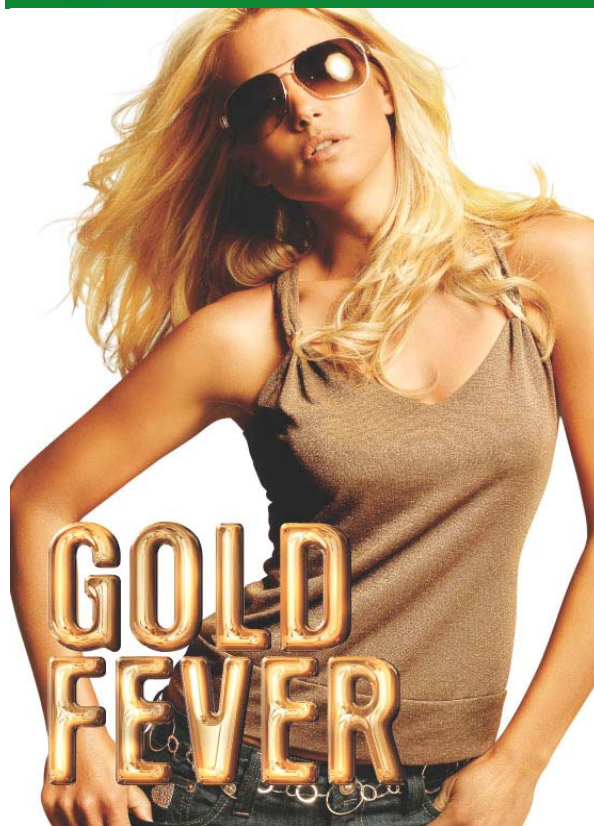


3RD QUARTER REPORT 2006

S.A.C.I. FALABELLA



October 2006

Results – Third Quarter 2006

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Notes:

1. All figures in dollars are calculated using nominal pesos in the Uniform Codified Statistical Record (FECU) as of September 30, 2006 and the observed dollar exchange rate for October 2, 2006 (CH\$537.03 per US\$1).
2. Symbols: 1Q (first quarter), 2Q (second quarter), 3Q (third quarter), and 4Q (fourth quarter).
3. Other symbols: 1S (first semester) and 9M (first nine months of the year).

I. Comments by Management

The consolidated profit of Falabella grew 17.7% as of September 2006, to a total of MM\$126,042 (MMUS\$234.7). Profits in the third quarter rose even more, 20.3%, to MM\$33,285.

Consolidated revenues for the 9M of 2006 grew 15.0% to MMCH\$1,669,704 (MMUS\$ 3,109.1). Revenues in 2006 3Q rose 20.3%.

Operating income rose 9.2% in the 9M of 2006, totaling MMCH\$ 159,599 (MMUS\$297.2), affected significantly by Falabella and CMR start-up expenses in Colombia. Moreover, non-operating income through September 2006 improved substantially compared to the previous year, totaling a loss of MM\$9,233 (compared to the loss of MM\$18,276 in 2005). This improvement is attributable mainly to the excellent performance of investments in related companies.

The EBITDA¹ for September 2006 was MMCH\$195,381 (MMUS\$363.8), growing 11.0% compared to the previous year. The Adjusted EBITDA² for the 9M of 2006 was MM\$227,076 (MMUS\$422.8), which implied an increase of 14.7% compared to the same period in 2005. The Adjusted EBITDA was MM\$68,092 in the 3Q 2006, a rise of 9.9%.

Operating Income Analysis

The consolidated operating income rose 9.2% during the 9M of 2006 to a total of MM\$159,599 (MMUS\$209.1). If the operating loss of Falabella and CMR in Colombia were excluded, the growth would have been 11.0%. The 9M growth breaks down into a growth of 12.4% as of June 2006 and a growth of 1.8% in 3Q 2006. The slowdown in 3Q growth was mainly the result of the impact of the start-up of Falabella and CMR in Colombia and, to a lesser extent, the drop in the operating income of Falabella Retail Chile and San Francisco Supermarkets in that quarter.

Sales Revenue

Cumulative revenues as of September 30, 2006 were MMCH\$ 1,669,704 (MMUS\$ 3,109.1), or a rise of 15.0% above the previous year. Revenues rose to MMCH\$568,952 (MMUS\$1,059.4) in 3Q, equal to 20.3%. This heavy growth is the result of a good performance by virtually all business units, particularly San Francisco Supermarkets (which attained a growth of 22.8% in 9M 2006, driven by the opening of new stores), Falabella Argentina (32.2% growth in 9M coming from the opening of stores on Florida Street) and Peru (with a growth of 20.9%, the product of the store openings in the last 12 months).

Sales of Falabella Department Stores in Chile rose 4.1% in 9M 2006, driven mainly by the opening of two new stores in 4Q 2005. The 3Q growth was -2.6%, mainly because of the high basis for comparison in the same quarter of 2005, which should be reversed in 4Q 2006. The revenue of Sodimac Chile increased 13.0% as of September 2006, as a result of several openings and a same-store growth of 10.4%.

Sales Margin

¹ EBITDA = Operating Income + Total Depreciation + Operating Amortization

² Adjusted EBITDA = EBITDA + profit/loss on investment in related companies.

As of September 30, 2006, the cumulative gross margin dropped 0.2 percentage points on revenues, as compared to the previous year, totaling 28.6% on sales or MMCH\$477,782 (MMUS\$889.7). The gross margin fell 1.5 percentage points in 3Q 2006 to 27.2%, principally because of the drop in the margin of Falabella Department Stores in Chile due to the increase in winter discounts.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses rose 0.3 points as a percentage of sales in 9M 2006, as compared to 2005, to MMCH\$ 318,183 (MMUS\$ 592.5). This increase was due mainly to Falabella and CMR start-up expenses in Colombia (which, if excluded, would have meant an increase of just 0.19 points in consolidated expenses), and to an increase in Selling, General and Administrative Expenses of Falabella Retail Chile (for non-recurrent indemnities) and of San Francisco Supermarkets (for the start-up of new stores). Expenses fell 0.06 percentage points in 3Q 2006.

Non-Operating Income Analysis

There was a non-operating loss of MMCH\$ 9,233 (MMUS\$17.2) as of September 30, 2006, compared to a loss of MMCH\$18,276 (MMUS\$34.0) in the same period of 2005. This improvement of MMCH\$ 9,043 came mainly from the following (in order of magnitude):

- Profit/loss on investments in related companies: there was a net increase of MM\$9,707 (44.1%) in the profit recognized by Falabella, principally in the following related investments: Banco Falabella grew 32.6% to MM\$6,870; Sodimac Colombia³ had a recognized profit that rose 149% to MM\$3,887; Mall Plaza had a recognized profit that rose 26.1% to MM\$12,498; and Farmacias Ahumanda went from a recognized loss of MM\$433 to a recognized profit of MM\$926.
- Financial expenses: a reduction of MM\$2,108 or 8.6% stemming from the drop in the average financial debt during the first 6M of 2006, partially offset by an increase in debt in 3Q 2006 in relation to the placement of two bonds in Chile for a total of UF8,500,000.
- Other Non-Operating Income: an increase of MM\$1,224, or 32.5%, mainly from an adjustment to the Argentine Asset Value Deterioration Provision.

The above was partially offset by:

- Other Non-Operating Expenses: an increase of MM\$1,796, or 63.7%, mainly because of the prepayment of the Sodimac Bond at the end of 2005 which was generating a positive amortization of the fair value prior to prepayment.
- Price-Level Restatement plus Exchange Differential: an increased loss of MM\$1,124 (a 9.5% greater), fundamentally due to the increase in the Price-Level Restatement loss in 3Q 2006 and in the Exchange Differential loss in the first 6M of 2006.
- Financial Income: a reduction of MM\$802, or 16.7%, based on the reduction in Time Deposits and Negotiable Securities during the first 6M of 2006.

