

2006 Results Second Quarter (Mexico, BMV; GFAMSA)

Monterrey, Mexico, July 28, 2006. - Grupo Famsa, S.A. de C.V. (Mexico, BMV:Gfamsa).

Today announces results for the second quarter of 2006 (2Q06) compared with second quarter 2005 (2Q05), compared also at a six months period (2006-2005) (In millions of Mexican Pesos as of June 30, 2006).



CEO's report

Mr. Humberto Garza Valdez, Grupo Famsa CEO, stated. During the 2Q06 we conclude the combined (primary and secondary) IPO process through the Mexican stock exchange. The outcome of this process became a global offer of 98,564,024 (30.04% of the stockholders equity) series "A" Class I Shares with full voting rights, at a price of \$26. Its distribution was on an average basis 50% domestic and 50% international with more than 6,000 domestic investors and more than 50 institutional international funds.

It is important to mention that the international allocation took place under the Rule 144^a under the Securities Act of 1933 of the United States of America on reliance of Regulation "S"

The proceeds from this IPO, result for little more than \$2,560 million accounting both, the primary and secondary portions, in regards of the primary portion, this added for little more than \$1,600 million, at the secondary portion little more than \$960 million were raised. The use of proceeds from the primary portion were allocated as follows: \$570 million for the payment of short term debt, \$454 million to redeem long term debt and \$316 million for the required capitalization of Banco Ahorro Famsa, as stated by the Mexican correspondent authorities, the out standing balance of this primary portion will be used to carryout our expansion plans as well as some other corporate purposes. In regards to the secondary portion, its holders, Tapazeca (George Soros and Fernando Chico Pardo), capitalized this as well as Monterrey Venture Holding (affiliate company of G.E. Capital Pension Fund)

In regards to our growing and expansion plans, for the 2Q06, 5 new stores were opened in Mexico, 1 in San Luis Potosí, 1 at Xalapa Veracruz, 2 within the state of Mexico and 1 in Mexicali Baja California. Having to do with the USA, we open 8 new stores, 5 of them at San Antonio Texas, 2 within the state of California (this 7 stores came up from an asset acquisition) and 1 new store at Houston Texas, adding for the 2Q06 six month period 19 new stores.

Among other initiatives Grupo Famsa thru Famsa Inc. (our USA operational arm) signed a commercial agreement with Grupo Mabe in order to sale white goods at its sales floors in the USA and deliver them at Central America. We think that this project will have a fairly good development as a sales channel, and will also develop crossover-sales within the Centro American population at US soil.

Having to do with Banco Ahorro Famsa, we are stick to our initial program to commence operations for the 4th quarter of 2006. As of today, our management leaded by experienced Francisco Patiño is working in order to implement the proper systems and processes too properly run Banco Ahorro Famsa. In order to ensure the quality and service of Banco Ahorro Famsa, a couple of internationally well-known firms are helping us to work out these matters.

SELECTED FINANCIAL DATA

Net Sales

Net Sales for 2Q06 increase by \$447.7 million pesos to reach \$3,038.1 million or an increase of 17.3% versus 2Q05. This increase come from an increase in the sales volume as a result of 29 new stores (including 11 new stores at the USA between July 1st 2005 and June 30th 2006), an increase in same-store-sales, as well as an 18.4% increase in our installment sales compared with 2Q05). At a six months basis, sales for 2006 were of \$5,512.3 million, a \$602.6 million increase or a 12.3% increase compared to same period of 2005.

SALES	2T05	2T06	2005 Six Months	2006 Six Months
Net Sales	2,590.4	3,038.1	4,909.6	5,512.3

	Second Quarter	
	2005	2006
Number of Stores.....	304	333
Sales Floor Area (square meters).....	337,774	389,606
Same-Store-Sales Growth (percentage)	7.3%	6.6%
	Second Quarter (Six Months Basis)	
Same-Store-Sales Growth (percentage)	9.6%	3.3%

Same-Store-Sales for 2Q06 reflects an increase of \$167.3 million pesos or 6.6%. For the six months basis, same-store-sales for the second quarter 2006 was 3.3%.

Cost of Sales

For the 2Q06 the costs of sales increase by \$230.1 million pesos, or 15.4%, a \$1,722.4 million compared to \$1,492.3 million pesos at 2Q05. The cost of sales as a percentage of sales, diminish to 56.7% in 2Q06, from a 57.6% for 2Q05. This was mainly by an increase as a percentage of sales of our installment sales program, which contribute with a higher margins compared to cash sale scheme, as well as other services offered by the Company with higher margins. At a six months basis for the second quarter 2006 the cost of sales was of \$3,079.0 million or 9.9% higher compared to the same period for 2005 of \$2,802.3 million.

Gross Margin

Gross Margin for 2Q06 increase to 43.3% compared with 42.4% of 2Q05. At a six months basis for the second quarter of 2006, the Gross Margin was of 44.1% compared to a 42.9% for the same period 2005. This was mainly to an increase at installment sales with respect to the same period of 2005.

Operating expenses

During 2Q06 the Operating Expenses increase by \$177.8 million or 21.3%, to \$1,014.3 million for 2Q06 compared to \$836.5 million for 2Q05. This increase reflected greater expenses related with the opening of 29 new stores from the 1st of July, 2005 to June 30th 2006, as well as an increase in administrative expenses related with the introduction of new products and business units including, vacation packages, auto-finance and Verochi (footwear catalog sales business). This operating expenses include \$74.7 million for wages and salaries, \$4.3 million in advertising and marketing, \$29.7 million related to rents and re-building expenses, \$19.2 million of write-off's (on a consolidated basis the same reserve amount is kept), \$14.6 million for depreciation and amortization, as well as \$35.3

million for other expenses. On a six months basis, the operating expenses for the 2Q06 were of \$1,904.8 million or a 16.7% higher compared to 2Q05 when this same expense of \$1,632.6 million.

