



Challenge times, are.
opportunity
times

2009 Annual Report



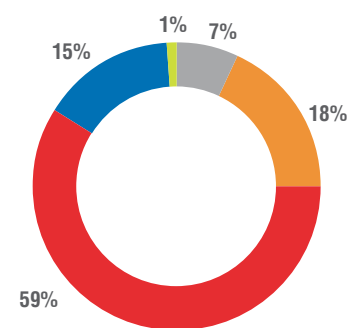
GRUPO GIGANTE is a holding company whose shares trade on the Mexican Stock Exchange since 1991.

The subsidiaries that compose the Group include **GIGANTE GRUPO INMOBILIARIO**, a division in charge of the operation and development of real estate projects, **RESTAURANTES TOKS**, which operate restaurants under the “casual dining” concept, **TIENDAS SUPER PRECIO**, a store format that offer permanent discounts and **THE HOME STORE**, specifically conceived for home decoration and improvement.

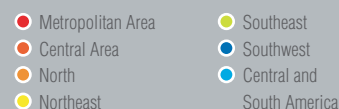
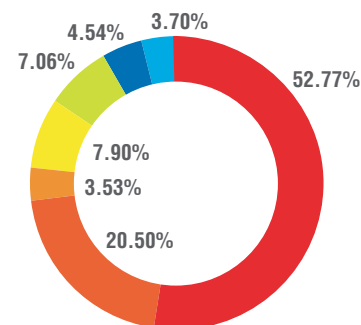
The Group also has a participation in **OFFICE DEPOT**, the largest and most important chain that sells office supplies and furniture, stationary and electronics in Mexico and Central America.

Through **FUNDACIÓN GIGANTE**, Grupo Gigante has institutionalized socially responsible programs thereby strengthening both a commitment and tradition that began more than 4 decades ago.

Sales Breakdown by Business Unit



Regional Distribution of Units



Sales Floor Area by Business Unit

	Units	m ²	Seats
Office Depot	198	261,883	
Tiendas Super Precio	310	82,759	
Restaurantes Toks	84		18,124
The Home Store	3	4,154	
Total	595	348,796	18,124

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Financial Highlights

Consolidated Statements of Income

In thousands of pesos, except per share data.

	2009	2008	% variation
Total Revenues	9,518,429	8,385,495	13.5
Operating Expenses	2,972,695	2,610,197	13.9
EBITDA	1,294,027	1,299,120	-0.4
Income from Continuing Operations	1,405,455	1,029,890	36.5
Income from Discontinued Operations	(592,641)	1,780,756	-133.3
Net Income	812,814	2,810,646	-71.1
Basic earning per Common Share	0.82	2.84	-71.1
Diluted earning per Share	0.82	2.82	-70.9
Common Shares Outstanding	994,234,741	990,921,977	
Price of Share	18.91	12.90	

Consolidated Balance Sheets

In thousands of pesos as of December 31, 2009 y 2008

	2009	2008	% variation
Assets	21,276,021	21,361,666	-0.4
Cash and Cash Equivalents	3,679,670	4,755,312	-22.6
Inventories	1,471,082	1,246,430	18.0
Fixed Assets	14,650,312	13,757,057	6.5
Others	1,463,395	1,575,828	-7.1
Discontinued Operations	11,562	27,039	-57.2
Liabilities and Stockholders' Equity	21,276,021	21,361,666	-0.4
Trade Accounts and Notes Payable	1,095,612	1,015,851	7.9
Others	2,535,891	3,006,880	-15.7
Discontinued Operations	25,172	25,950	-3.0
Stockholders' Equity	17,619,346	17,312,985	1.8

Challenge times are opportunity times,

and at Grupo Gigante we take decisions very important and congruent with this premise.

One of the most important was the approval by the Board of Directors of the New Strategic Plan for 2009 -2013 as the announcement of an organization structure amendment more compact which shall endow to the enterprise in its whole of best tools in order to carry out the proposed goals.

Report of the Chairman of the Board and Chief Executive Officer

H. Board of Directors

Dear Shareholders:

I have the pleasure to submit Group results for a year which was highlighted for large challenges within international context and Mexican domestic market within the middle of difficult economical and social circumstances which all of us are aware. In spite of said adverse conditions I am pleased to confirm that with enthusiasm, planning and an excellent execution we closed the year being one of the public-entrepreneur groups with a major firmness, tradition and strength within Mexican environment.

The 2009 figures confirm what we have been reporting in a consistent and transparent manner along this year by public authorized means and ratify that Grupo Gigante shall keep following one of the most enthusiastic promoters as well of investment as of employment and development of our country.

As we set forth at this report theme, challenge times are opportunity times and at Grupo Gigante we took decisions very important and congruent with this premise. One of the most important was the approval by the Board of Directors of the New Strategic Plan for 2009-2013 as the announcement of an organizational structure amendment more compact which shall endow to the Company in its whole of best tools in order to carry out the proposed strategies and goals.

Participation of Audit Committee, of Governance and Corporate Practices Committee, of Finance and Planning Committee and in special manner the Strategic Consultative Committee, as well as the participation of an internal key executive working group and

external consultants, gave as a result a redefinition of our strategic principles incorporating to the said Plant goals and purposes very concrete for next five years, taking always into consideration variable and adjustments which could arise in accordance with financial, economical and market environment.

Said goals and purposes shall be applied as well for ongoing business as for those strategic opportunities which were identified and for others which surely shall be found with the three large acting axes we have established and wherein we have an wide experience.

- **Specialized Retail**
- **Hospitality and Services**
- **Real Estate**

Our subsidiaries and affiliate companies during reported year were a synonymous of "Leadership", "Development", "Advance", to "Serve and Improve", as well to always "Innovate" under the premise to "Share" benefits of this development and consolidation with our shareholders and investors, employees/collaborators, suppliers and clients as well in special to be able to extend through a continuous and permanent effort to those most unprotected and needed society sectors.

LEADERSHIP TIMES

Undoubtedly one of Group companies which threw best results during 2009, was **Office Depot de Mexico (ODM)**, since it maintain its

leadership at Mexican and Central America markets, also expanded its already and successful format through Latin America with the opening -at last quarter of the year- of four stores at Colombia, which represented a total investment in more than 78 Million Mexican Pesos, at said South American region.

Always adhered to the new Business Plan, but taking advantage of market opportunities and juncture, is that success formula was achieved to maintain and therefore we come to obtain with 2008 respect, a 5.5% sale increase which became most attractive if we take into consideration that Mexican GDP recorded a reduction of 6.5%.

Along three lustrum, Office Depot has continuously shown of perseverance, development and strength and in 2009 numbers are evident, creating more than 600 new direct employment having at present more than 6,800 employees and 198 stores.

With right focus and course and our priorities clearly identified we are sure that this growth sustained and intelligent tendency should be maintained along 2010 with firm steps and marking the direction at this specialized retail sector.

DEVELOPMENT TIMES

Gigante Grupo Inmobiliario (GGI), set basis for its consolidation and standing as one of the real state developing companies most relevant in Mexico. With very important projects at high profitability and added value areas and having support of the main commercial firms during the year we report upon developments such as:

Conjunto Comercial Gran Terraza Lomas Verdes -in co-investment with third parties located in one of the most affluence points of the State of Mexico and confirmed with presence of commercial and service leadership firms.

Corporativo Dos Patios, vanguard and functionality office complex located at one of the most representative and productive zones in Mexico City.

Centro Comercial Las Tiendas San Esteban, also at the State of Mexico, which shall open its doors at the middle of 2010 and shall represent a marked difference within taking advantage of the services commerce and amusement spaces at this zone of the country.

To the foregoing is added a remodeling plan of stores and management of different own real estate which allowed us not only to fulfill with announced investments goals for this year but to arrive a little more of \$780 million Mexican Pesos.

Our presence in more than 25 States of The Mexican Republic through management of 96 own stores with Soriana participation, 26 Condos, 128 real estate properties and operation of more than 1,200 commercial locations confirm that opportunities for 2010 are in force and supreme height for GGI operations.

ADVANCE TIMES

Tiendas Super Precio (TSP) was the format which recorded the major growth related with last year at the Group, upon passing from 126 stores at 2008 closure to 310 units, with presence at 17 states of the Republic at the end of 2009.

This is a business that has been noted for its constant development and that within the future we are sure has prepared us with more satisfactions. During 2010, we will be improving our efficiency and uniform image and model of 104 stores acquired from Grupo Corvi. A winner concept, wherein consumer and efficiency have been axles for a successful equation.

TIME TO SERVE AND IMPROVE

At Restaurantes Toks (RT), 2009 left us a good taste in our mouth and it is not for less, since Mexican generalized economical situation plus "influenza" (AH1N1 virus) sprout presented unexpected challenge which took us to reinforce attention to our clients at the time of adjusting our ongoing of our finance and application of strict control measures. This fine and proper handling allowed us to surpass in a 10.9% our foreseen goals within related to operations profit.

Along this year we received in our branches in the entire Republic to 20.7 million customers and our average ticket grew in an 8.1% with respect to last year.

Furthermore, Restaurantes Toks figures were seasoned with a sale growth in 5.1% in connection with 2008 which Mexican industry of foods and beverages stated a decreasing of 7%.

But the icing on the cake, undoubtedly were our employees, people engaged who works in team to consolidate their personal development and to seek common goals while we cooked most and major projects in future years.

INNOVATION TIMES

The Home Store (THS) format is a clear sample of a fine entrepreneur sense and of Grupo Gigante's experience advantage to develop new opportunity fields. Three stores have given the rules to undertake a new way within search of successful business and to enter in our own private labels in order to give a special touch and definition to each home to each life style.

With this ex-profeso designed format for home decoration and refurbishing, Grupo Gigante has entered to more homes but still desires to expand its presence, therefore future plans provide openings at other important cities under quality and professionalism service, looking for gaining ground and be set as the chain of specialized stores in exclusive articles for home as well of innovating ideas and solutions for each family.

The Home Store format has been warmly welcome by consumers, but 2010 challenges are stated interesting within the measure that this concept enters with solid step at other regions of the country.

SHARING TIMES

Vision and sensibility of members of the Board of Directors upon execution of Social Responsibility Corporation Policy has allowed to **Fundación Gigante (FG)** to enlarge its field of action, achieving to have a presence not only in our country but taking this year support

programs to our Central America employees in the cases in El Salvador, Guatemala, Panama and Costa Rica.

Through our four acting pillars in Health and Nutrition, Education and Culture, Ecology and Assistance at Natural Disasters, we have canalized in last seven years more than 250 million Mexican Pesos, giving support to 264 institutions and benefiting more than 1,975,000 people.

Beside of the 47 uninterrupted years of social labor of Grupo Gigante, in 2009 we were distinguished by Centro Mexicano para la Filantropia (CEMEFI) (Philanthropic Mexican Center) as **Socially Responsible Enterprise ("ESR")**, distinctive which Restaurantes Toks and Office Depot also received.

As you will ratify with this report, main basis for value generation of Grupo Gigante have been the selective, sustainable growth and with the necessary prudence to guarantee Group stability and profitability which has lead to in favor of our shareholders, employees, suppliers and clients as well of thousands of families which indirectly depend of our companies activities.

In 2010, which we hope to have a general economic recovery, it raises even more challenges which with collaboration of all of us I am sure we will transform in major benefits for the Group, and therefore, for Mexico and its families.

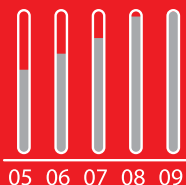
Sincerely yours,



Ángel Losada Moreno

Chairman of the Board of Directors and Chief Executive Officer
Grupo Gigante, S.A.B. de C.V.

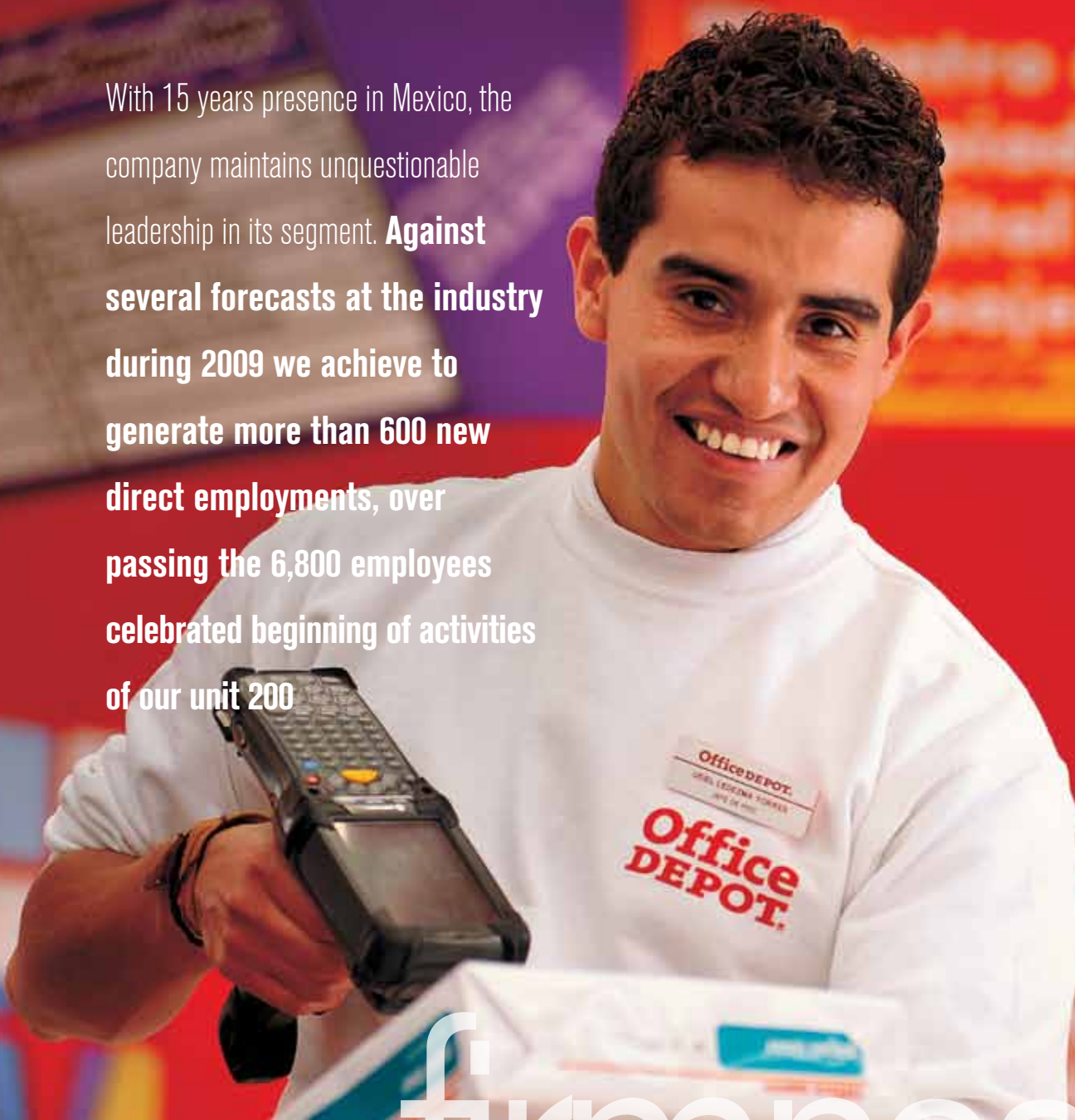
Units



We are sure that under same operation standards and commitment, 2010 Shall follow being for Office Depot a year of expansion.



