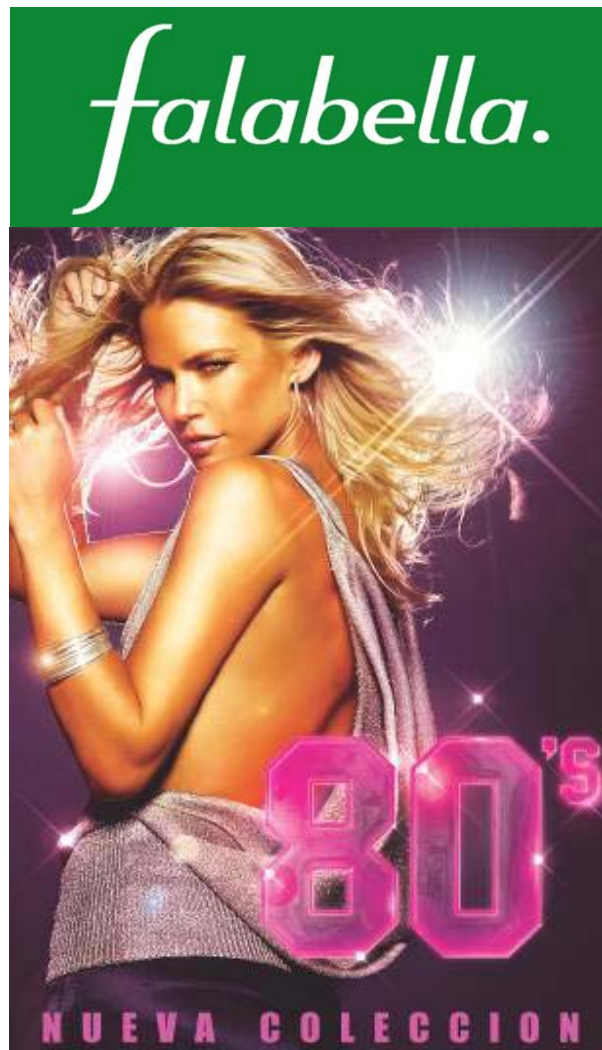


EARNINGS REPORT Full Year 2006

S.A.C.I. FALABELLA



February 2007

Results – Full Year 2006

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Notes:

1. All figures in dollars are calculated using pesos in the Uniform Codified Statistical Record (FECU) as of December 31, 2006 and the observed dollar exchange rate for January 2, 2007 (CH\$532.39 per US\$1).
2. Symbols: 1Q (first quarter), 2Q (second quarter), 3Q (third quarter), and 4Q (fourth quarter).
3. Other symbols for periods in the year: 1S (first semester) and 9M (first nine months of the year).
4. Currency symbols: CH\$: Chilean pesos; US\$: U.S. dollars; MM: millions.

I. Comments by Management

The full year consolidated profit of Falabella rose 20.2% as of December 2006 to MMCH\$ 197,788 (MMUS\$ 371.5). In 4Q 2006, the profit had an even stronger growth, reaching 24.6%, to MMCH\$ 72,376. The profit per share thus reached CH\$ 82.8 in the year.

Consolidated revenues totaled MMCH\$ 2,329,185 in 2006 (MMUS\$ 4,375.0, 15.5% higher than the previous year), driven by the 4Q growth of 16.9%.

Operating income grew 11.6% as of December 2006, reaching MMCH\$ 241,692 (MMUS\$ 454.0). The 4Q made a positive contribution thanks to a growth of 16.4% in operating income.

The 17.6% rise in the 4Q EBITDA elevated the growth in this same indicator to 13.1% for full year 2006, reaching MMCH\$ 289,953 (MMUS\$ 544.6). The Adjusted 2006 EBITDA¹ grew even more, 16.1%, and accounted for 14.4% of consolidated sales. In the 4Q the Adjusted EBITDA grew 19.2%.

The cumulative 2006 non-operating income improved significantly compared to the previous year, resulting in a loss of MMCH\$ 1,882 (compared to a loss of MMCH\$ 25,767 in 2005), principally due to a 4Q profit of MMCH\$ 7,305 in non-operating income. This improvement during 2006 is attributable fundamentally to the excellent yield on investments in related companies.

Finally, earnings before tax and extraordinary items rose 41.8% during 4Q 2006, which pushed the full year 2006 earnings before tax and extraordinary items to grow 25.7%.

Operating Income Analysis

The consolidated operating income rose 16.4% in 4Q 2006, resulting in a cumulative growth of 11.6% in the year, or a total of MM\$ 241,692 (MMUS\$ 454.0). If the operating loss of Falabella and CMR in Colombia were excluded, the growth would have been 12.8%.