³ Starting July 1, 2005, the equity interest in Sodimac Colombia rose to 49% (it was 35% prior to that date).

New Stores and Projects

The following projects were implemented during 9M 2006:

Homecenter stores (HC) were opened by Sodimac Chile in the following locations:

- HC Coyhaique (5,941 m², January-2006, in replacement of the old 1,488 m² store),
- HC Coquimbo (5,774 m², March-2006);
- HC Curicó (7,733 m², March-2006, in replacement of the old 3,208 m² store);
- HC La Calera (7,905 m², July 2006);
- HC Puerto Montt (9,465 m², August 2006, in replacement of the old 7,839 m² store); and
- Constructor Fontova in Santiago (7,351 m², September 2006, in replacement of the old 5,691 m² store).

The Cerrillos Sodimac store was also remodeled and expanded in Plaza Oeste, changing it to a HC with a Construction Yard and Botanical Gardens (14,400 m², May 2006). The HC La Florida was enlarged (+1,640 m², September 2006). Both these stores are in Santiago.

The Tottus Nataniel hypermarket was inaugurated in Santiago (4,296 m², March 2006) as well as the Tottus La Calera (3,511 m²) and Tottus Fontova (4,202 m², September 2006) in Santiago and the Tottus Mall Plaza Antofagasta (5,180 m², September 2006).

In Peru, the Plaza Atocongo Shopping Center was inaugurated on April 26, 2006, located in the southern zone of Lima. This power center consists of two anchor stores: a Tottus hypermarket (7,700 m² of sales space) and a Sodimac HC (8,440 m² of sales space), as well as the shopping gallery with a diverse assortment of stores.

A second Sodimac HC store was opened in Medellín, Colombia at the beginning of July (13,406 m² of sales space).

On the date of this report, in 4Q 2006, the following projects were already inaugurated: Falabella Mall Plaza Antofagasta (9,318 m², October 2006) and Saga Falabella Megaplaza in Lima (10,150 m², October 2006). Soon to be opened: Falabella Santa Fe, in Bogota, Colombia (the first Falabella Store in that country), Falabella La Calera, an enlargement of Falabella Plaza Oeste, HC San Felipe, HC Arica, Tottus Plaza Oeste and San Francisco Puente Alto.

Other Material Events

On August 4, 2006, Series E and F bonds were placed, issued by S.A.C.I. Falabella for a total of UF 8,500,000 (approximately MMUS\$287). A total of UF 4,500,000 in Series E Bonds was placed and UF 4,000,000 in Series F bonds. The effective placement rate for Series E bonds (maturity date of July 15, 2011) was 3.74%, while it was 4.42% for Series F bonds (maturity date of July 15, 2027).

Notice of a material event was given to the SVS on September 14, 2006 to the effect that the S.A.C.I. Falabella Board had approved development of the home improvement business in the

Republic of Argentina under its Sodimac trademark. The initial investment would be for MMUS\$30.0.

On October 16, 2006, a material event was notified to the SVS that S.A.C.I. Falabella, Inversiones Avenida Borgoño Ltda. and Inversiones Prima I Ltda., all shareholders in Plaza Oeste S.A., Plaza La Serena S.A., Plaza del Trebol S.A. and Puente Alto S.A., had promised to buy all shares owned by Cencosud S.A., the remaining shareholder in such companies, for the price of UF 3,914,357 (approximately MMUS\$135). The promised purchase will be made in proportion to the interest each promising buyer holds in each of the aforesaid companies.

II. Consolidated Results as of September 30, 2006

Consolidated Results January – September 2006 (MMCH\$)

	2006	% Revenue	2005	% Revenue	Var. 06/05
Revenues	1,669,704		1,451,970		15.0%
COGS (less)	(1,191,922)	-71.4%	(1,033,548)	-71.2%	15.3%
GROSS MARGIN	477,782	28.6%	418,422	28.8%	14.2%
SG&A (less) w/o Depreciation	(318,183)	-19.1%	(272,287)	-18.8%	16.9%
OPERATING REVENUES	159,599	9.6%	146,135	10.1%	9.2%
EBITDA	195,381	11.7%	175,999	12.1%	11.0%
Interest income	3,990		4,792		-16.7%
Profit on investment in related companies	31,706		22,421		41.4%
Other non-operating income	4,994		3,771		32.5%
Loss on investment in related companies (less)	(10)		(433)		-97.6%
Amortization of goodwill (less)	(10,025)		(9,751)		2.8%
Interest expenses (less)	(22,334)		(24,442)		-8.6%
Other non-operating expenses (less)	(4,614)		(2,819)		63.7%
Price-level restatement	(10,832)		(10,421)		3.9%
Exchange differentials	(2,107)		(1,393)		51.3%
NON-OPERATING PROFIT (LOSS)	(9,233)	-0.6%	(18,276)	-1.3%	-49.5%
PROFIT BEFORE INCOME TAX & EXTRAORD. ITEMS	150,365	9.0%	127,859	8.8%	17.6%
INCOME TAX	(22,433)		(18,790)		19.4%
EXTRAORDINARY ITEMS	0		0		
MINORITY INTEREST	(1,893)		(2,286)		-17.2%
NET PROFIT (LOSS)	126,039		106,783		18.0%
Amortization of negative goodwill	2		259		-99.2%
PROFIT (LOSS) IN THE FISCAL YEAR	126,042	7.5%	107,042	7.4%	17.7%
Adjusted EBITDA⁴	227,076	13.6%	197,988	13.6%	14.7%

Consolidated Results July – September 2006 (MMCH\$)

	3Q 2006	% Revenue	3Q 2005	% Revenue	Var. 06/05
Revenues	568,952		472,789		20.3%
COGS (less)	(414,268)	-72.8%	(337,152)	-71.3%	22.9%
GROSS MARGIN	154,684	27.2%	135,637	28.7%	14.0%
SG&A (less) w/o Depreciation	(109,459)	-19.2%	(91,234)	-19.3%	20.0%
OPERATING REVENUES	45,225	7.9%	44,404	9.4%	1.8%
EBITDA	57,626	10.1%	54,443	11.5%	5.8%
Interest income	1,761		898		96.0%
Profit on investment in related companies	10,472		7,519		39.3%
Other non-operating income	2,716		1,332		103.9%
Loss on investment in related companies (less)	(6)		4		-248.6%
Amortization of goodwill (less)	(3,338)		(3,242)		2.9%
Interest expenses (less)	(8,253)		(7,814)		5.6%
Other non-operating expenses (less)	(853)		101		-943.0%
Price-level restatement	(6,936)		(5,719)		21.3%
Exchange differentials	136		(3,687)		-103.7%
NON-OPERATING PROFIT (LOSS)	(4,301)	-0.8%	(10,607)	-2.2%	-59.4%
PROFIT BEFORE INCOME TAX & EXTRAORD. ITEMS	40,923	7.2%	33,796	7.1%	21.1%
INCOME TAX	(6,775)		(5,278)		28.4%
EXTRAORDINARY ITEMS	0		0		
MINORITY INTEREST	(864)		(852)		1.4%
NET PROFIT (LOSS)	33,285		27,667		20.3%
Amortization of negative goodwill	1		12		-94.0%
PROFIT (LOSS) IN THE FISCAL YEAR	33,285	5.9%	27,680	5.9%	20.3%
Adjusted EBITDA⁴	68,092	12.0%	61,966	13.1%	9.9%

⁴ Adjusted EBITDA = EBITDA + profit/loss on investment in related companies. It is calculated given the relevance of related companies in the company's results.