With 15 years presence in Mexico, the company maintains unquestionable leadership in its segment. **Against several forecasts at the industry during 2009 we achieve to generate more than 600 new direct employments, over passing the 6,800 employees celebrated beginning of activities of our unit 200**



with firmness

LeadershipTimes



Office Depot de México

Office Depot leadership which has achieved in our country and its expansion to Central America markets is a challenge which during 2009 not only we were able to maintain, but to take advantage to the maximum to consolidate and begin a development process at the Continent which took us to be present in South America, in special at Colombia market.

Precisely in crisis time and thanks to compliance to our Business Plan and to an strictly execution in accordance with our efficiency and productivity directing principles we could achieve a 2009 year very satisfactory for the company.

With timely answers and fine adjustment ongoing at Office Depot de Mexico, we could positively elude events registered along the year and achieve the goals at contextual frame for 2009 were seen specially difficult.

The first part of strategy consisted in control maintenance over costs seeking to reduce the increase to sale products at stores.

Second was maximization of our resources to be able and maintain low operative costs. Said strategy plus aligning of all the organization at the achievement of sale goals allowed us to reach as well an operative profit as a net operative positive flow.

Said action in whole gave as a result the annual sale increase of 5.5% against 2008 which in a notorious manner contrast with reduction of 6.5% in the Mexican GDP.

Insofar related with growth of store basis was achieved to continue with expansion project, opening our doors for first time at South American soil upon entering in Colombia with the opening of four units at fourth quarter of the year.

Said stores were the result of Office Depot Mexico great effort and trustworthiness of its commercial partners, who bet to our solid experience and presence as well as to Office Depot Inc. and Grupo Gigante's strength and support as our shareholders of this joint venture. Office Depot presence in Colombia with two stores in Medellin and two in Bogota, required a total investment in excess of 78 million Mexican Pesos with intention to be placed in said country as the best option in the market.

With 15 years presence in Mexico, the company maintains unquestionable leadership in its segment. Against several forecasts at the industry during 2009 we achieve to generate more than 600 new direct employments, over passing the 6,800 employees with a distribution of stores as follows:

Units

176 in Mexico

4 in Costa Rica

5 in Guatemala

2 in Honduras

4 in Panama

3 in El Salvador

4 in Colombia

Should it be emphasized that just four years ago, Office Depot celebrated the opening of store number 100 and during 2009 we celebrated beginning of activities of our unit 200. Therefore, our commitment is to keep the step and take advantage of great opportunities which environment may offer, as well in our

present markets as at different countries of the Continent wherein we are analyzing the possibility to enter.

We are sure that under same operation standards and commitments, 2010 shall follow being for Office Depot a year of expansion, achievements and great challenge to carry out.





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DevelopmentTimes



Gigante Grupo Inmobiliario

During 2009, at Gigante Grupo Inmobiliario (GGI) we achieved to establish solid basis for its consolidation and standing as one of the most important real estate development companies in Mexico. Continuing with caution and selectivity principles which all the Group has established for project analysis, design and implementation and upon execution of its own Business Plan, at GGI not only was maintained investment plans for 2009, but were increased generating therefore much major value to its shareholders, investors and employees as well as benefits to communities wherein we started to develop real estate projects.

In view of global and Mexican adverse economical environment as known by everybody, the company ended to define its renewed Business Plan in a shared effort with different Grupo Gigante subsidiaries.

New strategic guidelines were approved by the Board of Directors in March 2009, establishing the remodeling plan and how to take advantage in a best manner of existing real estate properties, as well as their growth possibility as in its commercial focus, which with same advantage purpose and profitability was submitted the land reserve reviewing for its optimization and real estate re-engineering at others.

Milestone of activities in last year was the development of five important projects which were formally started, wherein stands out:

Conjunto Comercial Gran Terraza Lomas Verdes

It deals with a co-investment with third parties, composed of one family, service and amusement commercial center wherein is projected a retail food self service store as anchor store, ample commercial zone, movie theaters, banking center and fast food area. Among brand companies which compose it are Office Depot, Tok's, The Home Store, Cinemark, Soriana, among others.

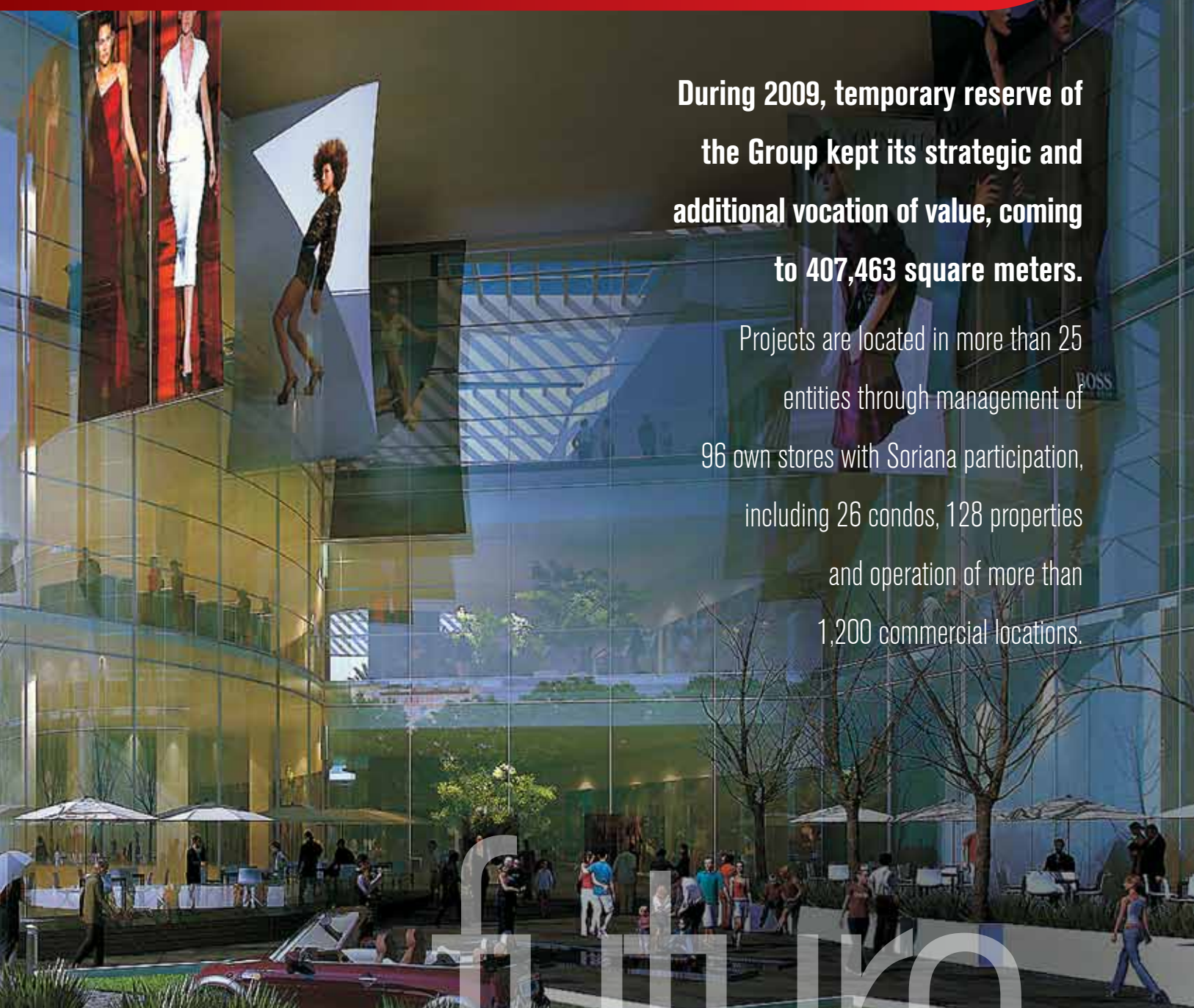




Another basic ggi aspect along 2009 was the advance of its real estate assets restructure and consolidations.

During 2009, temporary reserve of the Group kept its strategic and additional vocation of value, coming to 407,463 square meters.

Projects are located in more than 25 entities through management of 96 own stores with Soriana participation, including 26 condos, 128 properties and operation of more than 1,200 commercial locations.



with future

**Investments carried out by
GGI in 2009 surpass public
expectation announced
exceeding \$780 million**

Mexican Pesos. Within this
frame, GGI views for 2010 an
important consolidation process,
taking advantage of wide
opportunities of the market with
innovation, creativity, responsibility
and vision at commercial, offices
and residential areas.





Aware of the importance of the environment care, this development is considered as “Sustainable” upon having a water treatment plant, energy saving and other friendly elements with environment. Investment value, without including plot of land, is of \$689.8 million Mexican Pesos, in a surface of 27,657 square meters of land and a construction area in excess of 103,000 square meters. Its opening is scheduled at the end of 2010.

Corporativo Dos Patios

It shall be developed with the most advanced technology and sustainable elements in order to obtain the “LEED” Certification (“Leadership in Energy and Environmental Design”, being this acknowledgment certification by “U.S. Green Building Council”, which makes reference to the sustainable achievements of certain construction projects and interior designs to promote more healthy, productive, efficient and green environments.)

The Project whose investment amounts to \$446.9 million Mexican Pesos -without including plot of land value- has been conceived by GGI jointly with “Desarrolladora del Parque”.

In more than 7,703 square meters of land shall be erected commercial and office areas with a total of 67,818 square meters of construction, maintaining quality, functionality and design high standards of the zone. It shall be located at 350 Ejercito Nacional Avenue corner with Schiller, at Polanco, one of the most productive and representative quarters in Mexico City.

Centro Comercial Las Tiendas San Esteban

Located at Naucalpan, State of Mexico, it shall have a mixture of a very suitable business for development zone of a commercial, amusement and service area which shall allow taking advantage of market needs.

This plaza shall be erected in a plot of land of 28,763 square meters, with a total of 59,203 square meters of construction having a retail food self service store, movie theaters and ample commercial and service areas. Investment for this development, without including plot of land value, is of \$370 million Mexican Pesos. It will have participation of Chedraui, Cinemex, Office Depot and others.

Real Estate Assets Consolidation and Restructuring

Another basic GGI aspect along 2009 was the development and advance of its real estate assets restructure and consolidation, since as it was timely announced in February of 2008, necessary measures were taken for a best operative and financial efficiency of this Group's subsidiary.

During 2009, real estate reserve of the Group kept its strategic and additional vocation of value, coming to 407,463 square meters. Projects are located in more than 25 States of the Mexican Republic through management of 96 own stores with Soriana participation, including 26 condos, 128 properties and operation of more than 1,200 commercial locations.

Time to Move



Tiendas Super Precio

This is a format which during the year achieved to be set as a business model with mayor benefits for Grupo Gigante. Thanks to it, we recorded a growth most significant within the units of the Group, upon passing from 126 stores at 2008 closure to 310 units in 17 States of the Mexican Republic at the end of 2009, which undoubtedly enthusiasm us and reiterates we are on the right way.

One of the most important decisions recorded along this term within expansion affairs, was the acquisition of 104 Grupo Corvi branches, which during 2010 shall be uniforming its image and improving its operative efficiency upon entirely integrating to our net, which shall benefit us upon having a major presence within the country and one more option for the consumer.

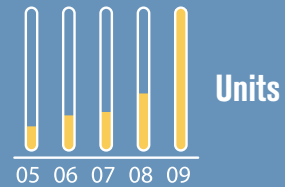
Our trademark keeps consolidating and its participation in connection with sales of the Group increase in the year 4.4 percentile points in connection with previous term. Development at sale-floor against 2008 was superior in

169%, besides having already with three distribution centers, located at Ecatepec (own), Acapulco and Leon (leased), as well to have prevision of a new opening at Veracruz at 2010 beginning in order to best assist the stores and achieving expense efficiency.