The stronger growth in 4Q is due mainly to the improvement in the operating income in Peru, Argentina and Falabella Retail Chile in 4Q as compared to the previous 9M. This was supported by the consistent growth in operating income of Sodimac Chile, which remained above 30%.

Sales Revenue

Cumulative revenues as of December 31, 2006 totaled MMCH\$ 2,329,185 (MMUS\$ 4,375.0), meaning a growth of 15.5% above the previous year. The revenue growth in 4Q was 16.9%, reaching MMCH\$ 667,830 (MMUS\$ 1,254.4). This quarterly growth is the result of the good performance in virtually all the business units, particularly Supermercados San Francisco (+40.0%), Argentina (+57.5%), and Peru (+47.5%). The revenues of Falabella Retail Chile rose 9.2% in 4Q and those of Sodimac Chile 13.1%.

¹ Adjusted EBITDA = EBITDA + profit/loss on investment in related companies.

Gross Margin

The cumulative gross margin for the year rose 0.2 percentage points on revenues, as compared to the previous year, totaling 29.0% on sales or MMCH\$ 675,935 (MMUS\$ 1,269.6). The gross margin increased 1.1 percentage points in 4Q 2006 to 30.0%, thanks to an improvement in the gross margins of virtually all business units except Peru, where the margin fell slightly, and Promotora CMR.

Selling, General and Administrative Expenses (SGA)

SGA rose 0.55 points as a percentage of sales in 2006, reaching 18.6% on revenues or MMCH\$ 434,243 (MMUS\$ 815.6). SGA in 4Q rose 1.2 percentage point, reaching 17.6% of revenues. This 4Q increase was due largely to Falabella and CMR start-up expenses in Colombia (which, if excluded, would have meant an increase of 0.9 points in consolidated expenses), and to an increase in SGA in the majority of the business units that are in the process of opening stores.

Non-Operating Income Analysis

Non-operating income improved significantly in 4Q 2006, achieving a profit of MMCH\$ 7,305 (MMUS\$ 13.7) as compared to a loss of MMCH\$ 7,582 (MMUS\$ 14.2) in the same period in 2005.

The strong improvement in 4Q reduced the cumulative non-operating loss to just MMCH\$ 1,882 (MMUS\$ 3.5) with respect to the loss of MMCH\$ 25,767 (MMUS\$ 48.4) in 2005. The MMCH\$ 23,884 improvement came mainly from the following (in order of magnitude):

- Profit/loss on investments in related companies: there was a net increase of MM\$ 13,002, +39.9% (+31.3% in 4Q) in the profit recognized by Falabella, principally in the following related investments: Banco Falabella grew 35.8%, to MM\$ 18,167; Sodimac Colombia² had a recognized profit that rose 85.8%, to MM\$ 6,364; Mall Plaza had a recognized profit that rose 26.3% to MM\$ 18,597; and Farmacias Ahumada went from a recognized loss of MM\$ 684 to a recognized profit of MM\$ 1,410.
- Price-Level Restatement plus Exchange Differential: a drop of MMCH\$ 9,877 in the cumulative loss (-52.7%), fundamentally because of an improvement of MMCH\$ 10,996 in 4Q 2006.
- Other Non-Operating Expenses: a decrease of MMCH\$ 3,930, or -32.2%, principally because of a reduction in the retirement of assets and other debits.
- Financial Income: an increase of MMCH\$ 1,017 (17.5%), due to an increase in Marketable Securities in the second 6M of 2006, as well as income from prompt supplier payment.
- Financial Expenses: a decrease of MMCH\$ 859 (-2.7%), due to a drop in the average debt in 2006 as compared to the previous year. The higher interests paid in the 2S 2006, mainly from the placement of two bonds in Chile for an aggregate of UF 8,500,000 (approximately MMUS\$290), could not offset the lower financial expenses of the first 6M of the year.

² Starting July 1, 2005, the equity interest in Sodimac Colombia rose to 49% (it was 35% prior to that date).

The above was partially offset by the changes in:

- Other Non-Operating Income: a drop of MMCH\$ 4,611 (-40.0%), mainly because of the reversal of the Asset Deterioration Provision in Argentina in 2005, which did not recur in 2006.

Main Events in 4Q 2006

- In Chile: 2 Falabella stores were inaugurated and Falabella Mall Plaza Oeste was expanded. 2 Sodimac Homecenters were opened and one Tottus Hypermarket.
- In Peru: Falabella Megaplaza was opened in Lima.
- In Colombia: the first Falabella store was opened in Mall Santa Fe in Bogota.
- 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. The promised purchase was made in January 2007, in proportion to the interest each promising buyer held in each of the aforesaid companies. As a result Falabella now holds a 64.51% share in these companies, and will start consolidating in the 1Q 2007.