III. Retail Indicators

1. Revenues from the Retail Businesses

Department stores in Chile grew 4.1% during 9M 2006. This growth is comprised of same-store sales for -1.1% as of September 2006 plus the growth coming from the opening of two new stores in 4Q 2005 (Paseo Puente and Portal La Dehesa). During 3Q, revenues fell 2.6%, which were affected in particular by the high basis for comparison in the same period in 2005 because of a better winter (lower temperatures) and the excellent "My First PC" campaign. To this was added the remodeling of the store in Plaza Oeste Mall (to enlarge it), plus the impact on Falabella Centro and Alto Las Condes caused by the opening of stores in Paseo Puente and Portal La Dehesa, respectively. All these impacts are temporary and should be reversed during 4Q.

The growth in Home Improvement in Chile totaled 13% in 9M 2006. This rise was mainly due to the store growth of 10.4%, plus the push coming from the opening of 9 stores in the last 12 months. In 3Q, revenues from Sodimac Chile rose 13.1%.

Revenue from Supermarkets in Chile rose 22.8% in 9M 2006, thanks mainly to the opening of 5 stores in the last 12 months as well as the enlargement of the San Bernardo Plaza store. In 3Q, the growth in revenues was 24.8%.

Revenues from the retail business in Peru (including department stores, hypermarkets and Sodimac) rose 20.8% in 9M 2006. The increase was mainly driven by the opening of 2 new Saga Falabella stores (in 4Q 2005), 2 Sodimac Homecenter stores (in 2Q 2005 and 2Q 2006) and one Tottus hypermarket (in 2Q-2006). These openings resulted in a 44.8% growth in 3Q 2006.

Department store sales in Argentina grew 31.9% in 9M 2006 and 49.9% in 3Q 2006. The growth both in the 9M and in 3Q can be largely attributed to the opening of the stores on Florida Street.

In Colombia, Sodimac revenue rose 41.9%, boosted mainly by the opening of 2 new stores in 2S 2005 and 1 in 3Q 2006.

Cumulative Retail Revenue 9M 2006 (MUS\$)

(Adjusted Chilean pesos converted to USD at the observed e/r for October 2, 2006)

	9M 2006	9M 2005	Var. 06/05
Chile Department Stores	845,665	812,545	4.1%
Chile Home Improvement	1,036,257	917,383	13.0%
Chile Supermarkets	239,016	194,717	22.8%
Peru Retail (Saga, Tottus and Sodimac)	375,199	310,598	20.8%
Argentina Department Stores	137,345	104,118	31.9%
Colombia Home Improvement	237,360	167,290	41.9%

Cumulative Retail Revenue 3Q 2006 (MUS\$)

(Adjusted Chilean pesos converted to USD at the observed e/r for October 2, 2006)

	3Q 2006	3Q 2005	Var. 06/05
Chile Department Stores	280,492	288,026	-2.6%
Chile Home Improvement	322,986	285,566	13.1%
Chile Supermarkets	84,137	67,431	24.8%
Peru Retail (Saga, Tottus and Sodimac)	133,468	92,168	44.8%
Argentina Department Stores	42,591	28,412	49.9%
Colombia Home Improvement	89,515	58,263	53.6%

2. Growth in Same-Store Sales (SSS)⁵

(All growth has been calculated in the local currency of each country)

	1Q 2005	1S 2005	9M 2005	2005	1Q 2006	1S 2006	9M 2006
Chile Department Store	7.1%	9.5%	11.9%	9.5%	3.9%	2.0%	-1.1%
Chile Home Improvement				8.5%	9.7%	10.4%	10.4%
Chile Supermarkets				0.2%	1.0%	1.6%	0.6%
Peru Department Store				5.6%	0.8%	-1.2%	-2.0%
Peru Hypermarkets				15.3%	9.4%	6.9%	4.8%
Peru home Improvement					17.8%	5.1%	1.8%
Argentina Department Stores					-2.5%	6.6%	3.3%

3. Number of Stores and Floor Space⁶

During the 12 months starting September 30, 2005, approximately 15,700 m² of sales space were added in department stores. This increase came from the opening of the Paseo Puente store (7,739 m², Oct-2005) and La Dehesa store (7,904 m², Nov-2005). In addition, the Falabella Mall Antofagasta (9,318 m², 4Q 2006) was inaugurated in early October 2006.

The net sales space rose by approximately 37,100 m² in Home Improvement in Chile in the 12-month period starting September 30, 2005. Stores opened were the Chillan Homecenter (8,781 m² of sales space, Dec-2005, in replacement of the old store of 3,568 m²), Coyhaique Homecenter (5,941 m² of sales space, Jan-2006, in replacement of the old store of 1,488 m²), Coquimbo Homecenter (5,774 m² of sales space, Mar-2006), the Curico Homecenter (7,733 m² of sales space, Mar-2006, in replacement of the old store of 3,208 m²), Plaza Oeste Homecenter (14,400 m², in replacement of the old store of 10,132 m²), Homecenter La Calera (7,905 m², July 2006), Homecenter Puerto Montt (9,465 m², August 2006, in replacement of the old store of 7,839 m²) and Constructor Fontova (7,351 m², September 2006, in replacement of the old store of 5,691 m²). Moreover, the La Florida Homecenter was expanded (+1,640 m², Sep-2006).

The following San Francisco Supermarkets were inaugurated in the 12 months since September 30, 2005: Tottus Puente Alto (5,055 m², December 2005), Tottus Nataniel (4,296 m², March 2006), Tottus La Calera (3,511 m²), Tottus Fontova (4,202 m², September 2006) and Tottus Mall Antofagasta (5,180 m², September 2006).

In the last 12 months, approximately 27,000 m² of sales space were added in Peru. They came mainly from the opening of the Saga Falabella store in Miraflores of Lima (7,194 m², 4Q-2005), the second Saga Falabella in Chiclayo (3,703 m², 4Q-2005) and the inauguration of Tottus Atocongo (7,700 m², 2Q-2005) and Atocongo Homecenter Sodimac (8,440 m², 2Q-2006). A Saga Falabella Megaplaza was also opened in 4Q 2006.

In December 2005, Falabella Argentina inaugurated two stores on Florida Street in Buenos Aires that together comprise sales space of 9,000 m².

⁵ All new stores and those that are enlarged by more than 10% in terms of square meters are excluded in the calculation of same-store growth.

⁶ The six Ahumada stores are counted separately among the Chile Department Stores while the three stores in the north of Peru are counted separately among Peru Department Stores. Stores are described more thoroughly in the appendices.

Finally, in the last 12 months in Colombia, the Pereira Homecenter was opened (12,370 m², 3Q-2005), the El Dorado Homecenter (11,271 m² of sales space, 4Q-2005, in replacement of the old store of 3,494 m²), the North Homecenter was enlarged (+3,908 m², 3Q-2005) and the Medellin San Juan HC was inaugurated (13,406 m², 3Q-2006).