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fast

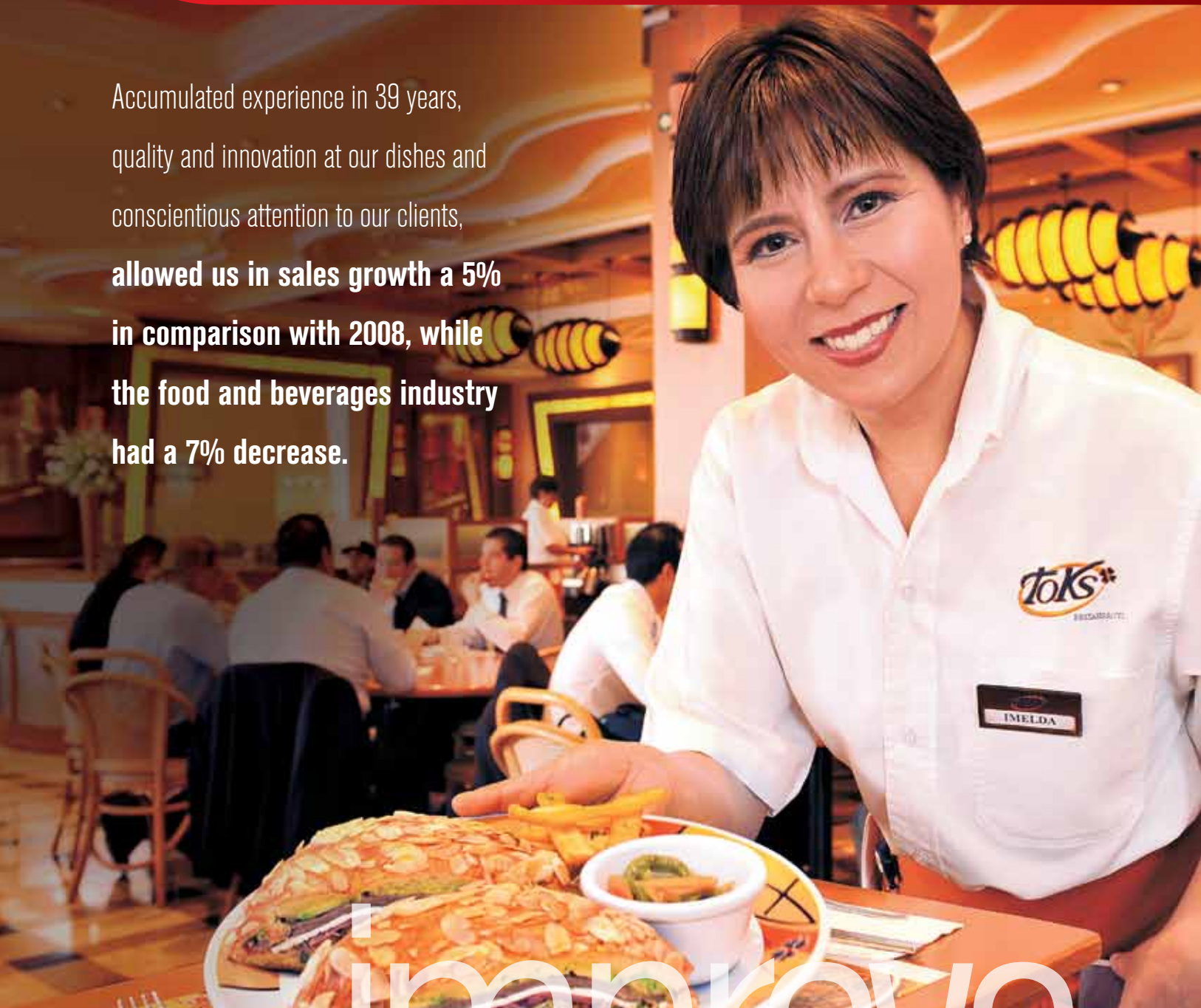
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Accumulated experience in 39 years,
quality and innovation at our dishes and
conscientious attention to our clients,
**allowed us in sales growth a 5%
in comparison with 2008, while
the food and beverages industry
had a 7% decrease.**



and improve

Time to Serve



Restaurantes Toks

Our pleasure for service and quality undoubtedly has been seen reflected in reported figures for this year. Accumulated experience in 39 years, quality and innovation at our dishes and conscientious attention to our clients, allowed us in sales growth a 5% in comparison with 2008, while the food and beverages industry had a 7% decrease.

Design, development and implementing of process which secured a high standard in restaurants operation plus advertising campaign support accompanied us during this term, took us that our average ticket could grow in those twelve months in an 8.1% in comparison with 2008 year. During 2009, 20.7 million clients were served.

Adequate financing management and provided internal control measures during 2009 to face economical crisis and emergency situations which the country presented, such as "influenza" (AH1N1 virus), allowed us to overcome in a 10.9% our goals established in operation profits.

Our people, Toks people, were an essential part of goal achievements. To develop talent at the organization, for supporting growth through Toks Institute, keeps being one of our priorities.



**For next year, we will
continue with expansion,
we have planned to grow in
units in a 13% and therefore
the creation of 1,120 new
employments in the country.**

For our clients enjoyment we shall
continue with dish innovations
and strive for an excellent service
within an environment with young
and casual energy.





InnovationTimes



the home store

inspiración para tu hogar

The Home Store

In February 2009, Grupo Gigante carried out the beginning of its most recent concept of specialized retail through a type of stores in Mexico: The Home Store, who discloses a renewed and different format for consumers which are seeking all necessary for decoration and refurbishing their homes.

Arising from its own Business Strategic Plan and of identification of new opportunities and formats, this is a project internally developed at Grupo Gigante, arising from large experience in different sectors. At the stores were created "micro environments" which raise purchase experience and allow to advise in an individualized manner to each housewife or family in accordance with their taste, needs and budgets. We began operations this year with three stores located at commercial malls: Parque Tezontle, Parque Delta and Villa Coapa in Mexico City, each with approximately 1,200 square meters and more than 8,000 products between decoration, accessories, gifts, furniture and electrical items, everything to afford a best home view.

Definition of our own private labels as well as supplier development allow us to offer to our client an wide field of exclusive products and innovations, therefore creating new options to enjoy and share. The item departs from offering an ample field of solution in style and ideas, for all home spaces through a specialized and excellence customer service.

Essential part of this innovator concept is the use of "SAP" as technological platform upon allowing a great efficiency in accounting, operational and commercial processes in each of our three stores.





We began operations this year with three stores located at commercial malls: Parque Tezontle, Parque Delta and Villa Coapa in Mexico City, **each with approximately 1,200 square meters and more than 8,000 products between decoration, accessories, gifts, furniture and electrical items, everything to afford a best home view.**



with **VISION**

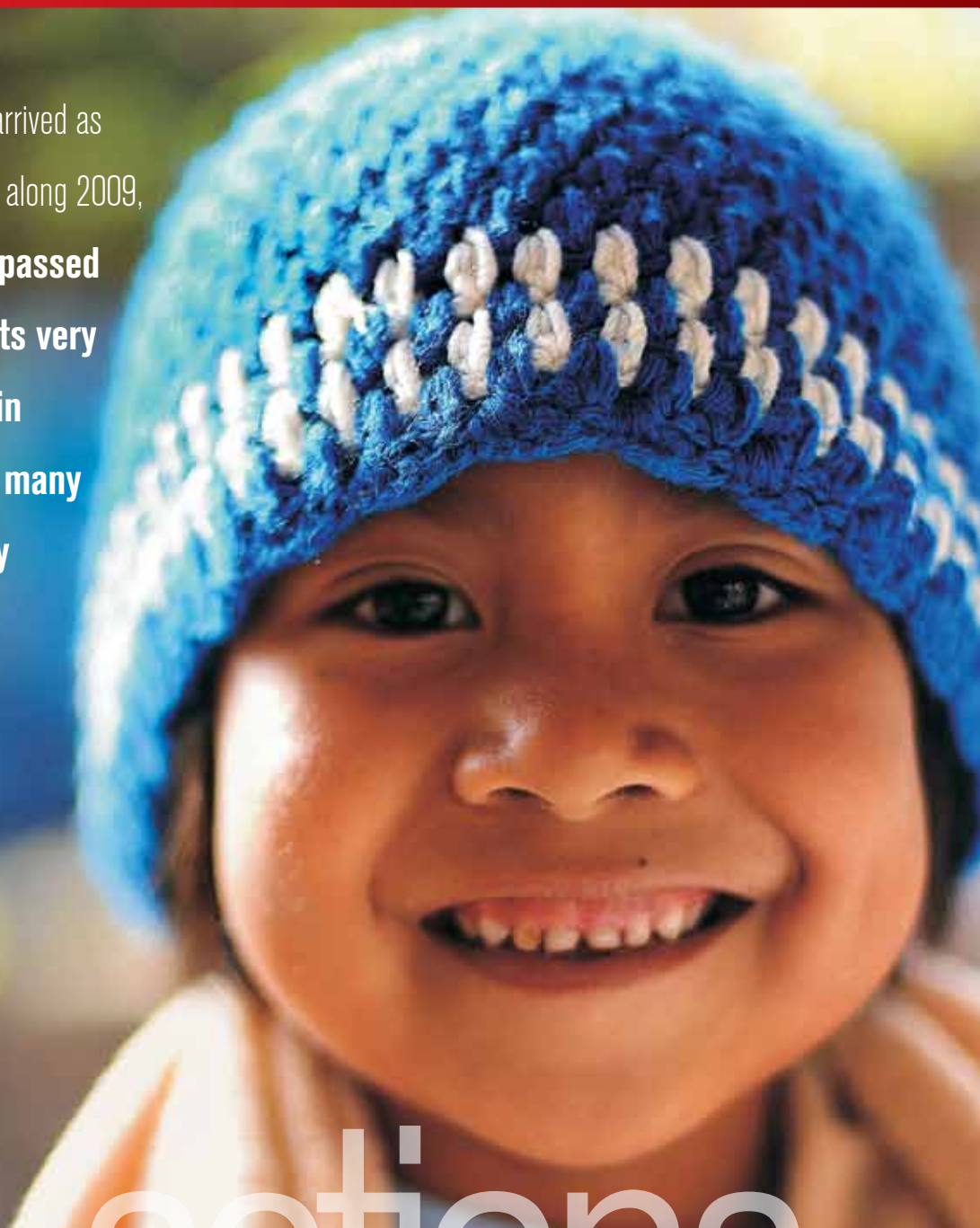




We are committed that in 2010 we will follow with our expansion **plan with seven more stores to be opened, located at metropolitan zone of Mexico City and at Guadalajara, Jalisco,** with which we will strength our vision to be established within a medium term, as the chain of fashion-home leader in the country.



In such manner figures have arrived as good news “containers”, since along 2009, **Fundacion Gigante overpassed goals and achieve results very satisfactory translated in thousand of smiles and many other of thankfulness by benefited people.**



with actions

SharingTimes



Fundación Gigante

Today as never, help and social responsibility sense is reflected every time more at actions undertaken by Grupo Gigante through Fundación Gigante which with always enthusiastic collaboration of enterprises who compose it –Office Depot, Tiendas Super Precio, Restaurantes Toks, Gigante Grupo Inmobiliario and The Home Store– has achieved to maintain the altruistic spirit which since 47 years ago has characterized us.

Vision and sensibility of Board of Directors members upon execution of Social Responsibility Corporate Policy previously defined has allowed to Fundación to open its action field, achieving to have its presence not only in Mexico but internationally, since this year we achieve to take our gift program of eyeglasses and school items to our stores at El Salvador, Guatemala, Panama and Costa Rica, embracing a large number of reasons to benefit who those need it like that, always taking as a basis our pillars of acting: Health, Education and Culture, Ecology and of course help in Natural Disasters.

Among Fundación Gigante achievements registered in previous year out stand:

- Support for physicians at “Federico Gomez Infant Hospital”, as well as donation granted for construction and equipment of Hematology, Oncologist and Research Unit of said Institution.
- Eyeglasses donation program wherein were benefited more than 7,600 people - among children and adults - in all the country, having been implemented for first time this project in our Stores located at Central America.



- Beginning of operation program for “reconstruction of harelip” through which we achieve to support 90 children at the State of Oaxaca.
- Delivery of 8,500 package of “school items program” which also had an international scope.
- Gift participation in cash and in kind for the “Reina Sofia Old Men Asylum”, to which Fundacion has been supporting since its beginning.
- Contributions to Mazahua community at the State of Mexico through different programs of education, productive projects, dinning-rooms, clinics and rural clinic for “Fundacion Mazahua, A.C.” (non-profitable).
- Internet web page and resulting communication of our alliance with Mayo Clinic, has benefited more than 55,500 people, upon execution of this program “Is in yourself”, for health prevention and improvement.
- Continuity was given to support children with cancer through “Fundacion Casa de la Amistad para Niños con Cancer, I.A.P.” (Institution of Private Assistance).
- Alliance with “Fundacion de Apoyo a la Mujer, Origen” (Foundation for Woman Support), wherein we assisted more than 9,500 women, abuse victims, nourishing upsets and problems with couple relationship among others with a psychological, medical and legal support program.
- Conclusion of restoring program of six monumental paintings of the Old Guadalupe Shrine, at present Cristo Rey expiatory temple.
- Scholarship program was continued with “Mexican National Music Conservatory”, which favors its best students.

