

**COMMENTS AND ANALYSIS BY THE ADMINISTRATION ON THE  
OPERATIONAL RESULTS AND FINANCIAL SITUATION OF THE  
COMPANY AT THE CLOSE OF THE FIRST QUARTER 2012**  
(FIGURES IN MILLIONS OF PESOS)

Million MXP: Millions of Pesos  
Dollars: American Dollars

**RESULTS FOR 1Q12**

**Total sales** during the 1Q12 amounted to \$5,283 Million MXP, representing an increase of 11.4% with respect to 1Q11; the **same-store sales** increased by 6.5%, totaling \$4,941 Million MXP.

**Cost of sales** recorded during the first quarter of the year was \$3,508 Million MXP, which represented a 12.9% increase compared with 1Q11. As percentage on sales there was an increase of 0.9 p.p. when comparing both years.

In the period from January to March 2012, the **gross revenue** increased by 8.5% with respect to the 1Q11; therefore, at the close of the period, the amount of \$1,775 Million MXP was recorded. The gross margin in the 1Q12 was 33.6% resulting 0.9 p.p. less than the one recorded in the same period during 2011.

**Operating Expenses** during the 1Q12 totaled \$1,392 Million MXP, which represents an 11.3% increase compared to those recorded in 1Q11. As a percentage on sales it represented 26.4% in both years. The increase in the amount of this item results mainly from the execution of the sales floor expansion strategy, with 18 openings in the quarter.

**Operating Flows** defined as operating revenue plus depreciation and amortization of the 1Q12 summed \$509.5 Million MXP, which is 2.5% more than the one recorded in the 1Q11.

The **integral financing results** recorded in the 1T12 were unfavorable for \$53.4 Million MXP, compared to the result of \$26.1 Million MXP recorded in 1Q11. This diminishment was caused by the economic variables of interest rates and exchange rates.

**Discontinued Operations.** The company recognized an expense for fees in connection with the discontinued operation of retail stores.

The **Consolidated Net Revenue for continuous operations** was \$207.6 Million MXP, which compared to 1Q11 showed a diminishment of 20.7%.

The **Consolidated Net Revenue** for 1Q12 decreased to \$144 Million MXP compared to the consolidated net revenue of \$261.7 Million MXP for the same period in 2011. The diminishment was generated mainly by the effect of discontinued operations.

**RESULTS AS OF MARCH 2012**

Grupo Gigante is making continuous efforts to generate growth in same-store sales; regarding growth in total sales, it shall be noted that Grupo Gigante opened 18 units during the last 3 months.

At the close of March 2012, the **cost of sales** was \$3,508 Million MXP, 12.9% 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 66% in both cases.

As of March, **gross profits** totaled \$1,775 Million MXP, an amount 8.5% higher 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. As sales margin it represented 33.6% for this year, compared to the same period in 2011 which was 34.5%.

As of March 2012, the **integral financing results** recorded an unfavorable amount of \$53.4 Million MXP. When comparing the accumulated figure as of March 2012 with the figure for the same period of the previous year, an increase of 104.5% is observed. This may be explained due to the volatility in the exchange rate fluctuation shown in the first months of fiscal year 2011.

**Units in Operation.** During the first quarter of 2012, a total of 18 units were opened: 9 Office Depot stores, 5 Super Precio stores, 2 Toks restaurants and 2 Panda Express restaurants; on the other hand, during this same quarter, 3 Super Precio stores and 1 Office Depot store were closed.

By the inclusion of these openings and closings, the total number of units in operation at the close of the first quarter was 816 with a total of 455,511 m<sup>2</sup> of sales floor and 21,990 seats.

**Investment on capital.** The company has made investments according to its annual schedule for an amount of \$305 Million MXP, as of the first quarter of 2012.

**Relevant Events.** During the first quarter, Grupo Gigante did not have any relevant events to inform to the general public.

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).

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## FINANCIAL SITUATION MARCH 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 first quarter of 2012, the amount of these securities was \$3,816.4 Million MXP (including investments classified for negotiation purposes and available for sale), which figure is smaller by 13.0% than the amount recorded at the close of 2011. The reduction is principally due to the fair value of investments in financial instruments for sale and tax payment..

**Other Current Assets.** At the end of the 1Q12, this heading totaled \$171,700 Million MXP, representing an increase of 29.6% compared to the close of December 2011. The increase arises from advance payments made to suppliers for \$23 Million MXP and to customs agents for \$13 Million MXP.