Sales Areas	as of September 2006		as of September 2005	
	Area (m2)	Stores	Area (m2)	Stores
Chile Department Stores	177,538	35	161,895	33
Chile Home Improvement	410,361	56	373,297	54
Chile Supermarkets	53,369	15	30,736	10
Peru Department Stores	59,890	10	48,992	8
Peru Hypermarkets	36,769	4	29,069	3
Peru Home Improvement	26,971	3	18,531	2
Argentina Department Stores	39,817	6	30,817	5
Colombia Home Improvement	106,535	10	81,444	9
Total	911,250	139	774,781	124

4. CMR Card Sales

Cumulative Percentage of Sales using CMR⁷

	1Q 2005	1S 2005	9M 2005	2005	1Q 2006	1S 2006	9M 2006
Chile Department Stores	63.7%	66.4%	67.3%	67.0%	63.4%	65.1%	65.5%
Chile Home Improvement	30.6%	30.5%	30.8%	31.1%	31.5%	30.9%	31.2%
Chile Supermarkets	5.8%	6.3%	7.1%	7.8%	10.2%	11.1%	11.8%
Peru Department Stores	67.3%	68.7%	70.0%	69.1%	66.5%	67.3%	67.9%
Peru Hypermarkets	46.0%	48.9%	49.9%	50.3%	53.3%	52.0%	52.6%
Peru Home Improvement	32.1%	37.2%	39.5%	39.8%	39.8%	40.1%	40.9%
Argentina Department Stores	45.0%	48.2%	47.0%	43.9%	37.3%	37.7%	38.6%

The calculation for Sodimac Chile includes not only retail sales but also corporate sales. If we take into account just retail sales, the accumulated penetration is 36.68%.

The CMR card was implemented in Colombia in October 2005. It is now accepted in the Sodimac Colombia stores and in the Carrefour chain. As of September 30, 2006, there were 174,338 active CMR accounts in Colombia. The card sales percentage in Sodimac stores is almost 8.4%.

⁷ The CMR sales percentage represents cumulative sales using the CMR card as compared to total cumulative sales in each chain.

5. Inventories⁸

There is a stable level in the days in inventory in the three retail formats. The level of inventories in Peru are kept in a moderately higher level due to the opening of new stores, but this will tend to fall over the coming months as the new stores mature. In Argentina, days in inventory fell in line with the growth of the new stores on Florida Street.

Days in Inventory

	1Q 2005	1S 2005	9M 2005	2005	1Q 2006	1S 2006	9M 2006
Chile Department Stores	100	89	91	84	94	86	88
Chile Home Improvement	70	71	78	76	64	70	77
Chile Supermarkets	16	18	20	19	23	23	26
Peru Department Stores	85	94	99	98	112	104	100
Peru Home Improvement				146	102	113	125
Peru Supermarkets				40	38	38	38
Argentina Department Stores	107	110	181	113	101	95	90

IV. Cumulative Operating Results

1. Chile Department Stores – Retail Only (Individual FECU for SACI Falabella)

The department store operating income fell 25% in the 9M 2006 to MMUS\$18.8, mainly because of a 96% reduction in the 3Q operating income. This fall in the 3Q came about for 3 reasons: a drop in sales revenue in 3Q given the high basis for comparison to the 3Q of 2005, followed by an increase in winter seasonal discounts that reduced the margins in the relevant quarter by more than 1 percentage point; and lastly, the increase in selling, general and administrative expenses because of non-recurrent indemnities totaling approximately MM\$1,000.

Chile Department Stores (MMUS\$ and percentage of sales)

	9M 2006	9M 2005	Var. 06/05 (points)
Revenues	845.7	812.5	4.1%
Costs	-73.2%	-73.3%	-0.2
Gross Margin	26.8%	26.7%	0.2
SG&A Expenses w/o Depreciation	-22.9%	-22.1%	0.8
EBITDA	4.0%	4.6%	-0.6
Depreciation + Amortization	-1.8%	-1.5%	0.3
Operating Income	2.2%	3.1%	-0.9

⁸ Days in Inventory = Inventories at the end of the period divided by the cost of cumulative sales cost expressed in days of 30-day months.

2. Chile Home Improvement – Retail Only

Sodimac Chile's operating income was MMUS\$ 58.1 as of September 30, 2006, growing 35.3% compared to 2005. In addition to the income growth, the foregoing was due to the increase in the 1.2 percentage-point increase in the gross margin on sales while expenditures remained the same. The EBITDA in 9M 2006 totaled MMUS\$ 68.2, increasing 37.7%. In 3Q 2006, operating income rose 29.4% as a result of the higher gross margin, partially offset by a moderate rise in expenses.

Sodimac Chile (MMUS\$ and percentage of sales)

	9M 2006	9M 2005	Var. 06/05 (points)
Revenues	1,036.3	917.4	13.0%
Costs	-73.7%	-74.9%	-1.2
Gross Margin	26.3%	25.1%	1.2
SG&A Expenses w/o Depreciation	-19.7%	-19.7%	0.0
EBITDA	6.6%	5.4%	1.2
Depreciation + Amortization	-1.0%	-0.7%	0.3
Operating Income	5.6%	4.7%	0.9

3. Supermarkets in Chile

The Operating Income of San Francisco Supermarkets fell 3.5% in 9M 2006 to MMUS\$9.4. This drop was the result of an increase of 1.1 percentage points in selling, general and administrative expenses because of the start-up of 5 new stores in the last 12 months. For the same reason, operating income in 3Q was 3.6% of income, falling 2.0 points compared to the previous year.

Chile Supermarkets (MMUS\$ and percentage of sales)

	9 M 2006	9 M 2005	Var. 06/05 (points)
Revenues	239.0	194.7	22.8%
Costs	-79.5%	-79.5%	-0.0
Gross Margin	20.5%	20.5%	0.0
Expenses w/o Depreciation	-15.2%	-14.4%	0.7
EBITDA	5.3%	6.0%	-0.7
Depreciation + Amortization	-1.3%	-1.0%	0.3
Operating Income	3.9%	5.0%	-1.1

4. International Operations - Retail and Credit

During 9M 2006, operating income of the international businesses that are consolidated (Argentina and Peru) totaled MMUS\$52.0, which meant a growth of 39.0%. Revenues amounted to MMUS\$605.0 and EBITDA to MMUS\$70.3, which signified a growth of 23.4% in revenues and 37.1% in EBITDA.

Peru

Operating income from Peru was MMUS\$48.9 in 9M 2006, a growth of 37.4%. As a percentage of sales, it was 10.7%, 1.3 points better than the previous year. This was due mainly to the reduction of 1.1 points in expenses, including depreciation, resulting from the restructuring implemented in the previous year. The EBITDA was MMUS\$62.6 in this period, a rise of 35%.

The operating income in Peru grew 20.2% in the 3Q and the EBITDA rose 26.7%.

Peru (MMUS\$ and percentage of income)

	9 M 2006	9 M 2005	Var. 06/05 (points)
Revenues	458.9	379.7	20.9%
Costs	-66.3%	-66.5%	-0.2
Gross Margin	33.7%	33.5%	0.2
SG&A Expenses w/o Depreciation	-20.0%	-21.2%	-1.2
EBITDA	13.7%	12.2%	1.4
Depreciation + Amortization	-3.0%	-2.8%	0.1
Operating Income	10.7%	9.4%	1.3

Argentina

Operating income in Argentina totaled MMUS\$ 3.0 in 9M 2006, a growth of 71.5%. The EBITDA was 5.2% of revenues as of September 2006, improving by 0.8 percentage points compared to the previous year. This resulted from an improvement of 1.3 percentage points in the gross margin.

In 3Q 2006, operating income went from -0.1% of revenue to +0.8%. The EBITDA rose 131% to MMUS\$2.1.

Argentina (MMUS\$ and percentage of sales)

	9 M 2006	9 M 2005	Var. 06/05 (points)
Revenues	146.1	110.5	32.2%
Costs	-67.0%	-68.3%	-1.3
Gross Margin	33.0%	31.7%	1.3
SG&A Expenses w/o Depreciation	-27.7%	-27.3%	0.4
EBITDA	5.2%	4.4%	0.8
Depreciation + Amortization	-3.2%	-2.8%	0.4
Operating Income	2.1%	1.6%	0.5

5. Property Development (Sociedad de Rentas Falabella, SRF)

As of September 30, 2006, all property, plant and equipment of SRF totaled MMCH\$ 374,920, net of depreciation. Property, plant and equipment owned by SRF include all properties of the group in Chile, save the interest held in Mall Plaza, Inmobiliaria Mall Calama and Inmobiliaria La Serena.