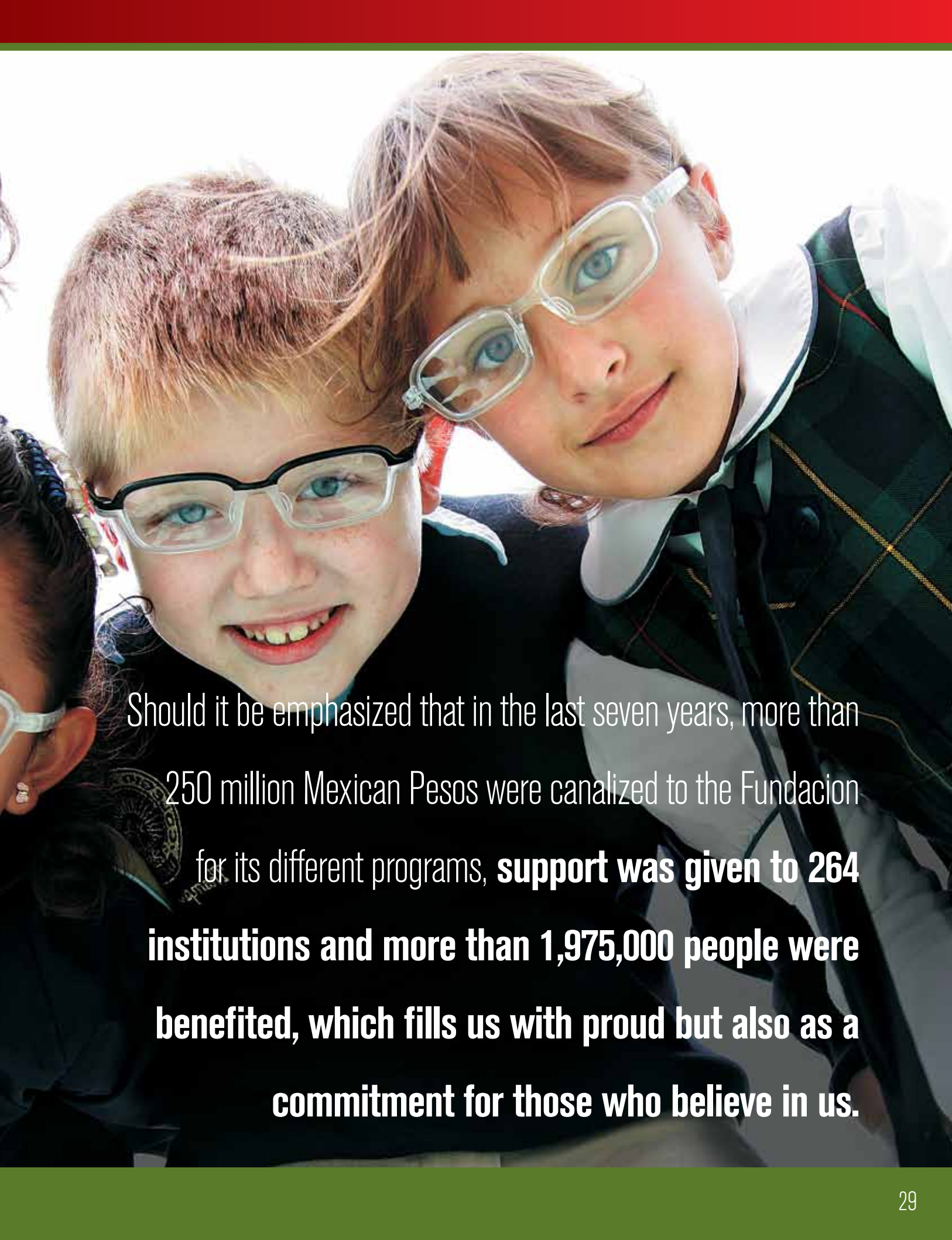
Furthermore, it is important to mention that Grupo Gigante was distinguished by Centro Mexicano para la Filantropia (CEMEFI) as “Socially Responsible Enterprise” (Empresa Socialmente Responsable / ERS), distinctive also received by Restaurantes Toks and Office Depot.

Recognizing that in addition to be a Mexican group, respectful of environment and committed with development of corporations where we have presence, companies which integrate Grupo Gigante reiterate firm conviction that only in the measure we generate more and best employment, we keep in force development of our employees and seek opportunities of integral sustainability, we may transcend.

We desire to keep fulfilling with our social responsibility goals and we are aware how to do it since we have more than four decades engaged therein and contributing with decision to the development of our country.

And since Mexico so requires it... Let's go for more!



A close-up photograph of three young children, likely of Mexican descent, wearing school uniforms and glasses. They are all smiling and looking towards the camera. The child on the left has short brown hair and wears black-rimmed glasses. The child in the middle has short brown hair and wears clear-rimmed glasses. The child on the right has short brown hair and wears clear-rimmed glasses. They are all wearing dark green and white plaid school uniforms with white collars. The background is a plain, light color.

Should it be emphasized that in the last seven years, more than 250 million Mexican Pesos were canalized to the Fundacion for its different programs, **support was given to 264 institutions and more than 1,975,000 people were benefited, which fills us with proud but also as a commitment for those who believe in us.**

Grupo Gigante, S.A.B. de C.V. Report of Audit Committee for 2009 Fiscal Year

To the Board of Directors of Grupo Gigante, S.A.B. de C.V.

Dear Sirs:

As members and Secretary of Audit Committee and in fulfillment of provisions contained in Articles 42 and 43 of Securities Market Law and Grupo Gigante, S.A.B. de C.V. bylaws, hereinafter submit to annual report of this Committee for 2009 fiscal year.

During said fiscal year, this Committee developed among others, the following duties:

- I. We took into considerations suggestions provided for at the Code of Best Corporate Practices.
- II. Status which Grupo Gigante, S.A.B. de C.V. and subsidiaries maintained for internal control and corporate internal audit system was reviewed, approving its guidelines, discussing and reaching resolutions about reported deviations and recommendations, as well issues which required improvements, considering opinion and reports from external and corporate audit, for which labor were liaison in both audits, reviewing and authorizing their work plans. In general, we concluded it has a proper internal control and corporate internal audit system.
- III. Preventive and corrective measures were followed-up as implemented by Grupo Gigante, S.A.B. de C.V. and/or corporations that the latter controls, related with non-fulfillment with guideline and operations policy for accounting entries, supported in results of inquiry and reviews developed by External Audit and Corporative Internal Audit.
- IV. Was verified the observation of provided for mechanisms for control risks, contributing in preparation of Risk Matrix of Grupo Gigante and subsidiaries.
- V. Galaz, Yamasaki, Ruiz Urquiza, S.C. (Deloitte Mexico) Firm

performance was evaluated who carried out the audit of financial statements for fiscal year ended up to December 31, 2009, as well of External Auditor entrusted of the later, Francisco Perez-Cisneros, C.P.A., considering that both had a proper fulfillment in their duties in compliance to generally accepted audit principals in Mexico and with applicable provisions contained at Securities Market Law. For the foregoing, we met with External Auditor in all of the meetings held of this Committee in 2009, as well today in order to analyze and review among other issues its Annual External Audit Plan, its Executive Summary of Observations and Suggestions as well as the draft of the consolidated financial statements report for fiscal year ended up to December 31, 2009.

- VI. Description and evaluation of additional or supplementary services provided by Galaz, Yamasaki, Ruiz Urquiza, S.C., entrusted for external audit were analyzed, furthermore, policy and operations with related parties were reviewed, items which were included in our quarterly report to the Board of Directors on October 19, 2009, leaving aside for both the hiring of independent experts.
- VII. Written reports were received and we had interviews and meetings as deemed advisable with external and internal attorneys to assure that Grupo Gigante and its subsidiaries duly fulfill with legal applicable provisions. We also had individual working meetings with External Auditor and its Internal Corporate Audit Director, as well with officers who we deem proper of Grupo Gigante, S.A.B. de C.V. and its subsidiaries management.
- VIII. Main quarterly results were analyzed, supported in review to consolidated financial statements of the Company and corporations which the latter controls, having applied for reports to External Audit up to the closure of each 2009 quarter, ratifying that financial information of Grupo

Gigante, S.A.B. de C.V. was prepared with alike rules of financial information, criteria and practice with which are prepared annual reports.

IX. Supported in analysis and discussion of Grupo Gigante, S.A.B. de C.V. quarterly consolidated financial statements as well annual up to December 31, 2009 which were performed with responsible officers of its preparation and review, in special with Mr. Arturo Cabrera, Corporate Finance Director as well with External Auditor Mr. Francisco Pérez, its approval was suggested to the Board of Directors.

X. Description and effects of modifications to accounting policy approved during the term covered by this report were analyzed, at present known as Financial Information Rules

XI. Verification of Business Ethics Code at different Group subsidiaries was carried out.

XII. Content of Grupo Gigante, S.A.B. de C.V. report of the Chief Operating Officer (CEO / Director General) was reviewed as refers to paragraph c), Section IV, Article 28 of Securities Market Law, supporting amount other elements the External Auditor opinion, for which we hereby state:

1) Policy and accounting criteria and information followed-

up by said company are proper and sufficient, taking into consideration the corresponding specific circumstance.

2) Said policy and criteria were consistently applied at information submitted by the CEO of mentioned company.

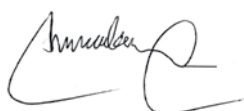
3) As a consequence of above two numbers, financial information submitted by the CEO, reflects in a reasonable manner financial situation and consolidated results of the Company.

XIII. We deem that in connection with important observations prepared by shareholders, directors, key executives and employees, related with the accounting, internal controls and issues related with corporation external or internal audit over facts deemed as irregular at management, there are no items to report.

XIV. We carried out the follow-up of the resolutions adopted by the Shareholders' and Board of Director's meeting, related with this Committee.

Therefore, we hereby fulfill with obligation provided for in mentioned Articles of Securities Market Law and at Grupo Gigante, S.A.B. de C.V. bylaws.

Mexico City, Federal District, February 22, 2010



Lic. Luis Santana Castillo
Chairman of Audit Committee



Ing. Luis Rebollar Corona
Proprietary Director



Lic. Roberto Salvo Horvilleur
Proprietary Director



C.P.C. Ernesto Valenzuela Espinoza
Secretary of Audit Committee

Grupo Gigante, S.A.B. de C.V.

Report of Governance and Corporate Practices Committee for 2009 Fiscal Year

Mexico City, February 22, 2010

To the H. Board of Directors

To the H. Shareholders Meeting of Grupo Gigante,
S.A.B. de C.V.

Dear directors and shareholders:

As members of the Governance and Corporate Practices Committee and upon fulfillment of provisions contained in Section I of Article 43, and further applicable provisions of Securities Market Law, as well as attending Grupo Gigante, S.A.B. de C.V. bylaws and to its Board of Directors Rulings, we hereinafter submit this Committee Report for activities during 2009 fiscal year.

In fulfillment of set forth provisions, during concluded year this Committee met six times, having submitted to the Board of Directors its corresponding reports and suggestions in its meeting of the fiscal year which is reported, the following activities and functions:

I. During the year subject matter of this report, the Committee continued with follow-up of several definitions arising from titled project **“Corporate Governance”**.

Among other matters and suggestions related with Company's Corporation Government, was monitored the carrying out of meetings and functioning of governance entities and its operation rules, as well as fulfillment of legal provisions upon subject matter and Grupo Gigante bylaws. It can be reported that were developed in time and manner, having been carried out several meetings of the Board and its Committees based in established provisions.

II. During concluded year and as of the view of its authority, this collegiate entity participated in a very active manner in support of Strategic Consultative Committee within definition of **Grupo Gigante's Business Strategic Plan**, having been held two discussion, analysis and adjustment meetings

of same with inner work group by Management and in special manner with responsible parties (CEO's) of participating business units.

As a consequence of said jointly labor, were incorporated suggestions arising of and Plan was submitted to the Board, which was approved in its meeting held on March 27 of reported year.

III. An essential part of its activity was also the review and **final adjustment and implementation of Group's organizational structure**, based in development of defined project as “Model of Organizational Relation and Strategic Alignment”, entrusted to this collegiate entity in aspects related with that relating with human resources and organizational strategic alignment analysis and its respective consequences.

The Committee received and analyzed submitted conclusions as well from external consulting parties as from management, having arisen adjustments and approved its implementation by Group's Chief Executive Officer, being submitted to the Board of Directors, who approved it in its meeting held on March 2009. New organizational structure was given to know in its opportunity and in execution of developed inner and external communication strategy.

IV. **Organizational Model Introduction. Central Site Alignment.** Upon execution of approved structure and with Committee involvement, management proceed to introduce approved organizational model, including alignment of titled central site in such manner that process be efficient and saving and synergy be generated among different Group business units.

V. Another important issue was development of **“Integral Compensation”** project. Having support of specialized hired consulting parties for said purpose and with support

of inner labor group, was concluded analysis of key Grupo Gigante executives, having been finished first and second stage of said project in order to finish proposal of "Package Policy for Integral Emoluments or Remunerations to Relevant (key) Company Executives", same which shall be finished during next fiscal Year.

- VI.** Upon fulfillment of content in applicable provisions, **the Chief Executive Officer (Director General) of the Company and its key executives performance was evaluated**, having been authorized wage adjustments, as well performance bonus and incentives, for 2008 results as well for 2009 plans and results.

Within their authority scope, having active participation of Audit Committee and based in analysis and discussion of several proposals received from inner labor group, the Committee developed "**Grupo Gigante Ethics and Behavior Code**" having been submitted to the Board of Directors for its authorization, being approved on March 27.

- VII.** Upon fulfillment and execution of its responsibility and authority and supported in provisions contained in paragraph b), Section III of Article 28 of Securities Market Law, the Committee knew and analyzed in its meetings different certain **transactions among "related parties"**, seeking

at any time fair value and parameters of the market in said transactions, for company's benefit, having in its opportunity suggested its approval to the Board of directors, there being nothing else to report.

- VIII.** Since there was none situation which could be related with dispensation provided for in paragraph f), Section III of Article 28 of Securities Market Law, was unnecessary to submit to the Board said transactions and consequently nothing to report.

- IX. Real Estate Restructuring Process.** In order to be more profitable its real estate assets, easing its report and financial monitoring scheme and having been analyzed proposal from Management, the Committee resolved to recommend to the Board of Directors the approval of second real estate restructuring phase, started and given to know at the end of 2008 fiscal year and continued in this reported year, in order to achieve grouping and consolidation of its entities and real estate assets in order to seek a best operative, accounting and financial efficiency, it is estimated that this process be over in its third stage during 2010 fiscal year.

