. - Sales at the close of 2008 showed a positive result despite the economic uncertainty observed in the second half of the year. Total sales during 4Q08 amounted to **\$2,356 mp**, representing an increase of **37.0%** from 4Q07. Same store sales rose **16.3%**, amounting to **\$1,991 mp**.

In accumulated terms, total sales and same store sales increased **22.7%** and **11.0%** from the same year-ago period to **\$8,385 mp** and **\$7,376 mp**, respectively.

Our business units faced two main challenges in 2008: a volatile macroeconomic environment, and thus, a cautious consumer. Each format accordingly to its segment, offered competitive prices, payment options and the best quality for its products and services. As per real estate segment, we were able to increase rents too.

In parallel, the Group met the objectives set in terms of its growth strategy; as such, the number of Toks restaurants, Super Precio stores and Office Depot at the close of the year totaled **82** new units, 30 of which were opened during 4Q08. The incorporation of these new stores contributed to a great extent to the obtained results.

Cost of Sales. - The cost of sales at the end of the fourth quarter amounted to **\$1,258 mp**, representing an increase of **23.1%** when compared to 4Q07. Nonetheless, we observed a better proportion to sales, 600 b.p. below the same year-ago period.



At the close of 2008, the cost of sales reached **\$4,760 mp**, **14.6%** above the cost registered in 2007. As a proportion of sales it also observed a decrease of 400 b.p. versus 2007.

Said increases are mainly due to the growth in sales in stores already in operation as well as the constant openings during the year.

Gross Profit. - At the close of the October-December period, the gross profit represented **46.6%** of sales, amounting to **\$1,098 mp**, which represents a **57.3%** increase and a margin improvement of 600 p.b. from the same year-ago period.

Gross profit for 2008 totaled **\$3,626 mp**, **35.3%** above that of the close of 2007. As a percentage of sales, the gross profit represented **43.2%**, showing a margin increase of 400 p.b. compared to 2007.

Operating Expenses. - At the close of 4Q08 operating expenses reached **\$796 mp** and represented **33.8%** of sales, **27.9%** higher than those of 4Q07. The increase stems from the execution of the company's expansion plan which included **30** openings nationwide during 4Q08.

In accumulated terms, operating expenses for 2008 totaled **\$2,610 mp**, and are **22.7%** higher than the **\$2,128 mp** registered at the close of 2007. The variation is explained by the incorporation of **82** new stores of our diverse formats during 2008.

Operating Income.- At the close of 2008 October-December period, the operating income rose to **\$301 mp**, **303.0%** above 4Q07's operating income. The operating margin increased by 844 b.p.

At the close of the year, operating income totaled **\$1,015 mp** and was **84.0%** above the same 2007 period.

Operating Cash Flow.- At the close of 4Q08, the operating cash flow amounted to **\$376 mp**, which is **161.1%** above that of 4Q07.

In accumulated terms, operating cash flow totaled **\$1,298 mp**, which represents a **56.7%** growth when compared to the **\$828 mp** recorded in the same year-ago period.

Comprehensive Financing result (CFR). -The comprehensive financing result for 4Q08 was favorable when compared to that of the 4Q07, amounting to **\$221 mp**.



This outcome stems from the interest earned in investments as well as the foreign exchange gain resulting from them.

At the end of 2008, the CFR was **\$92 mp**, figure that unfavorably compares to that registered in the same year-ago period. This is due in large extent to the foreign exchange rate loss registered in the first half of 2008 from investments in US dollars that the company had at that time. In addition, the company faced an interest increase on short term loans.

The foreign exchange loss does not imply a flow of funds and is subject to the amount and actual spot price of the foreign currency at such point in time.

Net Income. – At the close of 2008 October-December period, net income represented **19.45%** as a proportion to sales, amounting to **\$458 mp**. This figure shows a decrease **89.1%** when compared to the same year ago period.

Net Income at the close of 2008 totaled **\$2,773 mp**, **41.1%** below 2007's net income. As a percentage on sales net income represented **33.9%**.

Relevant Events.- On December 15, 2008 Grupo Gigante announced the result of its negotiations with its partner Tandy Corporation (Radio Shack), after which Grupo Gigante decided to sell its stake in Radio Shack de México, S.A. de C.V. for the amount of **\$563.2 mp** as it represented an economically interesting opportunity for the company.

Capital Investments (Capex).- During 2008, the Company invested a total of **\$1,301 mp**. Said amount was used to pay for the acquisition of land, construction and equipment for new stores, as well as remodeling and information systems improvements.

During the year we opened **82** new units: **30** Office Depot stores, **40** Super Precio stores and **12** Toks restaurants. After adding the new units to our operations, we now have **400** units and a total sales floor of **283,252 m²** and **18,134** seats.

It is worth nothing that capital investments are financed with own resources.