The operating profit of SRF rose 17.9% to MMUS\$ 16.7 as of September 30, 2006.

V. Credit Indicators

1. CMR Chile

a. Total Gross Loans (MMCH\$ nominal)

	1Q	2Q	3Q	4Q
2004	361,547	371,845	365,699	416,198
2005	439,790	477,509	498,856	550,209
2006	551,211	553,908	549,624	

b. Total Loan Provisions (MMCH\$ nominal)

	1Q	2Q	3Q	4Q
2004	-12,027	-14,616	-13,271	-13,039
2005	-15,445	-16,877	-15,397	-17,975
2006	-21,266	-22,943	-22,081	

c. Provisions/Loans

	1Q	2Q	3Q	4Q
2004	3.33%	3.93%	3.63%	3.13%
2005	3.51%	3.53%	3.09%	3.27%
2006	3.86%	4.14%	4.02%	

d. Cumulative Net Write-offs (MMCH\$ nominal)

	1Q	2Q	3Q	4Q
2004	4,376	7,056	13,162	17,304
2005	5,188	7,864	12,725	16,546
2006	4,616	9,457	16,485	

Note: Write-offs are net of recoveries

2. Banco Falabella Chile

a. Total Gross Loans (MMCH\$ nominal)

	1Q	2Q	3Q	4Q
2004	215,653	230,415	240,652	273,250
2005	279,663	294,864	324,756	351,472
2006	381,344	403,665	430,883	

b. Total Loan Provision (MMCH\$ nominal)

	1Q	2Q	3Q	4Q
2004	-6,451	-7,507	-8,198	-9,330
2005	-9,680	-9,664	-9,946	-11,081
2006	-11,742	-12,495	-13,307	

c. Provisions/Loans Chile

	1Q	2Q	3Q	4Q
2004	2.99%	3.26%	3.41%	3.41%
2005	3.46%	3.28%	3.06%	3.15%
2006	3.08%	3.10%	3.09%	

d. Cumulative Net Write-offs (MMCH\$ nominal)

	1Q	2Q	3Q	4Q
2004	1,228	2,395	3,476	4,723
2005	1,482	3,256	5,295	7,512
2006	2,434	4,682	7,437	

Note: Write-offs are net of recoveries

3. CMR Peru

Note: CMR Peru uses the provisions schedule indicated by the Peruvian Superintendency of Banking and Insurance, which is characterized by more exigent provision standards than in Chile and portfolio write-offs that start at 120 days.

a. Total Gross Loans (MUS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2004	135,982	143,126	144,494	165,209
2005	175,674	194,320	224,967	240,607
2006	253,955	259,930	267,741	

b. Total Loan Provisions (MUS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2004	-6,936	-7,222	-7,455	-8,007
2005	-8,599	-8,448	-9,394	-9,752
2006	-11,158	-14,505	-15,826	

c. Provisions/Loans Peru

	1Q	2Q	3Q	4Q
2004	5.10%	5.05%	5.16%	4.85%
2005	4.89%	4.35%	4.18%	4.05%
2006	4.39%	5.58%	5.91%	

d. Cumulative Net Write-offs (MUS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2004	819	1,613	2,426	3,148
2005	1,059	2,184	2,944	3,793
2006	1,141	2,607	4,187	

Note: Write-offs are net of recoveries

4. CMR Argentina

Note: As of 4Q 2004, additional voluntary charges are being debited against income of CMR Argentina in order to create a total provision on loans of at least 3.0%. If we exclude the voluntary charges from the calculation, loan provisions would total 1.68%.

a. Total Gross Loans (MUS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2004	16,411	21,813	25,202	28,317
2005	30,683	34,887	35,740	37,729
2006	37,997	42,920	43,946	

b. Total Loan Provisions (MUSS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2004	-263	-428	-453	-614
2005	-767	-977	-1,072	-1,132
2006	-1,148	-1,309	-1,322	

c. Provisions/Loans Argentina

	1Q	2Q	3Q	4Q
2004	1.60%	1.96%	1.80%	2.17%
2005	2.50%	2.80%	3.00%	3.00%
2006	3.02%	3.05%	3.01%	

d. Cumulative Net Write-offs (MUSS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2004	-30	-81	-169	-229
2005	-65	-167	-260	-319
2006	-32	-116	-193	

Note: Write-offs are net of recoveries

5. CMR Colombia

Note: CMR Colombia began operation in October 2005.

a. Total Gross Loans (MUSS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2005				3,434
2006	12,347	18,420	27,111	

b. Total Loan Provisions (MUSS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2005				-29
2006	-164	-465	-972	

c. Provisions/Loans Colombia

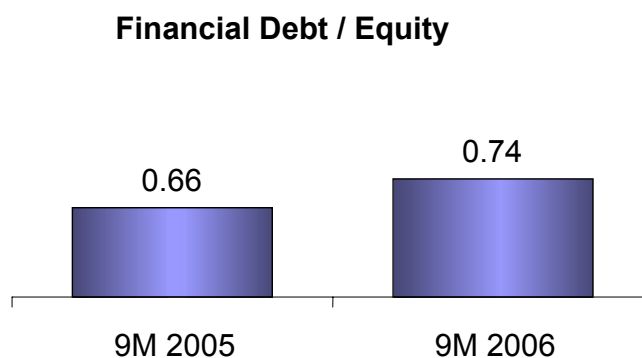
	1Q	2Q	3Q	4Q
2005				0.84%
2006	1.33%	2.52%	3.59%	

d. Cumulative Net Write-offs (MUSS\$ at historical e/r)

	1Q	2Q	3Q	4Q
2005				0
2006	0	0	94	

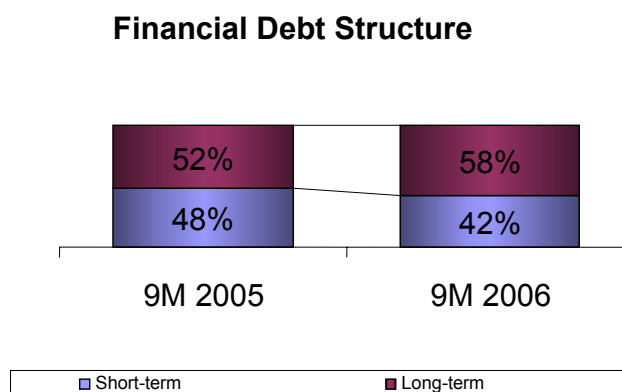
VI. Financial Structure

1. Financial Debt-to-Equity Ratio as of September 30, 2006



Note: Total Financial Debt as of September 30, 2006 = MMUS\$896,410 (MMUS\$ 1,669.2). It includes the credit business debt.