**Other Assets.** This account shows an increase of 11.6% compared to the previous year and is mainly due to the advance of fixed assets for \$29 Million MXP.

### Current Liabilities

**Bank Credits.** The increase of 26% 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 MARCH 2012 VS. DECEMBER 2010

**Cash and Cash Equivalents / Short-Term Investments.** This account decreased by 7.8%, due to VAT payment corresponding to previous fiscal years.

**Clients / Other Accounts Receivable.** At the close of the first quarter of 2012, this item amounted \$1,343.6 Million MXP, observing a variation of 10% compared to the close of December 2010, with \$1,221 Million MXP, caused by the increase of the client portfolio in this period, due to the acquisition of new businesses.

**Other Long-Term Assets.** At the close of March 2012, this heading recorded a variation of 16.4% with respect to December 2010, which is due to the advance for the acquisition of fixed assets.

**Suppliers.** At the close of the first quarter of 2012, \$2,645.3 Million MXP were recorded, representing a growth of 7.9% 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 464.5% 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 December 2011, a discontinued entry was provisioned, which was paid in the first quarter of 2012.

#### Financial Ratios

**Total liabilities to total assets.** At the close of 1Q12, this proportion equaled 0.23 times vs. the figure obtained on 2011 of 0.24 times.

**Total liabilities to net worth.** At the close of 1Q12, this ratio was equivalent to 0.29 times vs. the figure obtained on 2011 of 0.32 times.

**Current assets to current liabilities.** At the close of 1Q12, this proportion equaled 2.28 times vs. the figure obtained on 2011 of 2.17 times.

**Current assets minus inventories to current liabilities.** At the close of 1Q12, this entry equaled 1.40 times vs. the figure obtained on 2011 of 1.36 times.

**Current assets to total liabilities.** At the close of 1Q12, this ratio was equivalent to 1.42 times vs. the figure obtained on 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 first quarter 2012, the subsidiaries had letters of credit in US dollars available to them. The percentage used from the total available was 15.5%.

**Revolving Credits and Simple Credits.** At the close of the first quarter 2012, the subsidiaries had lines of credit in Pesos and US Dollars available to them. However, only 64.6% 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.

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### **Material Tax Credits or Liabilities**

At the close of 1Q12, 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.

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## Financial Analyst

“IXE Casa de Bolsa” is following up and covering the analysis of the Company’s securities.

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## 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 march 31, 2012; december 31, 2011 and 2010

(In Millions of Mexican Pesos)

<b>Concept</b>	<b>31/03/2012</b>	<b>31/12/2011</b>	<b>31/12/2010</b>
<b>Total Assets</b>	<b>27,014</b>	<b>27,375</b>	<b>25,507</b>
Current Assets	8,669	9,224	8,809
Investment in Shares	2	2	2
Property and Equipment - Net	18,055	17,885	16,446
Goodwill and Deferred Charges - Net	264	239	227
Uncollected accrued income	24	25	23
<b>Total Liabilities</b>	<b>6,124</b>	<b>6,629</b>	<b>5,704</b>
Current Liabilities	3,806	4,245	3,473
Deferred Taxes	1,679	1,741	1,564
Employee Benefits	37	38	39
Long - Term Bank Loans	513	524	553
Others	89	81	75
<b>Stockholders' Equity</b>	<b>20,890</b>	<b>20,746</b>	<b>19,803</b>

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

Consolidated Statements of Income  
From January 1 to March 31, each year  
(In Millions of Mexican Pesos)

Concept	2012	2011
Revenue	5,283	4,743
Cost of Sales	3,508	3,107
<b>Gross Revenue</b>	<b>1,775</b>	<b>1,636</b>
Operating Expenses	1,392	1,251
<b>Operating Income</b>	<b>383</b>	<b>385</b>
Other Income and (Expenses) - Net	0	0
Net Comprehensive Financing	-53	-26
<b>Income from Continuing Operations before Income Taxes</b>	<b>330</b>	<b>359</b>
Expensive Taxes	122	97
<b>Income from Continuing Operations</b>	<b>208</b>	<b>262</b>
Discontinued Operations	-64	0
<b>Consolidated Net Income</b>	<b>144</b>	<b>262</b>
Net Income of Majority Stockholders	107	89
Net Income of Minority Stockholders	39	173