Therefore, we hereby fulfill with provisions contained in Section I of Article 43 and further applicable provisions in accordance with the Law.



Roberto Salvo Horvilleur

Chairman of Governance and Corporate Practices Committee



Gilberto Pérezalonso Cifuentes



Luís Santana Castillo



Sergio Montero Querejeta

Secretary of the Committee

Grupo Gigante, S.A.B. de C.V.

Report of Finance and Planning Committee for 2009 Fiscal Year

Mexico City, February 26, 2009.

To the H. Board of Directors

**To the H. Shareholders Meeting of Grupo Gigante,
S.A.B. de C.V.**

Dear Directors and Shareholders:

As members of Finance and Planning Committee and in fulfillment of provisions contained at Grupo Gigante, S.A.B. de C.V. bylaws and at the Board of Directors Rulings, we hereby submit activities report for 2009 year.

Upon fulfillment of set forth provisions, during fiscal year ended, this Committee held five work meetings, having submitted its corresponding reports and suggestions to the Board of directors in all of its meetings of the year, related with content and development of the following themes and duties:

I. Upon exercising of its authority, the Committee received itemized and timely information over affairs related with financial and strategic issues, which represent subject matter of suggestions to this collegiate entity to the Board of Directors, being important to report about discussion and analysis of the following specific themes.

I.1. 2009 Budget, its structure, follow-up and advance.

I.2. Cash flows of the Group and its subsidiaries.

I.3. Annual and quarterly Results of the company, its subsidiaries and affiliates.

I.4. Integration and follow-up of company's Capex and its business units.

I.5. Monitoring and use of company's credit lines and its controlled subsidiaries.

I.6. Analysis and discussion related with different financing sources and alternatives of the Group and its subsidiaries.

I.7. Analysis and definition of assumptions and main aspects of 2009 budget, as well as for financial rates to be applied and performance measures.

I.8. Follow-up and report of opening and closing of Group's units.

II. During reported term and in support to the Strategic Consultative Committee, the Committee issued points of view and suggestions related with preparation of Grupo Gigante's Strategic Plan and business units which compose it, actively participating in clarification and adjustments meetings with responsible parties of business units and with internal entrusted work group.

III. Another relevant aspect of developed efforts was the supervision of Corporation Group Treasury handling, for which were analyzed alternatives, were defined guidelines

As supplementary to the annual report, it is hereby informed at upon 2009 business closure, company's treasury concluded with an amount of \$3,680 million Mexican Pesos, after having paid dividends and having been covered real estate investments and of other kind, including revenue for financial interests.

- IV.** Finally, this collegiate entity received periodical reports related with fulfillment of policy for repurchase of shares owned by the company, informing that up closure of fiscal year there were 994,234,741 outstanding shares and 1,920,992 shares in treasury.

With this report, we fulfill with provisions contained at bylaws and further applicable provisions of Board of Directors Rulings.

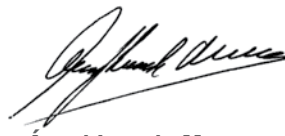


Javier Molinar Horcasitas

Chairman of the Committee



José Aguilera Medrano



Ángel Losada Moreno



Sergio Montero Querejeta

Secretary of the Committee

Grupo Gigante, S.A.B. de C.V.

Report of Strategic Consultative Committee for 2009 Fiscal Year

Mexico City, February 26, 2010

To the H. Board of Directors

To Grupo Gigante, S.A.B. de C.V.

Shareholders Meeting

Dear Sirs:

As members of the Strategic Consultative Committee and in fulfillment with provisions contained at Grupo Gigante, S.A.B. de C.V. bylaws and with the Board of Directors Rulings in force, as well with follow-up of the resolutions adopted by the Board of Directors and Shareholders Meeting related with integration of this Committee and its taking charge, we hereby submit for your consideration the report of activities and results for 2009 fiscal year.

During the ended year, this collegiate body met two times, having submitted to the Board of Directors in its corresponding meetings of this fiscal year, their respective reports and suggestions, related with the following developed issues and themes:

- I.** Under fulfillment entrusted by said Board as well by Grupo Gigante shareholders meeting for 2008, and having support of two specialized consulting firms and internal management work group, the analysis upon national and international environment was concluded as well upon Grupo Gigante's resources, qualifications, vocations and conditions, in order to restate the strategic direction of the Group and its subsidiary and affiliates, as of its new reality.
- II.** Supported with a management key executives group, the Committee defined and executed an action schedule which could allow to fulfill with said redirecting, strategic goal, dividing in two analysis chapter to be carried out. First, reviewing and redefining Business Plans at its business units, at same time, proposing adjustments and necessary organizational restatement of the Group. And as second purpose, to identify strategic opportunities

with a view for development of new formats or business to be undertaken by the company.

- III.** As it has been reported, were hired external consulting services. One firm concentrated in support portion to review Business Plans of ongoing Companies and to analyze organizational strategic alignment, developing the project titled "Model of Organizational Relation and Strategic Alignment", and the second of said projects, concentrated at identification of strategic opportunities for development of new business or formats, titled "New Corporation Strategy".

- IV.** Having received conclusions and suggestions for both projects, the Committee performed a careful and detailed review of it.

Taking into consideration economic and financial effects crisis 2008-2009, as well environment of its business action, were restated basic premises which had been analyzed since previous year, related with basis and other consideration related with potential market and with economic and financial variations, modifying basis and projects for Business Plans proposals of involved business units, as well of new potential business and strategic opportunities.

As a consequence of said considerations and analysis, and having collaboration of Governance and Corporate Practices Committee and Finance and Planning Committee, as well as the inner work group, the design and conformation of Grupo Gigante's Strategic Plan for 2009 – 2013 was concluded, same which was submitted to the Board of Directors in its meeting held on March 27 of reported year.

In the same date, the Board approved the Group's Strategic Plan, including the respective Business Plans of participating units, i.e, Restaurantes Toks, Tiendas Super Precio, The Home Store (new format arising from said efforts), Gigante Grupo Inmobiliario and its joint venture, Office Depot de Mexico, as well as its business units of support services. Said plans and schedules required a new Group support organization structure, which was submitted and approved also.

V. Finally and in support to the Governance and Corporate Practices Committee, in order to supplement the timely execution of defined Plans, view points and suggestions were issued to certain strategic aspects of the project named "Integral Compensation", prepared by the management team and with the help of external advisers.

With the foregoing we have fulfill provisions contained at bylaws and further applicable provisions of the Board of Directors' rulings, as well its undertaking.



Ángel Losada Moreno

Chairman of the Committee



José Aguilera Medrano



Armando Garza Sada



Javier Molinar Horcasitas



Gilberto Pérezalonso Cifuentes



Sergio Montero Querejeta

Secretary of the Committee

Board of Directors & Committees

EQUITY BOARD MEMBERS

Ángel Losada

**Chairman of the Board of Directors and
Chief Executive Officer of Grupo Gigante**

BS in Business Administration, Universidad Anáhuac

Braulio Antonio Arsuaga

Sales, Marketing and Development VP, Hoteles Presidente

BS in Business Administration, Universidad Anáhuac

MS in Business Administration, Southern Methodist University

Gonzalo Barrutieta

**Chairman of the Board,
Operadora IPC de México**

BS in Economics, ITAM

MS in Business Administration,

Claremont Graduate University

RELATED BOARD MEMBERS

Juan Carlos Alverde

Operations Director, Restaurantes Toks

BS in Communications, Universidad Anáhuac

MS in Marketing, North Western University

INDEPENDENT BOARD MEMBERS

Roberto Salvo

Investor in several Nicaraguan companies

Independent board member in several companies

BS in Business Administration, University of Notre Dame

MS in Business Administration, INCAE, Nicaragua

José Aguilera

Independent board member

in several companies

BS in Public Accountancy, Escuela Bancaria y Comercial

Javier Molinar

Chief Executive Officer, IXE Grupo Financiero

BS in Business Administration,

Universidad La Salle

Gilberto Pérezalonso

Independent board member

in several companies

BS in Legal Studies, Universidad Iberoamericana

BS in Business Administration, INCAE, Nicaragua

Corporate Finance Program, Harvard University

Luis Rebollar

Independent board member in several companies

*BS in Chemical Engineering, Universidad Nacional
Autónoma de México*

Luis Santana

Independent board member in several companies

*BS in Philosophy, Pontifical Gregorian University,
Rome, Italy.
MS in Administration, IPADE, México*

NON INDEPENDENT BOARD MEMBERS

Armando Garza

Development director, Alfa Corporativo

*BS in Engineering, MIT
MS in Business Administration, Stanford University*

AUDIT COMMITTEE

Luis Santana

Chairman

Roberto Salvo

Luis Rebollar

GOVERNANCE COMMITTEE

Roberto Salvo

Chairman

Gilberto Pérezalonso

Luis Santana

FINANCE AND PLANNING COMMITTEE

Javier Molinar

Chairman

Ángel Losada

José Aguilera

STRATEGIC CONSULTING COMMITTEE

Ángel Losada

Chairman

José Aguilera

Armando Garza

Javier Molinar

Gilberto Pérezalonso

Consolidated financial statements



Grupo Gigante, S. A. B. de C. V. and Subsidiaries

Galaz, Yamazaki,
Ruiz Urquiza, S.C.
Paseo de la Reforma 505 Piso 28
Colonia Cuauhtémoc
06500 México, D.F.

Tel: + 52 (55) 5080 6000
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Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Gigante, S. A. B. de C. V.

We have audited the accompanying consolidated balance sheets of Grupo Gigante, S. A. B. de C. V. and Subsidiaries (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As mentioned in Note 3, beginning January 1, 2009, the Company adopted the following new financial reporting standards: B-7, Business Acquisitions; B-8, Consolidated or Combined Financial Statements; C-7, Investments in Associated Companies and Other Permanent Investments; C-8, Intangible Asset and D-8, Share-Based Payments.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Grupo Gigante, S. A. B. de C. V. and Subsidiaries as of December 31, 2009 and 2008, and the results of their operations, changes in their stockholders' equity and their cash flows for the year then ended and in conformity with Mexican Financial Reporting Standards.

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu



C. P. C. Francisco Pérez Cisneros
February 26, 2010

Consolidated balance sheets

As of December 31, 2009 and 2008
(In thousands of Mexican pesos)

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,679,670	\$ 4,755,312
Accounts receivable – Net	636,658	755,641
Inventories – Net	1,471,082	1,246,430
Prepaid expenses	114,199	115,798
Discontinued operations		8,455
Total current assets	5,901,609	6,881,636
Property and equipment – Net	14,650,312	13,757,057
Investment in shares	213,768	211,179
Goodwill and other assets – Net	498,770	493,210
Discontinued operations	11,562	18,584
Total	\$ 21,276,021	\$ 21,361,666
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts and notes payable	\$ 1,095,612	\$ 1,015,851
Accrued expenses and taxes	731,418	975,108
Discontinued operations	25,172	25,950
Total current liabilities	1,852,202	2,016,909
Employee benefits	25,302	33,869
Deferred income taxes and statutory employee profit sharing	1,779,171	1,997,903
Total liabilities	3,656,675	4,048,681
Stockholders' equity:		
Common stock	2,689,689	2,689,334
Additional paid-in capital	7,700,616	7,671,526
Retained earnings	7,104,860	6,963,524
Translation effects of foreign operations	(17,163)	(11,399)
Majority stockholders' equity	17,478,002	17,312,985
Minority stockholders' equity	141,344	
Total stockholders' equity	17,619,346	17,312,985
Total	\$ 21,276,021	\$ 21,361,666

See accompanying notes to consolidated financial statements.

Consolidated statements of income

For the years ended December 31, 2009 and 2008

(In thousands of Mexican pesos, except per share data)

	2009	2008
Revenues:		
Net sales	\$ 8,851,142	\$ 7,620,548
Other	667,287	764,947
	9,518,429	8,385,495
Costs and expenses:		
Cost of sales	5,574,166	4,759,976
Operating expenses	2,972,695	2,610,197
	8,546,861	7,370,173
Other expenses – Net	11,422	16,175
Net comprehensive financing (income) cost:		
Interest expense	67,737	105,594
Interest income	(268,236)	(288,825)
Exchange loss - Net	50,017	329,703
Monetary position gain	(996)	(7,235)
Others financing income	(47,418)	(47,228)
	(198,896)	92,009
Non-ordinary item		(9,395)
Income from continuing operations before income taxes	1,159,042	916,533
Income tax benefit	246,413	113,357
Income from continuing operations	1,405,455	1,029,890
(Expense) income from discontinued operations	(592,641)	1,780,756
Consolidated net income	\$ 812,814	\$ 2,810,646
Net income of majority stockholders	\$ 813,204	\$ 2,810,646
Net income of minority stockholder	(390)	
Consolidated net income	\$ 812,814	\$ 2,810,646
Basic earnings per common share	\$ 0.82	\$ 2.84
Diluted earnings per share	\$ 0.82	\$ 2.82

See accompanying notes to consolidated financial statements.