2. Financial Debt Structure as of September 30, 2006



VII. Stores and Total Floor Space

1. Chile Department Stores (m² of sales space)

No.	Store	Sales Space	Opening
1-6	Paseo Ahumada	6,815	Oct-1889
7	Barros Arana	6,010	May-62
8	Parque Arauco	12,030	Oct-83
9	Temuco	5,827	May-86
10	Viña del Mar	5,091	Sep-87
11	Plaza Vespucio	9,048	Aug-90
12	Lyon	7,856	Feb-92
13	Rancagua	5,647	Feb-92
14	Chuquicamata	704	Apr-93
15	Calama	5,554	May-93
16	Alto Las Condes	9,470	Oct-93
17	Plaza Oeste	6,894	Nov-94
18	Plaza del Trébol	6,296	Apr-95
19	Valdivia	2,817	Apr-95
20	Osorno	3,425	Oct-95
21	Chillan	4,796	Sep-96
22	Talca	5,132	May-97
23	Antofagasta	8,344	Sep-97
24	Copiapo	3,349	Mar-98
25	Plaza Tobalaba	7,085	Nov-98
26	La Serena	4,998	Nov-98
27	Valparaíso	5,701	Feb-99
28	Curico	4,097	Sep-00
29	Iquique	5,129	Sep-00
30	Puerto Montt	4,550	Jul-01
31	Quilpue	4,398	Sep-01
32	Plaza Los Angeles	5,155	Mar-03
33	Plaza Norte	5,677	Nov-03
34	Paseo Puente	7,739	Oct-05
35	La Dehesa	7,904	Nov-05
TOTAL		177,538	

Other Small Stores:

No.	Store	Sales Space
1	Expo Arica	132
2	Expo San Fernando	440
3	Expo Pucon	1,584
4	Expo Castro	176
5	Rosas Warehouse, Santiago	4,456
TOTAL		6,788

2. Sodimac Chile Stores (m² of sales space)

No.	Store	Sales Space	Opening
1	HC Valdivia	5,186	Jan-82
2	HC Temuco	8,656	Jan-82
3	HC Talca	7,891	Jan-82
4	HC Puerto Montt	9,465	Jan-82
5	HC Los Angeles	4,627	Jan-82
6	HC La Serena	13,118	Jan-82
7	HC Iquique	4,722	Jan-82
8	HC Copiapo	5,491	Jan-82
9	HC Calama	6,703	Jan-82
10	HC Arica	5,501	Jan-82
11	HC Antofagasta	5,951	Jan-82
12	Co Viña del Mar	5,241	Jan-82
13	Co Valparaiso	670	Jan-82
14	Co Vallenar	3,594	Jan-82
15	Co Talcahuano	1,799	Jan-82
16	Co San Felipe	3,818	Jan-82
17	Co Rancagua	1,752	Jan-82
18	Co Punta Arenas	3,293	Jan-82
19	Co Maipu	4,240	Jan-82
20	Co Castro	326	Jan-82
21	HC Concepcion	4,629	Jun-87
22	HC Las Condes	8,778	Mar-88
23	Co V. Mackenna	2,990	Jan-92
24	Co. Antofagasta	6,323	Jan-92
25	HC Viña del Mar	6,330	Oct-92
26	Co Cantagallo	5,868	Jan-93
27	HC La Florida	6,666	Jul-93
28	HC Ñuñoa (Castillo Velasco)	4,837	Sep-93
29	HC Rancagua	10,724	Nov-95
30	HC SS Puente Alto	9,079	Oct-96
31	Co SS Puente Alto	7,793	Oct-96
32	HC Quilpue	8,123	Nov-96
33	Co La Florida	6,934	Mar-97
34	HC Maipu	13,980	Jul-98
35	So La Florida (ex HomeStore)	11,402	Aug-98
36	HC El Trebol	14,440	Nov-98
37	So Cerrillos (ex HomeStore)	14,400	Dec-98
38	Co Reñaca Alto	7,015	Dec-98
39	So Parque Arauco (ex HomeStore)	9,292	Oct-99
40	So Concepcion (ex HomeStore)	8,757	Dec-99
41	So La Reina (ex HomeStore)	12,172	Apr-02
42	So Ñuble (ex HomeStore)	9,873	Jun-02
43	HC San Miguel	13,020	Jun-02
44	HC SS Nueva La Florida	12,233	Nov-02
45	Co SS Nueva La Florida	6,219	Nov-02
46	HC SS Temuco	13,336	Apr-03
47	HC Huechuraba	11,327	Nov-03
48	Co Villarica	5,554	Feb-04
49	HC Osorno	8,524	Jul-05
50	Co Angol	4,214	Sep-05
51	HC Chillan	8,781	Dec-05
52	HC Coyhaique	5,941	Jan-06
53	HC Curico	7,733	Mar-06
54	HC Coquimbo	5,774	Mar-06
55	HC La Calera	7,905	Jul-06
56	Co Fontova	7,351	Sep-06
	TOTAL	410,361	

3. San Francisco Supermarkets (m² of sales space)

No.	Store	Sales Space	Opening
1	Talagante Plaza	3,145	1998
2	San Bernardo Plaza	6,290	1999
3	El Monte	962	1998
4	Buin	4,025	1999
5	San Bernardo Station	3,161	1999
6	Peñaflor	2,850	2002
7	Rengo	2,014	2002
8	Melipilla	2,462	2002
9	San Antonio	2,827	Oct-04
10	Talagante Cordillera	3,000	Feb-05
11	Tottus Puente Alto	5,055	Dec-05
12	Tottus Nataniel	4,296	Mar-06
13	Tottus La Calera	3,511	Jul-06
14	Tottus Fontova	4,591	Sep-06
15	Tottus Mall Antofagasta	5,180	Sep-06
	TOTAL	53,369	

4. Peru⁹

Department Stores (m² of sales space)

No.	Store	Sales Space	Opening
1	San Isidro	12,404	1995
2	San Miguel	11,402	1995
3	Jockey Plaza	11,076	1997
4	Lima Centro	5,422	1998
5	Trujillo	571	2001
6	Chiclayo	403	2001
7	Piura	2,744	2001
8	Arequipa	4,969	2002
9	Miraflores	7,194	Oct-05
10	Chiclayo Mall	3,703	Oct-05
	TOTAL	59,890	

⁹ The downtown Lima store includes the La Merced Lima Store (Electro only); the Trujillo Chiclayo and Piura Stores are located in the north of Peru.

Supermarkets (m² in sales space)

No.	Store	Sales Space	Opening
1	Tottus Cono Norte	11,167	2002
2	Tottus San Isidro	7,921	2003
3	Tottus San Miguel	9,981	2004
4	Tottus Atocongo	7,700	April-06
TOTAL		36,769	

Home Improvement (m² of sales space)

No.	Store	Sales Area	Opening
1	Sodimac San Miguel	10,213	2004
2	Sodimac North Cone	8,318	May-05
3	Sodimac Atocongo	8,440	April-06
TOTAL		26,971	

5. Argentina Stores (m² of sales space)

No.	Store	Sales Space	Opening
1	Mendoza	5,456	Mar-93
2	Rosario	5,905	Dec-94
3	Cordoba	6,219	May-97
4	San Juan	2,640	Oct-97
5	Buenos Aires (Unicenter)	10,597	Mar-99
6	Buenos Aires Florida	9,000	Dec-05
TOTAL		39,817	

6. Colombia Sodimac Stores (m² of sales)

No.	Store	Sales Area	Opening
1	HC Las Americas	2,047	1994
2	HC Calle 80	12,500	1997
3	HC Sur	10,188	1998
4	HC Norte	12,396	1999
5	HC Medellin	7,351	2002
6	HC Cali Sur	12,500	2003
7	HC Barranquilla	12,500	2004
8	HC Pereira	12,376	Jul-05
9	HC El Dorado	11,271	Nov-05
10	HC Medellin San Juan	13,406	Jul-06
TOTAL		106,535	