Operating Income

The Operating Income increase by \$39.8 million or 15.2% to \$301.4 million for the 2Q06 compared to \$261.6 million on the 2Q05. On a six months basis the Operating Income for 2Q06 was of \$527.5 million or a 11.1% increase compared to 2Q05 in which the Operating Income was of \$474.7 million. This increase is based on better costs of sale, operating income, and better margins related with efficiencies in the administrative expenses.

Operating Income	2Q05	2Q06	2005 Six Months	2006 Six Months
Operating Income	261.6	301.4	474.7	527.5

Net Comprehensive Financing Cost

The net comprehensive financing cost diminishes by \$23.4 million or (16.2%) to \$120.5 million for 2Q06 compared to \$143.9 million by 2Q05. Under a six months basis, for the 2Q06 the Net Comprehensive Financing Cost was of \$255.3 million or (1.2%) compared to 2Q05 in which this expense added \$258.3 million. This diminishment in the net comprehensive financing cost is by consequence of the recent IPO, which enable us to pay debt, also a reduction at the interest rates from outstanding debt has contribute to this diminishment.

Net Comprehensive Cost	2Q05	2Q06	2005 Six Months	2006 Six Months
Financial Expenses	137.6	123.5	255.6	258.6
Financial Income	(4.9)	(9.2)	(10.4)	(13.7)
Exchange (loss) gain, net	12.9	1.9	11.4	3.4
Gain (loss) on monetary position	(1.7)	4.3	1.7	7.0
Net Comprehensive Financing Cost	143.9	120.5	258.3	255.3

Income Tax Expenses

The income tax expenses, increased by \$49.6 million to \$96.0 million an increase of 106.9% on 2Q06 compared to \$46.4 million 2Q05. Under a six months basis for the 2Q06 Income Tax Expenses were of \$97.6 million or an increase of 4.7% compared to \$93.1 million for 2Q05.

Net Income

During 2Q06, Grupo Famsa generated a net income of \$83.1 million compared with a net income of \$58.8 million for 2Q05 or a 41.3% increase by that period. This increase was benefited by better sales volume, which brings within greater gross margins and a greater operating income. At the same time, net comprehensive costs diminish by \$23.3 million compared with 2Q05. Finally an increase of \$10.8 million in 2Q06 at other income compared with 2Q05. On a six months period, Net Income before effect of adoption of new accounting pronouncements, increase by 66.2% from \$191.1 million for the second quarter 2006 compared to \$115.3 million during second quarter 2005.

Net Income	2Q05	2Q06	2005 Six Months	2006 Six Months
Net Income (Before effect of adoption of new accounting pronouncements)	58.8	83.2	115.3	191.1

Accounts Receivable

During 2Q06 accounts receivable for Grupo Famsa, increased by \$709.0 million to \$6,479.0 million or 12.3% compared to 2Q05 being at this time of \$5,770.0 million. This was mainly as a response of the increase at out installment sales, it is important to notice that we have kept the same reserve amounts for write-off's with represents for Mexico 2.2% from our installment sales and 5.6% at the US. On a consolidated basis a 2.8% ratio over the installment sales.

Inventories

Inventories for 2Q06 were \$1,937.1 million or \$271 million or 16.3% higher compared to Inventories as of 2Q05 of \$1,666.0 million. This increase at Inventories was due to higher sales volume and greater exhibition floors from new stores during the period.

Suppliers

During 2Q06, accounts payable reflect a \$122.4 million increase in order to reach \$1,442.9 million compared to \$1,320.0 million at the 2Q05 or an increase of 9.3% compared 2Q06 with 2Q05. This was mainly due by the above-mentioned increase at Inventories.

Net Debt

Net debt for the Company for 2Q06 diminish \$1,047.9 million to \$2,782.4 million compared to 2Q05 from \$3,830.3 million. This diminishment derivatives from the recent IPO.

Stockholders Equity

Due the recent IPO, an as of retained earnings form the Company by July 30, 2006 the Stockholders Equity report an increase of \$1,910.9 million to \$5,431.6 million compared to \$3,520.7 million for 2Q05.

Exhibit I**Segmented Selected Information (six months period).**

Segment Net Sales (In Mexican million Pesos as of July 30 2006)			Second Quarter Six Months Period	
			2005	2006
Retailing Operations Mexico			4,331.8	4,630.5
Retailing Operations USA			581.7	820.9
Other Businesses			459.0	545.6
Total segment net sales			5,372.6	5,997.2
Intersegment Operations			(462.9)	(484.9)
Total Consolidated Net Sales			4,909.6	5,512.3

Segment Net Sales (Percentage)			Second Quarter Six Months Period	
			2005	2006
Retailing Operations Mexico			88.2%	84.0%
Retailing Operations USA			11.8%	14.9%
Other Businesses			9.3%	9.9%
Total segment net sales			109.4%	108.8%
Intersegment Operations			(9.4%)	(8.8%)
Total Consolidated Net Sales			100.0%	100.0%

EBITDA (In Mexican million Pesos as of July 30 2006)			Second Quarter Six Months Period	
			2005	2006
Retailing Operations Mexico			534.3	559.8
Retailing Operations USA			24.0	35.4
Other Businesses			6.9	25.5
Total segment net sales			565.2	620.7
Intersegment Operations			15.0	25.3
Total Consolidated Net Sales			580.2	646.1

Please note that Exhibits II and III are posted in form of a second attachment.