Main Events in 2006

- The Group announced a plan to invest more than MMUS\$ 1,100 for the period 2006-2010.
- 22 stores were inaugurated during the year: 4 Falabella stores, 12 Sodimac stores and 6 Tottus Hypermarkets.
- The first Falabella store in Colombia was opened, in Bogota.
- Falabella Pro (insurance and services) and Viajes Falabella were launched in Colombia.
- Remote sales operations were relaunched (Call Center - Internet) in Argentina and Peru.
- Sodimac announced its upcoming entry to the Argentine market.
- Peruvian authorities approved a bank license for Falabella.
- CMR Falabella Automotriz was launched in Chile (car loans).
- Viajes Falabella: a web site was launched that included access to multiple airlines.
- A new distribution center was inaugurated for Falabella Retail and a new project began for Sodimac.
- 2 bonds were issued in Chile for UF 8,500,000 (aprox. MMUS\$ 290) and in Peru for MMUS\$ 30.
- An agreement was reached on the purchase of shares in Mall Plaza from Cencosud S.A.
- The first Power Center was inaugurated in the city of La Calera, Chile, that included all formats (Falabella, Sodimac and Tottus).

II. Consolidated Results as of December 31, 2006

Consolidated Results January – December 2006 (MMCH\$)

	2006	% Ingresos	2005	% Ingresos	Var. 06/05
Revenues	2,329,185		2,016,038		15.5%
COGS (less)	(1,653,251)	-71.0%	(1,434,668)	-71.2%	15.2%
GROSS MARGIN	675,935	29.0%	581,370	28.8%	16.3%
SG&A (less)	(434,243)	-18.6%	(364,761)	-18.1%	19.0%
OPERATING INCOME	241,692	10.4%	216,608	10.7%	11.6%
EBITDA	289,953	12.4%	256,336	12.7%	13.1%
Interest Income	6,831		5,815		17.5%
Profit on investment in related companies	45,722		33,256		37.5%
Other non-operating income	6,930		11,541		-40.0%
Loss on investment in related companies (less)	0		(684)		-100.0%
Amortization of goodwill (less)	(13,213)		(13,024)		1.5%
Interest expenses (less)	(30,831)		(31,690)		-2.7%
Other non-operating expenses (less)	(8,449)		(12,231)		-30.9%
Price-level restatement	(7,215)		(16,358)		-55.9%
Exchange differentials	(1,658)		(2,392)		-30.7%
NON-OPERATING PROFIT (LOSS)	(1,882)	-0.1%	(25,767)	-1.3%	-92.7%
PROFIT BEFORE INCOME TAX & EXTRAORD. ITEMS	239,810	10.3%	190,842	9.5%	25.7%
INCOME TAX	(38,816)		(22,949)		69.1%
EXTRAORDINARY ITEMS	0		0		
MINORITY INTEREST	(3,209)		(3,562)		-9.9%
NET PROFIT (LOSS)	197,785		164,331		20.4%
Amortization of negative goodwill	3		255		-98.9%
PROFIT (LOSS) IN THE FISCAL YEAR	197,788	8.5%	164,586	8.2%	20.2%
Adjusted EBITDA³	335,675	14.4%	288,908	14.3%	16.2%

Consolidated Results October – December 2006 (MMCH\$)

	4Q 2006	% Ingresos	4Q 2005	% Ingresos	Var. 06/05
Revenues	667,830		571,328		16.9%
COGS (less)	(467,288)	-70.0%	(406,288)	-71.1%	15.0%
GROSS MARGIN	200,542	30.0%	165,039	28.9%	21.5%
SG&A (less)	(117,651)	-17.6%	(93,836)	-16.4%	25.4%
OPERATING INCOME	82,891	12.4%	71,204	12.5%	16.4%
EBITDA	95,549	14.3%	81,216	14.2%	17.6%
Interest Income	2,861		1,047		173.3%
Profit on investment in related companies	14,175		10,947		29.5%
Other non-operating income	1,961		7,789		-74.8%
Loss on investment in related companies (less)	10		(253)		104.0%
Amortization of goodwill (less)	(3,237)		(3,322)		-2.5%
Interest expenses (less)	(8,609)		(7,370)		16.8%
Other non-operating expenses (less)	(3,858)		(9,426)		-59.1%
Price-level restatement	3,563		(5,988)		-159.5%
Exchange differentials	439		(1,005)		-143.7%
NON-OPERATING PROFIT (LOSS)	7,305	1.1%	(7,582)	-1.3%	-196.3%
PROFIT BEFORE INCOME TAX & EXTRAORD. ITEMS	90,196	13.5%	63,622	11.1%	41.8%
INCOME TAX	(16,494)		(4,253)		287.8%
EXTRAORDINARY ITEMS	0		0		
MINORITY INTEREST	(1,326)		(1,287)		3.0%
NET PROFIT (LOSS)	72,376		58,082		24.6%
Amortization of negative goodwill	1		(3)		-127.6%
PROFIT (LOSS) IN THE FISCAL YEAR	72,376	10.8%	58,079	10.2%	24.6%
Adjusted EBITDA³	109,734	16.4%	91,910	16.1%	19.4%

³ Adjusted EBITDA = EBITDA + profit/loss on investment in related companies.