VIII. Financial Statements of S.A.C.I. Falabella - FECU

S.A.C.I. FALABELLA
CONSOLIDATED BALANCE SHEETS

Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

ASSETS	9M 2006	9M 2005
Current Assets	1.200.942	1.055.164
Cash	44.272	25.960
Time deposits	67.434	37.543
Marketeable securities	15.531	14.126
Trade receivables	654.237	586.169
Notes receivables	20.492	22.487
Other receivables	26.688	21.664
Notes and accounts receivable from related parties	1.391	2.050
Inventories	306.531	295.889
Recoverable taxes	25.541	19.340
Prepaid expenses	17.236	10.616
Deferred income taxes	10.804	8.425
Other current assets	10.786	10.894
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	656.803	539.699
Land	161.094	148.452
Buildings and infrastructure	293.840	239.444
Machinery and equipment	128.340	111.911
Other property, plant and equipment	354.592	279.393
Technical reappraisal of property, plant and equipment	1.743	1.747
Accumulated depreciation	(282.806)	(241.247)
Other Assets	626.914	597.328
Investments in related companies	153.497	125.894
Investments in other societies	3.378	4.123
Goodwill	213.747	227.501
Negative goodwill	(9)	(12)
Long Term receivables	93.385	82.470
Notes and accounts receivable from relates parties	2.452	411
Deferred income taxes	1.858	1.665
Intangibles assets	151.651	150.829
Amortization	(12.782)	(8.618)
Other long-term assets	19.737	13.064
Long-term leasing	0	0
Total Assets	2.484.659	2.192.191

S.A.C.I. FALABELLA
CONSOLIDATED BALANCE SHEETS

Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

LIABILITIES	9M 2006	9M 2005
Current Liabilities	723.060	698.548
Short-term bank borrowings	301.401	222.168
Current portion of long-term bank borrowings	29.133	14.693
Obligations with the public (promissory notes)	31.133	13.973
Current portion of bonds payable	13.876	96.277
Current portion of long-term borrowings	0	0
Dividends to be paid	190	193
Trade account payables	243.779	237.580
Documents payable	40.492	47.661
Sundry creditors	10.272	11.612
Notes and accounts payable to related companies	12.295	12.143
Accruals	26.559	24.697
Withholdings	8.072	10.149
Income tax	1.904	3.975
Unearned income	3.852	3.366
Deferred taxes	0	0
Other short-term liabilities	103	60
Total long-term liabilities	526.887	383.231
Long-term bank borrowings	105.632	123.260
Bonds payable	415.235	251.366
Documents payable - long-term	3.169	3.396
Sundry creditors	0	0
Notes and accounts payable to related companies	1.201	3.490
Accruals	1.499	1.434
Deferred taxes	0	0
Other long-term liabilities	150	286
Minority interest	24.936	16.014
Shareholder's Equity	1.209.776	1.094.397
Paid-in capital	443.830	444.693
Capital revaluation reserve	11.096	10.408
Additional paid-in capital	1.803	1.804
Other reserves	(12.815)	(12.204)
Retained earnings	765.862	649.697
Reserve for future dividends	0	0
Accumulated profits	639.813	542.668
Accumulated loss	0	0
Net income (loss)	126.042	107.042
Interim dividends	0	0
Deficit from development period	7	(14)
Total Liabilities	2.484.659	2.192.191

S.A.C.I. FALABELLA
CONSOLIDATED INCOME STATEMENT

Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

	9M 2006	9M 2005
Operating Income	159.599	146.135
Gross Margin	477.782	418.422
Revenues	1.669.704	1.451.970
Cost of sales	(1.191.922)	(1.033.548)
Selling , general and administrative expenses	(318.183)	(272.287)
Non-operating Income	(9.233)	(18.276)
Financial income	3.990	4.792
Profit on investments in related companies	31.706	22.421
Other non-operating income	4.994	3.771
Loss on investment in related companies	(10)	(433)
Amortization of goodwill	(10.025)	(9.751)
Financial expenses	(22.334)	(24.442)
Other non-operating expenses	(4.614)	(2.819)
Price-level restatement	(10.832)	(10.421)
Exchange differentials	(2.107)	(1.393)
Profit Before Income Tax & Extraordinary Items	150.365	127.859
Income Tax	(22.433)	(18.790)
Extraordinary Items	0	0
Profit (loss) before minority interest	127.932	109.070
Minority interest	(1.893)	(2.286)
Net profit (loss)	126.039	106.783
Amortization of negative goodwill	2	259
Profit (loss) in the fiscal year	126.042	107.042

S.A.C.I. FALABELLA
CONSOLIDATED STATEMENT OF CASH FLOWS

Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

	9M 2006	9M 2005
Cash Flows From Operating Activities	97.493	40.145
Collection of trade receivables	1.886.056	1.522.634
Financial income received	4.839	4.262
Dividends received	12.201	11.993
Other income received	10.881	10.879
Payments to suppliers and personnel	(1.707.238)	(1.421.272)
Interest paid	(28.592)	(21.994)
Income tax payments	(26.256)	(17.019)
Other expenses	(3.731)	(3.452)
VAT and other taxes paid	(50.669)	(45.886)
Cash Flows From Financing Activities	119.659	(60.447)
Proceeds from issuance of common stock	5.644	2.088
Borrowings from banks	359.678	365.526
Proceeds from issuance of bonds	909.213	145.877
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	331	1.673
Payment of dividends	(43.944)	(35.257)
Distribution of capita	0	0
Payment of loans	(375.327)	(409.530)
Payment of public liabilities incurred	(735.807)	(130.826)
Payment of related companies loans	0	0
Payment of other related companies loans	0	0
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	0
Other payments	(130)	0
Cash Flows From Investing Activities	(140.255)	(59.970)
Proceeds from sales of property, plant and equipment	399	431
Proceeds from sales of long-term investments	1	1.505
Proceeds from sales of other investments	0	0
Collection of loans to related companies	0	0
Collections of other loans to related companies	0	0
Other investment income	418	172
Additions to property, plant and equipment	(127.233)	(47.519)
Payment of interest capitalized	0	0
Purchase of permanent investments	0	(9.327)
Investments in financial instruments	0	0
Loans to related companies	(4.825)	(171)
Other payments to related companies	(512)	(972)
Other payments of investments	(8.502)	(4.088)
Net Cash Flow	76.897	(80.272)
Price-level Restatements of Cash and Cash Equivalents	(2.344)	(1.619)
Net Increase (Decrease) in Cash and Cash Equivalents	74.554	(81.891)
Cash and Cash Equivalents at Beginning of Period	55.683	161.504
Cash and Cash Equivalents at End of Period	130.237	79.612

S.A.C.I. FALABELLA
CONSOLIDATED RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

	9M 2006	9M 2005
Net Income	126.042	107.042
Income on sale of assets	(322)	1.105
Gain on sales of property, plant and equipment	(100)	90
Gain on sales of investments	(222)	0
Loss on sales of investments	0	1.015
Gain (loss) on sales of other assets	0	(0)
Other Debits (Credits) to income that do not represent cash flows	87.779	53.405
Depreciation	35.498	29.340
Amortization of Intangibles	2.727	3.118
Write-offs and provisions	48.971	34.418
Equity in gains of unconsolidated affiliates	(31.706)	(22.421)
Equity in losses of unconsolidated affiliates	10	433
Amortization of goodwill	10.025	9.751
Amortization of negative goodwill	(2)	(259)
Price-level restatement	10.832	10.421
Exchange differentials	2.107	1.393
Other credits to income that do not represent cash flows	(7.642)	(34.893)
Other debits to income that do not represent cash flows	16.958	22.104
Changes in operating assets	(15.470)	(53.703)
Receivables	51.305	(13.298)
Inventories	(41.317)	(35.173)
Other current assets	(25.458)	(5.232)
Changes in operating liabilities	(102.428)	(69.991)
Trade accounts payable and notes payables relating to operating activities	(80.649)	(71.457)
Taxes to be paid	(1.972)	8.470
Net income tax	(2.501)	2.016
Other trade accounts payable relating to operating activities	(1.105)	4.387
VAT and other taxes	(16.200)	(13.407)
Income attributable to minority interest	1.893	2.286
Net cash provided by operating activities	97.493	40.145

