

*2006 Results
 Third Quarter
 (Mexico, BMV; GFAMSA)*

Monterrey, México, October 26, 2006. - Grupo Famsa, S.A. de C.V. (Mexico, BMV: Gfamsa).
 Today Grupo Famsa announces results for the third quarter of 2006 (3Q06) compared with third quarter 2005 (3Q05), and also compared with a nine month period (2006-2005) (In millions of Mexican Pesos as of September 30, 2006).

 **CEO's report**

Mr. Humberto Garza Valdéz, Grupo Famsa's CEO, stated, "Regarding our growth and expansion plans, for the 3Q06, 3 new stores were opened in Mexico (2 of which were relocations at the City of Hermosillo, Sonora and Chihuahua, Chihuahua) and one other store in Cuautla, Morelos. Concerning the USA, we opened 1 new store in Houston Texas. Our new stores rollout for 2006 will take place as indicated in the following chart:

	3Q06	At 3Q06	4Q06e	At 4Q06e
México	1	12	10	22
U.S.A.	1	9	1	10

Different marketing strategies with so far great success outcome are taking place at the commercial side of the business, aiming to increase sales and tenor within our different credit programs.

Within the operational activities, among other initiatives the **image appearance** of our stores is now being changed in all our Mexico and US stores. We believe that this new image will reflect a more friendlier, cleaner view and some cost efficiency will be allotted (*since the new colors require less maintenance, with easier implementation and color matching at the same time*).



In regards to **Banco Ahorro Famsa**, we are on track to start running open-door operations by this 4th quarter (2006). We estimate that ordinary operations will commence by the last week of November. As of today, our management headed by experienced Francisco Patiño, is working to carry out the final checklist procedures before definitive endorsement from the Comisión Nacional Bancaria y de Valores (CNBV).

Bespoken IT software and systems furnished by international firms have proven right and ready to run, as well as trained personnel and cashiers. The first operative stage will take place in Torreón, Coahuila at 400 kilometers drive distance from Monterrey's headquarters. Torreón has been chosen as the Kickoff City for Banco Ahorro Famsa leveraging from the cities demographic behavior, near to Grupo Famsa's headquarters and current laid out stores (*9 functioning stores*).

SELECTED FINANCIAL DATA

Net Sales

Net Sales for 3Q06 increased by \$328.2 million pesos to reach \$2,911.3 million or an increase of 12.7% versus 3Q05. This increase came from an growth in the sales volume as a result of 29 new stores (including 11 new stores in the USA between October 1st 2005 and September 30th 2006), and an increase in same-store-sales, as well as a 15.6% increase in our installment sales compared with 3Q05.

On a nine-month basis, sales for 2006 were \$8,522.8 million, a \$941.6 million increase or a 12.4% increase compared to same period of 2005.

SALES	3Q05	3Q06	3Q05 Nine Month	3Q06 Nine Month
Net Sales	2,583.1	2,911.3	7,581.1	8,522.8

	Third Quarter	
	2005	2006
Number of Stores	306	335
Sales Floor Area (square meters)	341,343	395,385

Same-Store-Sales Growth (percentage)	Third Quarter	Third Quarter (Cumulative)
Mexico	4.8%	4.1%
USA	9.3%	3.6%
Consolidated	3.2%	3.3%

Same-Store-Sales for the 3Q06 reflects an increase of \$81.9 million pesos from which \$56.5 or 69.0% were from Mexico and \$25.4 or 31.0% related with the USA contribution for this same period.

Cost of Sales

For the 3Q06 the cost of sales increased by \$161.8 million pesos, or 10.9%, \$1,650.4 million compared to \$1,488.6 million pesos in the 3Q05. The cost of sales as a percentage of sales, diminished to 56.7% in the 3Q06, from a 57.6% in the 3Q05. This was caused mainly by a 15.6% increase within our installment sales programs, which contributes with higher margins compared to cash sale scheme, as well as other higher margin services offered by the Company (Extended Guarantees, Life Insurance, etc.). On a nine month basis for the third quarter 2006 the cost of sales was \$4,785.8 million or 10.2% higher compared to the same period for 2005 (\$4,341.3 million).

Gross Margin

Gross Margin for 3Q06 increased to 43.3% compared with 42.4% in the 3Q05. On a nine-month basis for the third quarter of 2006, the Gross Margin was 43.8% compared to 42.7% for the same period in 2005. This was mainly to the above mentioned reasons with respect to the same period of 2005.

Operating Expenses

During the 3Q06 the Operating Expenses increased by \$147.0 million or 16.9%, to \$1,015.8 million compared to \$868.7 million for 3Q05. This increase reflects greater expenses related to the opening of 29 new stores from October 1st, 2005 to September 30th, 2006, as well as 10 new stores to be opened during the 4th quarter 2006 and 7 new stores to be opened in the 1st quarter of 2007. This operating expenses include \$66.0 million for wages and salaries, \$0.4 million in advertising and marketing, \$3.6 million related to rents and re-building expenses, \$13.1 million of write-offs (on a consolidated basis the same reserve amount is kept), \$8.1 million for depreciation and amortization, as well as \$51.7 million for other expenses, including expenses related with the banking operations. On a nine-month basis period, the operating expenses for the 3Q06 were of \$2,950.1 million or 16.6% higher while compared to 3Q05 where these same expenses were in the amount of \$2,530.8 million.