As of December 31, 2008 the number of stores and sales floor area by format were as follows:


	3Q08	Closings	Openings	4Q08	Sales Floor Sqm.	Var % Dic 08 vs. Dic 07
	115	0	11	126	30,758	49.1%
	79	1	7	85	18,134	15.8%
	177	0	12	189	252,494	11.8%
Total	371	1	30	400	283,252	14.9%

* Number of seats

Openings

Store	Branch	State
	1 Amanecer	Edo. de Méx
	2 Zacamolpan	Edo. de Méx
	3 Azucena	Edo. de Méx
	4 Ruíz Cortinez	Edo. de Méx
	5 Izcalli	Edo. de Méx
	6 Arenal	Distrito Federal
	7 Peralvillo	Distrito Federal
	8 Eucaliptos	Edo. de Méx
	9 La Perla	Edo. de Méx
	10 La Blanca	Edo. de Méx
	11 Mayoreo Ecatepec	Edo. de Méx
	1 Tapachula	Chiapas
	2 Parques Polanco Express	Distrito Federal
	3 Plaza Cumbres	San Luis Potosí
	4 Manzanillo	Colima
	5 Leones Mty Express	Nuevo León
	6 Periférico Juárez	Chihuahua
	7 La Joya Cuautitlán	Estado de México
	8 Cancún Nichupte	Quintana Roo
	9 Acapulco Costera	Guerrero
	10 Tulancingo	Hidalgo
	11 Lindavista Mty	Nuevo León
	12 El Fresno Torreón	Coahuila
	1 Celaya	Guanajuato
	2 Sendero Ecatepec	Estado de México
	3 Tlalpan Xola	Distrito Federal
	4 León las Torres	Guanajuato
	5 Aguascalientes	Aguascalientes
	6 Avenida Central	Edo. de Méx
	7 Pachuca Colosio	Hidalgo

Closings

	1	Casa Rodrigo Polanco	Distrito Federal
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Sincerely,

Ángel Losada Moreno

Chairman of the Board and

Chief Executive Officer, Grupo Gigante



Grupo Gigante, S.A.B. DE C.V
Income Statement
Fourth Quarter 2008/2007
Thousands of pesos

Items	4Q08	4Q07
Net Sales	2,355,652	1,719,073
Cost of Sales	1,257,990	1,021,392
Gross Profit	1,097,662	697,681
Total Operating Expenses	796,422	622,935
Operating Income	301,240	74,746
Other Income and Expenses (Net)	(9,132)	(181,759)
Comprehensive Financial Result (CFR)	221,437	(46,301)
Extraordinary Items	-	49,038
Net Income Before Taxes	513,545	(104,276)
Tax on Income	106,639	(23,357)
Net Income Before Discontinued operations	406,906	(80,919)
Discontinued operations	124,770	4,302,844
Net Consolidated Income	531,676	4,221,925
Net Income of Minority Interest	(2,885)	14,288
Net Income of Majority Interest	534,561	4,207,637



Grupo Gigante, S.A.B. DE C.V.
Income Statement
January 1, 2008 to December 31, 2008
Thousands of Pesos

Items	2008	2007
Net Sales	8,385,495	6,834,154
Cost of sales	4,759,976	4,154,352
Gross profit	3,625,519	2,679,802
Total Operating Expenses	2,610,197	2,128,142
Operating Income	1,015,322	551,660
Other Income and Expenses (Net)	(16,553)	23,203
Comprehensive Financial Result (CFR)	(92,009)	(15,516)
Extraordinary Items	9,395	49,038
Net Income Before Taxes	916,155	608,385
Tax on Income	221,571	143,395
Net Income Before Discontinued Operations	694,584	464,990
Discontinued Operations	2,152,205	4,247,720
Net Consolidated Income	2,846,789	4,712,710
Net Income of Minority Interest	293	17,236
Net Income of Mayority Interest	2,846,496	4,695,474



Grupo Gigante, S.A.B. DE C.V.
Balance Sheet
January 1, 2008 to December 30, 2008
Thousands of Pesos

Items	2008	2007
Total Assets	21,476,247	30,278,429
Current Assets	6,913,309	16,465,646
Cash and Temporary Investments	4,755,311	535,491
Trade Accounts Receivable (net)	142,523	103,515
Other Accounts Receivable (net)	644,792	7,713,744
Inventories	1,323,156	979,313
Other Current Assets	47,527	7,133,583
Long Term Assets	211,179	220,473
Accounts Receivable (net)	-	-
Investment in Equity Shares and Unconsolidated Subsidiaries	-	-
Other Investments	211,179	220,473
Property, Plant and Equipment (Net)	13,839,859	12,883,653
Deferred Assets	492,704	490,143
Other Assets	19,196	218,514



Grupo Gigante, S.A.B. DE C.V
Balance Sheet
January 1, 2008 to December 31, 2008
Thousands of Pesos

Items	2008	2007
Total Liabilities	4,039,236	11,855,558
Current Liabilities	2,114,754	8,983,764
Accounts Payable	1,015,851	809,183
Bank Debt	-	14,000
Debt Securities	-	-
Other Credits	-	-
Accrued Taxes	655,112	1,633,233
Other Current Liabilities	443,791	6,527,348
Long Term Liabilities	-	39,000
Bank Debt	-	39,000
Debt securities	-	-
Other Debts	-	-
Deferred Liabilities	-	-
Other Long Term Liabilities	1,924,482	2,832,794
Shareholder's Equity	17,437,011	18,422,871
Minority Shareholder's Equity	-	126,503
Majority Shareholder's Equity	17,437,011	18,296,368
Paid in Capital	10,360,862	10,337,239
Capital Stock	2,689,335	2,689,090
Premium on Stock Sold	7,671,527	7,648,149
Contributions for Future Capital Increases	-	-
Increase (loss) in Capital	7,076,149	7,959,129
Cumulative Results and Equity Reserve	4,076,149	7,959,129
Other Cumulative Results	-	-
Reserve for Shares Repurchase	-	-



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