S.A.C.I. FALABELLA
INDIVIDUAL BALANCE SHEETS

Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

ASSETS	9M 2006	9M 2005
Current Assets	334.543	298.179
Cash	15.247	7.605
Time deposits	65.340	31.393
Marketeable securities	0	0
Trade receivables	3.171	2.237
Notes receivables	5.448	7.597
Other receivables	2.609	2.191
Notes and accounts receivable from related parties	115.878	124.877
Inventories	108.274	108.288
Recoverable taxes	3.549	3.775
Prepaid expenses	7.232	3.666
Deferred income taxes	3.065	2.341
Other current assets	4.479	4.208
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	61.959	39.126
Land	0	0
Buildings and infrastructure	0	0
Machinery and equipment	13.846	11.702
Other property, plant and equipment	116.452	86.915
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(68.339)	(59.491)
Other Assets	1.364.482	1.208.172
Investments in related companies	1.334.498	1.173.885
Investments in other societies	0	0
Goodwill	9.921	11.068
Negative goodwill	0	0
Long Term receivables	0	0
Notes and accounts receivable from relates parties	2.739	2.801
Deferred income taxes	0	2.749
Intangibles assets	0	0
Amortization	(0)	(0)
Other long-term assets	17.096	17.489
Long-term leasing	0	0
Total Assets	1.760.984	1.545.478

S.A.C.I. FALABELLA
INDIVIDUAL BALANCE SHEETS

Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

LIABILITIES	9M 2006	9M 2005
Current Liabilities	120.732	147.335
Short-term bank borrowings	7.060	8.598
Current portion of long-term bank borrowings	2.947	2.840
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	5.419	44.307
Current portion of long-term borrowings	0	0
Dividends to be paid	0	0
Trade account payables	60.955	68.173
Documents payable	1.998	4.249
Sundry creditors	1.184	2.101
Notes and accounts payable to related companies	36.750	13.329
Accruals	1.647	1.406
Withholdings	0	0
Income tax	0	0
Unearned income	2.240	1.817
Deferred taxes	0	0
Other short-term liabilities	0	0
Total long-term liabilities	430.476	303.745
Long-term bank borrowings	1.479	4.283
Bonds payable	376.074	220.690
Documents payable - long-term	0	0
Sundry creditors	0	0
Notes and accounts payable to related companies	51.985	77.363
Accruals	1	1.410
Deferred taxes	0	0
Other long-term liabilities	0	0
Minority interest	0	0
Shareholder's Equity	1.209.776	1.094.397
Paid-in capital	443.830	444.693
Capital revaluation reserve	11.096	10.408
Additional paid-in capital	1.803	1.804
Other reserves	(12.815)	(12.204)
Retained earnings	765.862	649.697
Reserve for future dividends	0	0
Accumulated profits	639.813	542.668
Accumulated loss	0	0
Net income (loss)	126.042	107.042
Interim dividends	0	0
Deficit from development period	0	(0)
Total Liabilities	1.760.984	1.545.478

S.A.C.I. FALABELLA
INDIVIDUAL INCOME STATEMENT

Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

	9M 2006	9M 2005
Operating Income	10.092	13.475
Gross Margin	121.938	116.295
Revenues	454.148	436.361
Cost of sales	(332.210)	(320.066)
Selling , general and administrative expenses	(111.846)	(102.819)
Non-operating Income	116.002	93.531
Financial income	1.973	3.690
Profit on investments in related companies	131.681	108.387
Other non-operating income	1.507	1.669
Loss on investment in related companies	(0)	(1.527)
Amortization of goodwill	(1)	(1)
Financial expenses	(12.758)	(13.298)
Other non-operating expenses	(1)	(1)
Price-level restatement	(3.953)	(2.929)
Exchange differentials	(0)	(1.029)
Profit Before Income Tax & Extraordinary Items	126.093	107.006
Income Tax	(0)	(0)
Extraordinary Items	0	0
Profit (loss) before minority interest	126.042	106.962
Minority interest	0	0
Net profit (loss)	126.042	106.962
Amortization of negative goodwill	0	0
Profit (loss) in the fiscal year	126.042	107.042

S.A.C.I. FALABELLA
INDIVIDUAL STATEMENT OF CASH FLOWS

Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

	9M 2006	9M 2005
Cash Flows From Operating Activities	92.076	38.497
Collection of trade receivables	559.413	526.119
Financial income received	1.973	2.462
Dividends received	85.270	42.736
Other income received	2.762	1.614
Payments to suppliers and personnel	(541.077)	(519.217)
Interest paid	(5.862)	(6.036)
Income tax payments	(1)	(1)
Other expenses	(1)	(1)
VAT and other taxes paid	(8.912)	(7.949)
Cash Flows From Financing Activities	42.024	(105.964)
Proceeds from issuance of common stock	0	2.088
Borrowings from banks	0	0
Proceeds from issuance of bonds	153.512	0
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	0	0
Payment of dividends	(43.698)	(35.257)
Distribution of capita	0	0
Payment of loans	(9.670)	(9.496)
Payment of public liabilities incurred	0	0
Payment of related companies loans	0	0
Payment of other related companies loans	(58.120)	(63.299)
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	0
Other payments	0	0
Cash Flows From Investing Activities	(65.299)	(6.040)
Proceeds from sales of property, plant and equipment	0	0
Proceeds from sales of long-term investments	0	1.505
Proceeds from sales of other investments	0	0
Collection of loans to related companies	0	0
Collections of other loans to related companies	0	0
Other investment income	0	0
Additions to property, plant and equipment	(25.274)	(7.545)
Payment of interest capitalized	0	0
Purchase of permanent investments	(40.025)	0
Investments in financial instruments	0	0
Loans to related companies	0	0
Other payments to related companies	0	0
Other payments of investments	0	0
Net Cash Flow	68.801	(73.506)
Price-level Restatements of Cash and Cash Equivalents	(1)	(1.070)
Net Increase (Decrease) in Cash and Cash Equivalents	68.242	(74.576)
Cash and Cash Equivalents at Beginning of Period	12.595	113.574
Cash and Cash Equivalents at End of Period	80.837	38.998

S.A.C.I. FALABELLA
INDIVIDUAL RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
Expressed in Millions of Historical Chilean Pesos as of September 30 2006 and 2005

	9M 2006	9M 2005
Net Income	126.042	107.042
Income on sale of assets	0	(1)
Gain on sales of property, plant and equipment	0	(1)
Gain on sales of investments	0	0
Loss on sales of investments	0	0
Gain (loss) on sales of other assets	0	0
Other Debits (Credits) to income that do not represent cash flows	(105.207)	(88.561)
Depreciation	7.967	6.445
Amortization of Intangibles	0	0
Write-offs and provisions	4.877	4.141
Equity in gains of unconsolidated affiliates	(131.681)	(108.387)
Equity in losses of unconsolidated affiliates	0	1.527
Amortization of goodwill	1	1
Amortization of negative goodwill	0	(0)
Price-level restatement	3.953	2.929
Exchange differentials	0	1.029
Other credits to income that do not represent cash flows	0	(4.080)
Other debits to income that do not represent cash flows	8.154	7.179
Changes in operating assets	91.416	30.126
Receivables	16.336	4.222
Inventories	(10.190)	(16.831)
Other current assets	85.270	42.736
Changes in operating liabilities	(20.175)	(10.110)
Trade accounts payable and notes payables relating to operating activities	(23.821)	(15.420)
Taxes to be paid	6.885	8.996
Net income tax	(1)	(1)
Other trade accounts payable relating to operating activities	1	1
VAT and other taxes	(3.647)	(3.893)
Income attributable to minority interest	0	0
Net cash provided by operating activities	92.076	38.497



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The information in this report was prepared on the basis of the Uniform Codified Statistical Record (FECU) reported to the Superintendency of Securities and Insurance (SVS).

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