EBITDA

EBITDA increased by \$31.6 million or 11.4% to \$308.8 million for the 3Q06 compared to \$277.2 million by the 3Q05. On a nine-month basis the Operating Income for 3Q06 was of \$967.1 million or 11.4% increase compared to 3Q05 in which the EBITDA was \$867.8 million. This increase is based on better costs of sale and operating income.

EBITDA	3Q05	3Q06	2005 Nine Month	2006 Nine Month
EBITDA	277.2	308.8	867.8	967.1
Margin	10.7%	10.6%	11.4%	11.3%

Note: As a result of our expansion plan (new stores), and to our newcomer Banco Ahorro Famsa (Banking Institution) pre-operative expenses, increased by \$38.5 million for the 3Q06 or 193.5% on y/y basis. Over a nine-month period Pre-Operating Expenses increased by \$63.5 million or 148.7% y/y compared with same period of 2005. On a carved out scenario adjusting for these pre-operating expenses, EBITDA for 3Q06 would have been of \$367.2 million reflecting 12.6% margin, or a EBITDA margin improvement of 111bps increasing 23.6% compared with 3Q05 of \$297.1 million. On a nine-month period EBITDA would be of \$1,025.5 reflecting 12.0% margin.

Net Comprehensive Financing Cost

The net comprehensive financing cost increased by \$1.3 million or (0.9%) to \$138.7 million for 3Q06 compared to \$137.4 million by 3Q05. On a nine month basis, for the 3Q06 the Net Comprehensive Financing Cost was \$398.6 million or (0.5%) compared to 3Q05 in which this expense was \$400.4 million. It is important to note that for the 3Q06 a \$40.0 million REPOMO (Results from Monetary Position, a non-cash component related to the value of money in time) is reflected. A diminishment in the Net Financing Cost in terms of cost of debt is experienced in the amount of \$35.5 million by the 3Q06. As a consequence of the recent IPO, which enabled the Company to pay debt, also a reduction in the interest rates from outstanding debt has contributed to this diminishment.

Net Comprehensive Cost	3Q05	3Q06	2005 Nine Month	2006 Nine Month
Financial Expenses	139.6	104.1	399.9	367.4
Financial Income	(5.4)	(7.9)	(15.9)	(21.9)
Exchange (loss) gain, net	(2.2)	2.5	9.3	6.0
Gain (loss) on monetary position	5.4	40.0	7.1	47.1
Net Comprehensive Financing Cost	137.4	138.7	400.4	398.6

Income Tax Expenses

Income tax expenses, increased by \$3.7 million to \$50.4 million an increase of 8.0% in 3Q06 compared to \$46.7 million 3Q05. On a nine-month basis for the 3Q06 Income Tax Expenses were \$149.8 million or an increase of 5.8% compared to \$141.5 million for 3Q05.

Net Income

During 3Q06, Grupo Famsa generated a net income of \$63.2 million compared with a net income of \$41.9 million for 3Q05 or a 50.7% increase for that period. This increase was benefited by better sales volume, which brings with it greater gross margins and a greater operating income. In a nine-month period, Net Income increased by 171.0% at \$257.7 million for the third quarter 2006 compared to \$95.1 million during the same period of 2005.

Net Income	3Q05	3Q06	2005 Nine Month	2006 Nine Month
Net Income	41.9	63.2	95.1	257.7

Accounts Receivable

For 3Q06 accounts receivable for Grupo Famsa, increased by \$789.8 million to \$6,704.0 million or 13.3% compared to 3Q05 which was \$5,914.8 million. This was mainly a response to the increase in our installment sales by 13.5%. It is important to note that we have kept the same reserve amounts for write-offs with respect to Mexico of 2.2% from our total installment sales and 5.4% in the US. On a consolidated basis a 2.8% ratio over the total installment sales.

Inventories

Inventories for 3Q06 were \$2,122.7 million or \$319.0 million or 17.7% higher compared to Inventories as of 3Q05 (\$1,803.7 million). This increase in Inventories was mainly due to higher sales volume and greater exhibition floors from new stores during the period (an increase 54,041 square meters) as well as some inventory provisions for next December sales.

Suppliers

During 3Q06, accounts payable reflected an \$88.7 million diminishment in order to reach \$1,304.9 million compared to \$1,393.6 million at the 3Q05 or a decrease of 6.4% for the period (even though 29 new stores were opened during the 12-month period). This was mainly due to better carry-off procurement practices, as well as a reflection of some economies of scale within the purchasing power of the Company.

Net Debt

Net debt for the Company for 3Q06 diminished \$655.4 million to \$3,360.3 million compared to 3Q05 (\$4,015.7 million). The pay-off on debt with proceeds from the IPO was the main driver for this diminishment.