Grupo Gigante, S. A. B. de C. V. and Subsidiaries

Consolidated statements of changes in stockholders' equity

For the years ended December 31, 2009 and 2008
(In thousands of Mexican pesos)

	Common stock	Additional paid in capital	Retained Earnings	Insufficiency in restated stockholders' equity	Cumulative initial effect of deferred income taxes	Cumulative translation effects of foreign subsidiaries	Minority stockholders' equity	Total stockholders' equity
Balance as of January 1, 2008	\$ 2,689,090	\$ 7,648,149	\$ 22,476,480	\$ (13,188,431)	\$ (1,312,925)	\$	\$ 126,503	\$ 18,438,866
Sale of treasury shares	244	23,377						23,621
Repurchase of treasury shares			(10,370)					(10,370)
Reclassification of loss from monetary position in equity and loss from holding non-monetary assets as January 1, 2008			(13,188,431)	13,188,431				
Reclassification of the initial cumulative effect of deferred income taxes as of January 1, 2008			(1,312,925)		1,312,925			
Employee retirement additional minimum liability			23,996					23,996
Dividends paid			(3,835,872)					(3,835,872)
Comprehensive income			2,810,646			(11,399)	(126,503)	2,672,744
Balance as of December 31, 2008	2,689,334	7,671,526	6,963,524			(11,399)		17,312,985
Sale of treasury shares	355	29,090						29,445
Repurchase of treasury shares			(14,796)					(14,796)
Dividends paid			(495,033)					(495,033)
Effect of liability for income tax arising from the tax reform			(162,039)					(162,039)
Comprehensive income			813,204			(5,764)	141,344	948,784
Balance as of December 31, 2009	\$ 2,689,689	\$ 7,700,616	\$ 7,104,860	\$	\$	\$ (17,163)	\$ 141,344	\$ 17,619,346

See accompanying notes to consolidated financial statements.

Consolidated statement of cash flows

For the years ended December 31, 2009 and 2008
(In thousands of Mexican pesos)

	2009	2008
Operating activities:		
Consolidated net income	\$ 812,814	\$ 2,810,646
Items related to investing activities:		
Depreciation and amortization	322,712	298,627
Dispositions on store improvements	9,530	
Loss (Gain) on sale of fixed assets	25,420	(1,208,640)
Gain on sale of discontinued operation		(1,854,682)
Gain on sale of shares in consolidated subsidiaries		(436,768)
Other items	31,327	
Dividends received	(10,574)	
Interest income	(264,859)	
Items related to financing activities:		
Interest expense	7,581	13,954
	933,951	(376,863)
(Increase) decrease in:		
Accounts receivable – Net	136,755	6,579,995
Inventories – Net	(224,652)	(296,597)
Other assets	5,917	122,772
Trade accounts and notes payable	(100,812)	(3,130,468)
Other account payable	168,515	(1,624,335)
Income taxes paid	(798,941)	(762,002)
Net cash provided by operating activities	120,733	512,502
Investing activities:		
Purchases of property and equipment	(1,038,474)	(1,300,748)
Proceeds from sale of property and equipment	27,730	764,275
Proceeds from sale of shares in consolidated subsidiaries		563,334
Proceeds from sale of discontinued operation		7,846,056
Proceeds from disposal of investments permanently		9,004
Business acquisitions	(72,413)	
Dividends received	10,574	27,066
Interest received	264,859	12,111
Net cash (used in) provided by investing activities	(807,724)	7,921,098
Cash (to obtain) excess to apply to financing activities	(686,991)	8,433,600
Financing activities:		
Repayment of loans received		(774,992)
Cash received from uncontrolled participation	92,115	
Sales of treasury shares	29,445	23,621
Repurchases of shares	(14,796)	(10,370)
Interest paid	(7,582)	(22,496)
Dividends paid	(495,033)	(3,835,872)
Net cash used in financing activities	(395,851)	(4,620,109)
(Decrease) increase in cash and cash equivalents	(1,082,842)	3,813,491
Adjustment to cash flows due to exchange rate fluctuations	7,200	(6,948)
Cash and cash equivalents at beginning of year from continuing operations	4,755,312	535,491
Cash and cash equivalents at beginning of year from discontinued operations		512,610
Cash and cash equivalents from discontinued operations		(99,332)
Cash and cash equivalents at end of year	\$ 3,679,670	\$ 4,755,312

See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements

For the years ended December 31, 2009 and 2008 (In thousands of Mexican pesos)

1. Nature of business

Grupo Gigante, S. A. B. de C. V. and Subsidiaries (the Company) are engaged in restaurant operations, real state companies and self-service stores that sell office supplies and electronic goods, perishables and general merchandise.

As mentioned in note 16a, on December 15, 2008, the Company concluded its strategic business relationship with Tandy International Corporation when the stockholders approved the disposal of all shares of Radio Shack, S. A. de C. V. and its administrative service companies Retail Answers, S. A. de C. V. and Logistic Answers, S. A. de C. V. As also mentioned in note 16b, on December 24, 2007, at the General Ordinary Stockholders' Meeting, the stockholders approved the disposal of the Company's supermarket business.

2. Basis of presentation

Explanation for translation into English - The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of Mexican Financial Reporting Standards ("MFRS"), individually referred to as Normas de Informacion Financiera ("NIFs"). Certain accounting practices applied by the Company that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

- a. Monetary unit of the financial statements* - The consolidated financial statements and notes as of December 31, 2009 and 2008, and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power.
- b. Consolidation of financial statements* - The consolidated financial statements include those of Grupo Gigante, S. A. B. de C. V. and its subsidiaries, whose shareholding percentage in their capital stock is shown below. The financial statements of Office Depot de México, S. A. de C. V. are consolidated using the proportionate consolidation method, based on the Company's 50% ownership interest in such entities resulting in joint control.

Company or Group	Equity	Activity
Office Depot de México, S. A. de C. V. and Subsidiaries	50.00%	176 office supply stores in Mexico (including two Distribution Centers that also sell merchandise) , 4 in Costa Rica, 5 in Guatemala, 3 in El Salvador, 2 in Honduras, 4 in Panama (including one Distribution Center that also sell merchandise), 4 in Colombia and 1 distribution center in Mexico.
PSMT México, S. A. de C. V. and Subsidiaries	100.00%	It operated 2 club price stores in Guanajuato, Mexico and 1 in Queretaro, Mexico.
Gigante Holdings International, Inc., and Subsidiaries	100.00%	7 self-service stores operated in the Latin market in Los Angeles, California. As mentioned in note 16b on December 24, 2007, at the General Ordinary Stockholders' Meeting, the stockholders' approved the disposal of the Company's supermarket business.
Restaurantes Toks, S. A. de C. V.	100.00%	A chain of 84 restaurants.
Tiendas Super Precio, S. A. de C. V.	100.00%	310 self-service stores that sell groceries.
Controtiendas, S. A. de C. V. and subsidiaries	100.00%	56 real estate companies that own land where Company's stores that are rented to third party and restaurants are located.
Gigante Fleming, S. A. de C. V.	100.00%	A real estate company that owns land where 2 of the Company's stores that are rented to third party, as well as the use and control of trademarks.

Company or Group	Equity	Activity
Servicios Gigante, S. A. de C. V.	99.99%	Provides administrative services to the Company.
Servicios Toks, S. A. de C. V.	100.00%	Provides administrative services to the Company.
Operadora Gigante, S. A. de C. V.	100.00%	Provides administrative services to the Company.
Servicios Gastronómicos Gigante, S. A. de C. V.	100.00%	Provides administrative services to the Company.
Servicios Operativos Gigante, S. A. de C. V.	100.00%	Provides administrative services to the Company.
Importadora Corporativa del Centro, S. A. de C. V.	100.00%	Purchase-sale, manufacture and commercialization of merchandise.
Inmobiliaria Toks, S. A. de C. V.	100.00%	A real estate company.
Distribuidora Storehome, S. A. de C. V.	100.00%	3 self service store that sell home items.
Servicios Técnicos y Administrativos Gigante, S. A. de C. V.	100.00%	Provides administrative services to the Company.
Unidad de Servicios Compartidos, S.A. de C.V.	100.00%	Provides administrative services to the Company.

Significant intercompany balances and transactions have been eliminated.

- c. Translation of financial statements of foreign subsidiaries* - To consolidate the financial statements of foreign subsidiaries, the accounting policies of the foreign entity are converted to MFRS using the currency in which transactions are recorded except for the application of NIF B-10 when the foreign entity operates in an inflationary environment, since this NIF applies to financial statements that have been remeasured to the functional currency. The financial statements are subsequently translated to Mexican pesos considering the following methodology:

Foreign operations whose functional currency is the same as the currency in which transactions are recorded translate their financial statements using the following exchange rates: 1) the closing exchange rate in effect at the balance sheet date for assets and liabilities; 2) historical exchange rates for stockholders' equity, and 3) the rate on the date of accrual of revenues, costs and expenses. Translation effects are recorded in stockholders' equity.

- d. Comprehensive income* - Represents changes in stockholders' equity during the year, for concepts other than distributions and activity in contributed common stock, and is comprised of the net income of the year, plus other comprehensive income items of the same period, which are presented directly in stockholders' equity without affecting the consolidated statements of income. Other comprehensive income is represented by the effects of translation of foreign operations. Upon realization of assets and settlement of liabilities giving rise to other comprehensive income items, the latter are recognized in the statement of income.
- e. Classification of costs and expenses* - Costs and expenses presented in the consolidated statements of income were classified according to their function because this is the practice of the industry to which the Company belongs.

3. Summary of significant accounting policies:

The accompanying consolidated financial statements have been prepared in conformity with MFRS, which require that management make certain estimates and use certain assumptions that affect the amounts reported in the financial statements and their related disclosures; however, actual results may differ from such estimates. The Company's management, upon applying professional judgment, considers that estimates made and assumptions used were adequate under the circumstances. The significant accounting policies of the Company are as follows:

a. Accounting changes:

Beginning January 1, 2009, the Company adopted the following new NIF's mentioned below.

NIF B-7, Business Acquisitions, requires valuation of non-controlling interest (formerly minority interest) at fair value, as of the date of acquisition, and recognition of the total goodwill at fair value. NIF B-7 also establishes that transaction expenses should not form part of the purchase consideration and restructuring expenses should not be recognized as an assumed liability.

NIF B-8, Consolidated or Combined Financial Statements, establishes that special purpose entities over which the Company has control should be consolidated. It also establishes the option of presenting separate financial statements for intermediate controlling entities, provided certain requirements are met. NIF B-8 also requires consideration of potential voting rights to analyze whether control exists.

NIF C-7, Investments in Associated Companies and Other Permanent Investments, requires valuation, through the equity method, of investments in special purpose entities over which the Company has significant influence. It also requires consideration of potential voting rights to analyze whether significant influence exists. NIF C-7 establishes a specific procedure and sets a limit for the recognition of losses in associated companies, and requires that the investment in associated companies include the related goodwill.

NIF C-8, Intangible Assets, requires that the unamortized balance of preoperating costs as of December 31, 2008 be cancelled against retained earnings.

NIF D-8, Share-based Payments, sets the rules for recognition of transactions involving share-based payments (at fair value of goods received, or fair value of equity instruments granted), including granting employees the option to purchase Company shares, thus eliminating suppletory application of International Financial Information Standard No. 2, Share-based Payments.

- b. Recognition of the effects of inflation* - Since the cumulative inflation for the three fiscal years prior to those ended December 31, 2009 and 2008, was 15.01% and 11.56%, respectively, the economic environment may be considered non-inflationary in both years. Inflation rates for the years ended 2009 and 2008 were 3.57% and 6.53%, respectively.

Beginning on January 1, 2008, the Company discontinued recognition of the effects of inflation in its financial statements. However, assets, liabilities and stockholders' equity include the restatement effects recognized through December 31, 2007.

On January 1, 2008, the Company reclassified the entire balance of the insufficiency in restated stockholders' equity to retained earnings, and concluded that it is impractical to identify the loss from holding non-monetary assets related to assets not realized as of that date.

- c. Cash and cash equivalents* - Cash and cash equivalents consist mainly of bank deposits in checking accounts and short-term investments, highly liquid and easily convertible into cash, which are subject to insignificant value change risks. Cash is stated at nominal value and cash equivalents are valued at fair value; any fluctuations in value are recognized in comprehensive financing (income) cost of the period.
- d. Investments in securities* - According to its intent, from the date of acquisition the Company classifies investments in debt and equity securities in one of the following categories: (1) trading, when the Company intends to trade debt and equity instruments in the short-term, prior to maturity, if any, and are stated at fair value. Any value fluctuations are recognized within current earnings; (2) held-to-maturity, when the Company intends to, and is financially capable of, holding such investments until maturity. These investments are recognized and maintained at amortized cost; and (3) available-for-sale. These investments include those that are classified neither as trading nor held-to-maturity. These investments are stated at fair value; any unrealized gains or losses, net of income taxes, are recorded as a component of other comprehensive income within stockholders' equity, and reclassified to current earnings upon their sale. Fair value is determined using prices quoted on recognized markets. If such securities are not traded, fair value is determined by applying technical valuation models recognized in the financial sector

Investments in securities classified as held-to-maturity and available-for-sale are subject to impairment tests. If there is evidence that the reduction in fair value is other than temporary, the impairment is recognized in current earnings.

- e. Inventories and cost of sales* - Inventories are stated at the lower of cost or realizable.
- f. Property and equipment* - Property and equipment are recorded at acquisition cost. Balances using from domestic acquisition made through December 31, 2007 were restated for the effects of inflation by applying factors derived from the NCPI through that date. Depreciation is calculated using the straight-line method based on the remaining useful lives of the related assets, as follow:

	Total years
Buildings	49
Buildings on leased property	31
Store equipment	9
Furniture and equipment	10
Vehicles	4

Comprehensive financing cost incurred during the period of construction and installation of qualifying property and equipment is capitalized and was restarted for inflation through December 31, 2007 using the NCPI.

- g. Impairment of long-lived assets in use* - The Company reviews the carrying amounts of long-lived assets in use when an impairment indicator suggests that such amounts might not be recoverable, considering the greater of the present value of future net cash flows or the net sales price upon disposal. Impairment is recorded when the carrying amounts exceed the greater of the aforementioned amounts. Impairment indicators considered for these purposes are, among others, operating losses or negative cash flows in the period if they are combined with a history or projection of losses, depreciation and amortization charged to results, which in percentage terms in relation to revenues are substantially higher than that of previous years, obsolescence, competition and other legal and economic factors.
- h. Goodwill* - Goodwill represents the excess of cost over the fair value of the subsidiary shares, as of the date of acquisition. Through December 31, 2007, it was restated for the effects of inflation using the NCPI. Goodwill is not amortized and is subject to impairment tests, at least once a year.
- i. Deferred charges* - Costs incurred in the development phase that meet certain requirements and that the Company has determined will have future economic benefits are capitalized and amortized asked on the straight-line-method over. Disbursements that do not meet such requirements, as well as research cost, are recorded in results of the period in which they are incurred.
- j. Provisions* - Provisions are recognized for current obligations that result from a past event that are probable to result in the future use of economic resources, and that can be reasonably estimated.
- k. Direct employee benefits* - Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly PTU payable, compensated absences, such as vacation and vacation premiums, and incentives.
- l. Employee benefits from termination, retirement and other* - Liabilities from seniority premiums, pension plans and severance payments are recognized as they accrue and are calculated by independent actuaries using nominal interest rates.
- m. Statutory employee profit sharing ("PTU")* - PTU is recorded in the results of the year in which it is incurred and presented under other income and expenses in the accompanying consolidated statements of income. Deferred PTU is derived from temporary differences that result from comparing the accounting and tax bases of assets and liabilities and is recognized only when it can be reasonably assumed that such difference will generate a liability or benefit, and there is no indication that circumstances will change in such a way that the liabilities will not be paid or benefits will not be realized. As of January 1, 2008, there was a deferred PTU effect due to the change in the recognition method, from comparing the accounting result with income for PTU purposes, to comparing the book and tax bases of assets and liabilities that was recognized in retained earnings.
- n. Income taxes* - Income tax (ISR) and the Business Flat Tax (IETU) are recorded in the results of the year they are incurred. To recognize deferred income taxes, based on its financial projections, the Company determines whether it expects to incur ISR or IETU and, accordingly, recognizes deferred taxes based on the tax it expects to pay. Deferred taxes are calculated by applying the corresponding tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax assets are recorded only when there is a high probability of recovery. According to NIF D-4, Income Taxes, the balance of the initial cumulative effect of deferred income taxes was reclassified to retained earnings as of January 1, 2008.

- o. Foreign currency transactions* - Foreign currency transactions are recorded at the applicable exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into Mexican pesos at the applicable exchange rate in effect at the balance sheet date. Exchange fluctuations are recorded as a component of net comprehensive financing (income) cost in the consolidated statements of income.
- p. Revenue recognition* - Revenues are recognized in the period in which the risks and rewards of ownership of the inventories are transferred to customers, which generally coincides with the delivery of products to customers in satisfaction of orders. Revenues from services rendered for personnel are recognized in the period in which they are rendered.
- q. Earnings per share* - Basic earnings per common share are calculated by dividing net income of majority stockholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are determined by adjusting common shares on the assumption that the Company's commitments to issue or exchange its own shares would be realized.

4. Cash and cash equivalents

	2009	2008
Cash and bank deposits	\$ 242,846	\$ 186,181
Investments in securities available-for-sale	3,436,824	4,569,131
	\$ 3,679,670	\$ 4,755,312

5. Accounts receivable - Net

	2009	2008
Trade accounts receivable	\$ 136,141	\$ 148,923
Allowance for doubtful accounts	(4,067)	(27,947)
	132,074	120,976
Recoverable taxes	449,577	256,441
Other	55,007	378,224
	\$ 636,658	\$ 755,641

6. Property and equipment - Net

	2009	2008
Buildings	\$ 5,820,575	\$ 5,781,106
Buildings on leased property	1,833,639	1,699,219
Store equipment	949,957	1,080,628
Furniture and equipment	268,279	124,054
Vehicles	108,816	100,339
	8,981,266	8,785,346
Accumulated depreciation	(1,662,374)	(1,489,335)
	7,318,892	7,296,011
Construction in-progress	782,563	162,978
Land	6,548,857	6,298,068
	\$ 14,650,312	\$ 13,757,057

7. Investments in shares of associates

As of December 31, 2009 and 2008, the investments in shares of associates balance is mainly represented by the investment in the shares of PriceSmart Inc. of 1,667,333 common shares (a 5.6% in both periods), which were purchased on November 23, 2004 at a price of U.S. 10.00 per share. Such investment is accounted for under the cost method.

8. Goodwill and other assets – Net

	2009	2008
Goodwill – Net	\$ 478,921	\$ 479,551
Deferred charges – Net	14,400	8,307
Other non-current assets	5,449	5,352
	\$ 498,770	\$ 493,210

Deferred charges represent costs incurred for internally developed software that meet the specific capitalization requirements as discussed in Note 3(i).

9. Employee benefits

Seniority premium benefits consist of a lump sum payment of 12 days' wages for each year worked, calculated using the most recent salary, not to exceed twice the legal minimum wage established by law. The related liability and annual cost of such seniority premium benefits and severance payments are calculated by an independent actuary on the basis of formulas defined in the plans using the projected unit credit method.

a. Present values of December 31, 2009 and 2008, of these obligations and the rates used for the calculations are:

	2009	2008
Defined benefit obligation	\$ (45,037)	\$ (57,713)
Plan assets at fair value	6,559	5,854
Underfunded status	(38,478)	(51,859)
Unrecognized items:		
Past service costs, change in methodology (i) and changes to the plan	12,009	17,048
Actuarial gain and losses (ii)	1,167	942
Total unrecognized items	13,176	17,990
Net projected liability	\$ (25,302)	\$ (33,869)
Contributions to plan assets	\$ 1,638	\$ 3,805

i The change in methodology in 2009 includes the career salary concept and a change from net rates to nominal rates.

ii The actuarial gains and losses include variances between actual figures and figures initially estimated, as well as variances in assumptions.

- b. Nominal rates used in actuarial calculations are as follows:

	2009	2008
	%	%
Discount of the projected benefit obligation to present value	8.0	8.0
Expected yield on plan assets	2.0	1.0
Salary increase	5.0	6.0

In 2009 and 2008, the Company decided to apply actuarial gains and losses directly to results of the year.

Unrecognized items are charged to results based on the average remaining service lives of employees, which is 9 years.

- c. Net cost for the period includes the following items:

	2009	2008
Service costs	\$ 8,869	\$ 11,827
Interest costs	3,003	4,067
Expected yield on plan assets	(115)	(417)
Amortization of unrecognized prior service costs	3,429	6,729
Actuarial gains and losses – net	(7,004)	(3,337)
Net period cost	\$ 8,182	\$ 18,869

Under Mexican legislation, the Company must make payments equivalent to 2% of its workers' daily integrated salary (ceiling) to a defined contribution plan that is part of the retirement savings system. The expense in 2009 and 2008 was \$17,310 and \$15,389, respectively.

- d. Changes in the present value of the defined benefit obligation:

	2009	2008
Present value of the defined benefit obligation	\$ 37,183	\$ 45,156
Service cost	8,869	11,827
Interest cost	3,003	4,067
Actuarial gain on the obligation	(4,018)	(3,337)
Present value of the defined benefit obligation as of December 31	\$ 45,037	\$ 57,713

10. Stockholders' equity

- a. Common stock consists of the following as of December 31, 2009 and 2008:

	Number of shares	Number of shares	Historical value	Historical value
	2009	2008	2009	2008
Fixed capital	176,734,102	176,734,102	\$ 18,922	\$ 18,922
Variable capital	817,500,639	814,187,875	87,526	87,172
	994,234,741	990,921,977	\$ 106,448	\$ 106,094

Common stock is comprised of common nominative shares. Fixed capital stock may not be withdrawn. Variable capital shares may be freely subscribed. Variable capital may not be greater than ten times fixed capital.

- b.** During 2009 and 2008 the Company sold a total of 4,469,764 and 3,038,108 respectively of its treasury shares, at various dates and various prices throughout each year, via cash contributions. At December 31, 2009 and 2008, the Company maintains in its treasury 1,920,992 and 763,992 shares, respectively. The market value of such shares was \$18.91 and \$12.90, per share at December 31, 2009 and 2008, respectively.
- c.** During a Stockholders' Meeting held on April 27, 2009, the stockholders agreed to pay cash dividends to Company stockholders at \$ 0.50 (fifty cents) per paid-in outstanding share as of the dividend payment date. The payment was applied against the Company's net tax income account and was made through S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores. The dividend amount paid in 2009 was \$495,033.
- d.** Retained earnings include a statutory legal reserve. Mexican General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value (historical pesos). The legal reserve may not be distributed, except in the form of a stock dividend, unless the entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. At December 31, 2009 and 2008, the legal reserve, in historical pesos, was \$21,219 and \$21,170, respectively.
- e.** Stockholders' equity, except restated additional paid-in capital and tax retained earnings will be subject to ISR payable by the Company at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated ISR of the year in which the tax on the dividend is paid and the following two fiscal years.
- f.** The balances of the stockholders' equity tax accounts as of December 31 are as follows:

	2009	2008
Contributed capital account	\$ 9,386,323	\$ 9,064,630
Net consolidated tax income account	4,719,911	4,849,550
	\$ 14,106,234	\$ 13,914,180

11. Foreign currency balances and transactions

- a.** At December 31, the foreign currency monetary position in thousands of U.S. dollars is as follows:

	2009	2008
Monetary assets	\$ 45,080	\$ 40,741
Monetary liabilities	(12,151)	(17,593)
Monetary asset position – Net	32,929	23,148
Equivalent in thousands of Mexican pesos	\$ 429,516	\$ 319,558

- b.** Approximately 12.26% and 11.99% of inventory purchases were imported by the Company in 2009 and 2008, respectively.
- c.** Transactions denominated in thousands of U.S. dollars during the years ended December 31, 2009 and 2008 mainly represent import purchases of \$58,016 and \$44,426, respectively.
- d.** The exchange rates in effect at the dates of the consolidated financial statements and at the date of the independent auditors' report were as follows:

	December 31,		February 26,
	2009	2008	2010
Mexican pesos per one U.S. dollar	\$ 13.0437	\$ 13.8050	\$ 12.8503

12. Transactions and balances with related parties

- a.** Transactions with related parties during the years ended December 31, 2009 and 2008, carried out in the ordinary course of business, were as follows:

	2009	2008
Purchases of inventory	\$ 2,299	\$ 5,967
Purchases of fixed assets	12,325	12,952
Rental expense paid	50,935	50,437

- b.** The Company does not have related parties balances as of December 31, 2009 and 2008.

- c.** Employee benefits granted to Company key management were as follows:

	2009	2008
Compensation cost related to share-based payments	\$ 513	\$ 3,955
Salaries	83,106	188,599
Severance benefits	6,295	10,553
	\$ 89,914	\$ 203,107

13. Other expense - Net

- a.** Detail is comprised as follows:

	2009	2008
Statutory employee profit sharing	\$ 5,122	\$ 5,330
Loss on sale of fixed assets – Net	25,420	7,564
Income tax advantage	(19,996)	
Others	876	3,281
	\$ 11,422	\$ 16,175

- b.** PTU is comprised as follows:

	2009	2008
Current	\$ 4,369	\$ 4,886
Deferred	753	444
	\$ 5,122	\$ 5,330

14. Non-ordinary item

In 2008, the Company promoted a tax stimulus for technological research before the CONACYT, a resource recognized as a non-ordinary item for \$9,395.

15. Income taxes

The Company is subject to ISR and IETU.

The ISR rate for 2009 and 2008 was 28%, and will be 30% for 2010 to 2012, 29% for 2013, and 28% for 2014 and thereafter. The Company pays ISR, together with subsidiaries on a consolidated basis.

On December 7, 2009, amendments to the Income Tax Law that would become effective as of 2010 were published. These amendments establish that: a) income tax on tax consolidation advantages obtained from 1999 to 2004 must be realized in partial payments from 2010 to 2015 and b) income tax related to tax advantages obtained in the tax consolidation of fiscal 2005 and thereafter will be paid during the sixth to tenth years after the year in which the advantage was obtained. Taxes on tax consolidation advantages obtained from 1982 (beginning date of the tax consolidation) to 1998 may be requested in certain cases established by tax provisions.

IETU - Revenues, as well as deductions and certain tax credits, are determined based on cash flows of each fiscal year. The IETU rate is 17% and 16.5%, in 2009 and 2008, respectively; and 17.5% as of 2010. The Asset Tax Law was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid, may be recovered, according to the terms of the law. : In addition, as opposed to ISR, the parent and its subsidiaries will incur IETU on an individual basis.

Income tax incurred will be the higher of ISR and IETU.

IETU applies to the sale of goods, the provision of independent services and the granting of temporary use or enjoyment of goods, according to the terms of the Business Flat Tax Law (the "IETU Law"), less certain authorized deductions. IETU payable is calculated by subtracting certain tax credits from the tax determined. Revenues, as well as deductions and certain tax credits, are determined based on cash flows generated beginning January 1, 2008. The IETU rate will be 16.5% in 2008, 17% in 2009, and 17.5% as of 2010. The Asset Tax Law was repealed upon enactment of the IETU Law; however, under certain circumstances, IMPAC paid in the ten years prior to the year in which ISR is paid, may be refunded, according to the terms of the law. In addition, as opposed to ISR, the parent and its subsidiaries will incur IETU on an individual basis.

Based on its financial projections and according to INIF 8, Effects of the Business Flat Tax, the Company determined that it will basically pay only ISR. Therefore, it only recognizes deferred ISR.