Stockholders Equity

Due the recent IPO and as for retained earnings for the Company by September 30, 2006 the Stockholders Equity reported an increase of \$1,913.0 million to \$5,515.0 million compared to \$3,602.0 million for 3Q05.

Exhibit I**Segmented Selected Information (nine-month period).**

Segment Net Sales (In Mexican million Pesos as of September 30 2006)			Third Quarter Cumulative	
			2005	2006
Retailing Operations Mexico			6,705.9	7,177.3
Retailing Operations USA			873.9	1,262.4
Other Businesses			687.6	759.6
Total segment net sales			8,267.4	9,199.3
Inter-segment Operations			(686.2)	(676.5)
Total Consolidated Net Sales			7,581.2	8,522.8

Segment Net Sales (Percentage)			Third Quarter Cumulative	
			2005	2006
Retailing Operations Mexico			88.5%	84.2%
Retailing Operations USA			11.5%	14.8%
Other Businesses			9.1%	8.9%
Total segment net sales			109.1%	107.9%
Inter-segment Operations			(9.1%)	(7.9%)
Total Consolidated Net Sales			100.0%	100.0%

EBITDA (In Mexican million Pesos as of September 30 2006)			Third Quarter Cumulative	
			2005	2006
Retailing Operations Mexico			804.6	839.7
Retailing Operations USA			32.5	58.6
Other Businesses			5.2	29.7
Total segment EBITDA			842.3	928.0
Inter-segment Operations			25.5	39.1
Total Consolidated EBITDA			867.8	967.1

EXHIBIT II**GRUPO FAMSA, S.A. DE C.V. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**
FROM JANUARY 1ST TO SEPTEMBER 30, 2006 AND 2005**Thousands of Mexican Pesos (Ps) of September 30, 2006 Purchasing Power**

	<u>2006</u>		<u>2005</u>	
Net sales	\$ 8,522,827	100.0%	\$ 7,581,168	100.0%
Cost of sales	(4,785,767)	-56.2%	(4,341,284)	-57.3%
Gross margin	3,737,060	43.8%	3,239,884	42.7%
Operating expenses	(2,950,075)	-34.6%	(2,530,757)	-33.4%
Operating income	786,985	9.2%	709,127	9.4%
Comprehensive financing expense, net	(398,579)	-4.7%	(400,395)	-5.3%
	388,406	4.6%	308,732	4.1%
Other income (expenses), net	19,378	0.2%	(8,162)	-0.1%
Amortization of goodwill	0	0.0%	0	0.0%
Income before provisions	407,784	4.8%	300,570	4.0%
Income tax	(149,774)	-1.8%	(141,543)	-1.9%
Employees' profit sharing	0	0.0%	0	0.0%
	(149,774)	-1.8%	(141,543)	-1.9%
Income before effect of adoption of new accounting pronouncement	258,010	3.0%	159,027	2.1%
Effect of adoption of new accounting pronouncement	0	0.0%	(63,064)	-0.8%
Consolidated net income	258,010	3.0%	95,963	1.3%
Net income corresponding to minority interest	(286)	-0.0%	(854)	-0.0%
Net income corresponding to majority interest	\$ 257,724	3.0%	\$ 95,109	1.3%

EXHIBIT II**GRUPO FAMSA, S.A. DE C.V. AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION**
FROM JANUARY 1ST TO SEPTEMBER 30, 2006 AND 2005
Thousands of Mexican Pesos (Ps) of September 30, 2006 Purchasing Power

	<u>2006</u>	<u>2005</u>
<u>Operating</u>		
Net income	\$ 257,724	\$ 95,109
Items not affecting resources:		
Depreciation and amortization	180,162	158,703
Amortization of goodwill	0	0
Allowance for doubtful accounts	188,175	146,343
Deferred income tax	47,432	114,796
Seniority premiums	8,228	3,157
	<u>681,721</u>	<u>518,108</u>
Changes in working capital other than financing:		
Trade accounts receivable	(515,182)	(305,531)
Inventories	(210,026)	(157,353)
Suppliers	(616,277)	(444,089)
Other, net	(122,006)	(164,252)
	<u>(1,463,491)</u>	<u>(1,071,225)</u>
Resources used in operating activities before effect of adoption of new accounting pronouncement	(781,770)	(553,117)
Effect of adoption of new accounting of new accounting pronouncement	0	63,064
Resources used in operating activities	<u>(781,770)</u>	<u>(490,053)</u>
<u>Financing</u>		
Bank loans and long-term debt, net	(518,712)	637,834
Capital stock	126,145	0
Premium on issuance of capital stock	1,416,416	0
Minority interest, net	601	853
Resources provided by financing activities	<u>1,024,450</u>	<u>638,687</u>
<u>Investing</u>		
Property, leasehold improvements and furniture and equipment, net	(204,726)	(215,663)
Increase (decrease) in cash and temporary investments	37,954	(67,029)
Cash and temporary investments at beginning of year	<u>250,867</u>	<u>293,448</u>
Cash and temporary investments at end of year	<u>\$ 288,821</u>	<u>\$ 226,419</u>