Due to 2009 tax reform, base on the "Interpretación de las Normas de Información Financiera" (INIF 18) the Company recognized a liability of \$162,039 against retained earnings mainly arising from net consolidated tax income account.

a. Income taxes are as follows:

	2009	2008
ISR expense (benefit):		
Current	\$ 161,150	\$ 828,951
Deferred	(407,563)	(942,308)
	\$ (246,413)	\$ (113,357)

- b. The effective ISR rate for fiscal 2009 and 2008 differ from the statutory rate as follows:

	2009	2008
Statutory rate	28%	28%
Effect of permanent differences:		
Effects of inflation	(3%)	(3%)
Tax loss benefits	(46%)	(37%)
Effective rate	(21%)	(12%)

- c. The main items originating a deferred ISR liability are:

	2009	2008
Deferred ISR assets (liabilities):		
Property and equipment	\$ (2,061,486)	\$ (2,091,924)
Inventories	(62,996)	(77,215)
Provisions	330,243	141,222
Other	15,068	30,014
Deferred income taxes and statutory employee profit sharing – Net	\$ (1,779,171)	\$ (1,997,903)

16. Discontinued operations

- a. On December 15, 2008 the Company announced the sale of all shares of Radio Shack de México, S. A. de C. V. and its administrative service companies Retail Answers, S. A. de C. V. and Logistic Answers, S. A. de C. V. to its international partner with whom it operated in Mexico, after having exhausted the contractual possibilities of continuing as it had done previously with this format and association. The sale was made with the objective of obtaining a return on the investment and thereby taking advantage of other opportunities in the Mexican and Latin American market. In coordination with its foreign partner, the Company developed and operated the concept very successfully during 16 years.

The transaction with Tandy International Corporation was concluded at a price of \$563,288, which the Company received on December 16, 2008. These resources will allow taking advantage of other opportunities and increasing the profitability of the Group. The gain on the sale of shares was \$436,723, which is included in income from discontinued operations in the consolidated statement of income.

The equity participation that the Company had in Radio Shack de México, S. A. de C. V. was 50.01% and in its administrative service companies Logistic Answers, S. A. de C. V. and Retail Answers, S. A. de C. V. it was 50.20%.

- b. On November 28, 2007, the Board of Directors approved the divestiture of its supermarket business through an operation with Tiendas Soriana, S. A. de C. V. ("Soriana").

On December 5, 2007, the Company entered into a sale agreement with Soriana, which includes the transfer of the rights of the lease contracts that the Company has entered into with third parties to lease the properties where some of the Company's stores are located; lease agreements to rent to Soriana the Company's properties where the rest of the Company's stores are located; the transfer of all of the Company's fixed assets that are used to operate the Company's supermarket stores (excluding real estate); the sale of two buildings; the use of the trademark "Gigante" for a period of four months beginning January 1, 2008; a non-compete agreement whereby the Company and all of its subsidiaries will refrain from competing with the buyer in the supermarket business and the transfer of all of the Company's employees who work in the operation the supermarket stores such that beginning January 1, 2008, Soriana will become their employer.

At the ordinary Stockholders' Meeting held December 24, 2007, the stockholders approved the divestiture of its supermarket operations under the terms of the contract entered into on December 5, 2007.

17. Earnings per share

The amounts used to determine earnings from continuing operations, discontinued operations and diluted earnings per share were as follows:

2009			
	Income	Weighted average number of shares	Mexican pesos per share
Income from continuing operations attributable to majority stockholders	\$ 1,405,455	991,639,917	\$ 1.42
Income from discontinued operations attributable to majority stockholders	(592,641)	991,639,917	(0.60)
Basic earnings per common share	812,814	991,639,917	0.82
Common stock equivalents related to stock option plan for executives		3,802,586	
Diluted earnings per share	\$ 812,814	995,442,503	\$ 0.82

2008			
	Income	Weighted average number of shares	Mexican pesos per share
Income from continuing operations attributable to majority stockholders	\$ 1,029,890	989,471,849	\$ 1.04
Income from discontinued operations attributable to majority stockholders	1,780,756	989,471,849	1.80
Basic earnings per common share	2,810,646	989,471,849	2.84
Common stock equivalents related to stock option plan for executives		8,224,937	
Diluted earnings per share	\$ 2,810,646	997,696,786	\$ 2.82

18. Commitments

The Company has entered into operating leases for land, for indefinite periods where some of its stores and restaurants are located. Rent is calculated as a percentage of sales ranging from 1% to 6%. In 2009 and 2008, rental expense was approximately \$286,465 and \$329,178, respectively.

19. Contingencies

In 1992 the Company acquired its present subsidiary Blanes, S. A. de C. V. ("Blanes"), a company that had 89 stores at that time. To protect against possible unknown liabilities, the previous shareholders of Blanes (Blanco) established a deposit for three years. At the end of that period, Blanco was not in agreement with the balance subject to refund as determined by independent public accountants, for which reason they objected to the decision, and initiated a legal proceeding.

In 2003, the legal proceeding concluded through an "amparo" ruling (a constitutional protective right in Mexico) granted to the Company, which did not fully resolve the matter, leaving the rights of the parties reserved.

In March of 2004, the Company was notified of a new claim filed by Blanco, requiring \$150,000, which was the amount of the deposit originally established, plus the payment of accrued penalty interest at the CETES (Treasury Bond) rate in effect at the time that payment should have been made, multiplied by two, for each 28-day period from February 9, 1996 until the time that the amount claimed by Blanco is paid. The Company does not agree with the basis and form of calculation because it was not established in the deposit agreement and because it had already complied with this agreement.

After having followed all its procedural instances, on August 27, 2007, in compliance with the “amparo” ruling, the Third Chamber of the Superior Court of Justice for the Federal District issued a new ruling, which has remained firm, by which the following was resolved:

1. The balance to be paid by Gigante, S. A. de C. V. is the amount of \$27,543, in accordance with that determined by the accounting firm designated by both parties.
2. The payment was approved by Gigante, S. A. de C. V. in favor of Blanco on February 20, 1996, for the amount of \$27,543.
3. Gigante, S. A. de C. V., must pay interest only for the eleven days the payment was past due, with respect to the sum of \$27,543, and not on the total sum deposited. Such interest is calculated applying the Cetes rate multiplied by two, without capitalization.
4. The application of the amount paid by Gigante, S. A. de C. V. will be made in first instance to the interest mentioned above and then to the capital, so that payment is pending of a minimum balance of the principal equivalent to the interest mentioned previously of 11 days. This balance will also bear interest at the same rate currently in force, also without capitalization, which translates to a minimum amount that Gigante, S. A. de C. V. must pay, which amount does not exceed \$2,000.
5. In the ruling calculation incident dated June 12, 2009, the Thirteenth Civil Judge of Mexico City notified the amparo ruling in favor of Gigante whereby the 28-day Treasury bill rate would not be multiplied twice. This ruling is equivalent to approximately \$6,000 of late payment interest plus principal of \$660, a total ruling of approximately \$ 7,000.
6. Both parties filed a motion for review of that ruling. The motions for review were filed with the Sixth Collegiate Civil Court and the amparo was granted to Gigante so that the Third Civil Court would overturn the challenged ruling and issue a new ruling determining that the rate that must be used to calculate late payment interest on the outstanding balance is that in effect when the Enforcement Incident was filed by Gigante (7.19%).
7. Consequently, the Third Court issued a new ruling approving an approximate amount of \$2,000 including principal and interest, which was paid by Gigante with a deposit-in-court certificate in September 2007.
8. Blanco filed an indirect amparo lawsuit challenging the above ruling, which was admitted on December 3, 2009 and includes arguments that have been resolved by the Sixth Collegiate Court.

20. Information by industry segment

The information on operating segments is presented based on a management focus in accordance with NIF B-5 “Segment Information”.

a. Analytical information by operating segment:

	2009					
	Discontinued operations	Retail	Restaurants	Real estate	Other	Consolidated
Total revenues	\$	\$ 7,094,824	\$ 1,795,204	\$ 626,776	\$ 1,625	\$ 9,518,429
Intersegment sales		6,131	221	342,405	226,276	575,033
Depreciation and amortization	254	121,203	65,855	130,850	4,550	322,712
Total assets	11,563	4,199,645	1,674,864	10,784,862	4,605,087	21,276,021
Investments in property and equipment		376,542	157,116	501,933	2,883	1,038,474
Business acquisitions investments in property and equipment				278,705		278,705

	2008					
	Discontinued operations	Retail	Restaurants	Real estate	Other	Consolidated
Total revenues	\$	\$ 6,016,275	\$ 1,689,723	\$ 650,919	\$ 28,578	\$ 8,385,495
Intersegment sales		5,455	205	187,587	291,918	485,165
Depreciation and amortization	14,829	94,066	52,680	130,711	6,341	298,627
Total assets	27,039	3,570,115	1,602,366	10,921,865	5,240,281	21,361,666
Investments in property and equipment	3,170	390,342	375,622	524,618	6,996	1,300,748

- b.** The Company sells its products to the public in general; such products are sold in Mexico and various countries of Central and South America. Sales in South and Central American countries were 5% and 6 % of total revenues during the years ended December 31, 2009 and 2008, respectively.

21. New accounting principles

As part of its efforts to converge Mexican standards with international standards, in 2009, the Mexican Board for Research and Development of Financial Information Standards ("CINIF") issued the following Mexican Financial Reporting Standards (NIFs), Interpretations to Financial Information Standards (INIFs) and improvements to NIFs applicable to profitable entities which become effective as follows:

- a.** For fiscal years that begin on January 1, 2010:
- C-1, Cash
 - Improvements to NIFs for 2010
 - INIF 14, Construction Contracts, Sale of Real Property and Rendering of Related Services
 - INIF 17, Service Concession Contracts

Some of the most important changes established by these standards are:

NIF C-1, Cash, changes the "cash" concept to be consistent with the definition in NIF B-2, Statement of Cash Flows", and introduces definitions for restricted cash, cash equivalents and readily available investments.

Improvements to NIFs for 2010 - The main improvements generating accounting changes that must be recognized retroactively are:

NIF B-1, Accounting Changes and Correction of Errors - Requires further disclosures in case the Company applies a particular Standard for the first time.

NIF B-2, Statement of Cash Flows - Requires recognition of the effects of fluctuations in exchange rates used for translating cash in foreign currencies, and changes in fair value of cash in the form of precious metal coins, and other cash items, at fair value, in a specific line item.

NIF B-7, Business Acquisitions - Requires that, when intangible assets or provisions are recognized because the acquired business has a contract whose terms and conditions are favorable or unfavorable with respect to market, it only applies when the acquired business is the lessee in an operating lease. This accounting change should be recognized retroactively and not go further than January 1, 2009.

NIF C-7, Investments in Associated Companies and Other Permanent Investments - Modifies how the effects derived from increases in equity percentages in an associated company are determined. It also establishes that the effects due to an increase or decrease in equity percentages in associated companies should be recognized under equity in income (loss) of associated companies, rather than in the non-ordinary line item within the statement of income.

NIF C-13, Related Parties - Requires that, if the direct or ultimate controlling entity of the reporting entity does not issue financial statements available for public use, the reporting entity should disclose the name of the closest, direct / indirect, controlling entity that issues financial statements available for public use.

INIF 14, Construction Contracts, Sale of Real Property and Rendering of Related Services - is a supplement to Bulletin D-7, Construction and Manufacturing Contracts for Certain Capital Assets, and requires segregation of the different components of the contracts in order to define whether the contract refers to construction of real property, sale of real property, or rendering related services, and establishes the rules for recognizing revenue and related costs and expenses, based on the different elements identified in the contract. INIF 14 provides guidance for the appropriate use of the percentage-of-completion method for revenue recognition.

INIF 17, Service Concession Contracts - is a supplement to Bulletin D-7, Construction and Manufacturing Contracts for Certain Capital Assets, and establishes that, when the infrastructure of the service concession contracts falls within the scope of this INIF, it should not be recognized under property, plant and equipment. It also establishes that when the operator renders construction or improvement services, as well as operation services under the same contract, revenues should be recognized for each type of service, based on the fair value of each consideration received at the time the service is rendered. When amounts are clearly identified and, after they are quantified, the applicable revenue recognition criterion should be followed, taking the nature of the service rendered into consideration. Also, INIF 17 establishes that, when the operator renders construction or improvement services, both revenues and the associated costs and expenses should be recognized under the percentage-of-completion method and consideration received, or receivable, should be recognized, initially, at fair value. Revenues from operation services should be recognized as the services are rendered and taking into account suppletory Standard IAS 18.

- b.** For fiscal years that begin on January 1, 2011:
 - B-5, Financial Segment Information, and
 - B-9, Interim Financial Information

Some of the most important changes established by these standards are:

NIF B-5, Financial Segment Information - Uses a managerial approach to disclose financial information by segments, as opposed to Bulletin B-5, which also used a managerial approach but required that the financial information be classified by economic segments, geographical areas, or client groups. NIF B-5 does not require different risks among business areas to separate them. It allows areas in the preoperating stage to be classified as a segment, and requires separate disclosure of interest income, interest expense and liabilities, as well as disclosure of the entity's information as a whole with respect to products, services, geographical areas and major customers. Like the previous Bulletin, this Standard is mandatory only for public companies or companies in the process of becoming public.

NIF B-9, Interim Financial Information - As opposed to Bulletin B-9, this Standard requires presentation of the statement of changes in stockholders' equity and statement of cash flows, as part of the interim financial information. For comparison purposes, it requires that the information presented at the closing of an interim period contain the information of the equivalent interim period of the previous year, and in the case of the balance sheet, presentation of the previous years' annual balance sheet.

At the date of issuance of these consolidated financial statements, the Company has not fully assessed the effects of adopting these new standards on its financial information.

22. International Financial Reporting Standards

In January 2009, the National Banking and Securities Commission published the amendments to its Single Circular for Issuers, which requires companies to file financial statements prepared according to the International Financial Reporting Standards beginning in 2012, and permits their early adoption.

23. Financial statements issuance authorization

On February 26, 2010, the issuance of the consolidated financial statements was authorized by Lic. Arturo Cabrera Valladares, the Company's Corporate Finance VP. These consolidated financial statements are subject to the approval at the General Ordinary Stockholders' Meeting, which may decide to modify such Financial Statements according to the Mexican General Corporate Law.

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