III. Retail Indicators

1. Revenues from the Retail Businesses

Retail Revenue (MUSS)⁴

(Adjusted Chilean pesos converted to USD at the observed e/r for January 2, 2007)

	4Q 2006	4Q 2005	Var. 06/05	2006	2005	Var. 06/05
Department Stores - Chile	390,566	357,581	9.2%	1,239,336	1,173,110	5.6%
Home Improvement - Chile	400,079	353,834	13.1%	1,440,140	1,274,586	13.0%
Supermarkets - Chile	106,727	76,217	40.0%	346,621	271,649	27.6%
Retail - Peru (Saga, Sodimac y Tottus)	174,889	118,540	47.5%	551,466	430,279	28.2%
Department Stores - Argentina	63,695	41,507	53.5%	201,545	146,008	38.0%
Home Improvement - Colombia	105,187	66,620	57.9%	343,418	234,524	46.4%

Same-Store Sales (SSS) Growth⁵

(all growth is real and was calculated in the local currency of each country)

	1Q 2006	1S 2006	9M 2006	2006
Department Stores - Chile	3.9%	2.0%	-1.1%	2.2%
Home Improvement - Chile	9.7%	10.4%	10.4%	8.9%
Supermarkets - Chile	1.0%	1.6%	0.6%	1.7%
Retail - Peru (Saga, Sodimac y Tottus)	5.2%	2.5%	1.1%	2.2%
Department Stores - Argentina	-2.5%	6.6%	3.3%	4.5%

Chile Department Stores

Revenues rose 5.6% during 2006, driven by the significant increase of 9.2% in 4Q. This increase stemmed from the good performance during the Christmas season as well as a 10.4% growth in square meters of sales space.

Chile Home Improvement

The growth in revenues in 4Q 2006 (13.1%) stayed in line with the growth in previous quarters. 2006 closed with a cumulative growth of 13.0%. This increase is due mainly to the same-store growth of 8.9%, plus the growth of 10.1% in square meters of sales space.

Chile Supermarkets

Total revenues rose 27.6% during 2006, encouraged by the 40.0% growth in 4Q. This increase was mainly the result of the opening of 5 stores in the year, 4 of which had an impact in 4Q alone.

Peru

The rise in the revenues from the retail business in Peru during 4Q 2006 (encompassing SagaFalabella, Sodimac and Tottus) reached 47.5%, making the cumulative growth in the year

⁴ Excludes revenue from the credit business.

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.

28.2%. This increase was driven mainly by the opening of 2 new Saga Falabella stores in 4Q 2005, plus an enlargement of 17.8% in square meters of sales space in 2006.

Argentina

Revenues continued their strong increase in 4Q, achieving a growth of 53.5%. The total growth in 2006 was therefore 38.0%. The most determining factor in this growth was the opening of the stores on Florida Street in December 2005.

Colombia

The revenues of Sodimac Colombia rose 57.9% in 4Q and a cumulative 46.4% in 2006. This was due mainly to the opening and enlargement of 3 stores in 2S 2005 and the opening of one in July 2006, which as a whole meant an increase of 54.3% in square meters of sales area.

2. Number of Stores and Floor Space⁶

Sales Area	December 2006		December 2005	
	Area (m ²)	Stores	Area (m ²)	Stores
Department Stores - Chile	195,911	37	177,538	35
Home Improvement - Chile	416,762	56	378,510	54
Supermarkets - Chile	58,518	16	35,791	11
Department Stores - Peru	66,123	11	59,890	10
Hypermarkets - Peru	30,335	4	29,069	3
Home Improvement - Peru	30,141	3	18,531	2
Department Stores - Argentina	39,817	6	39,817	6
Department Stores - Colombia	10,268	1	0	0
Home Improvement - Colombia	106,535	10	93,129	9
Total	954,410	144	832,275	130

Chile Department Stores

18,737 square meters of sales space were added during 2006, or 10.4%. This was the result of the opening of the Falabella Mall Plaza Antofagasta (9,318 m², Oct-2006) and Falabella La Calera (4,994 m², Nov-2006) as well as the enlargement of the Falabella Mall Plaza Oeste (+4,215 m², Nov-2006). On December 31, 2006, the Falabella store in downtown Antofagasta was closed, which will be reflected in the next quarterly release.

Chile Home Improvement

The net sales space rose by 38,252 m² in 2006, or 10.1%. This rise came from the opening of the Homecenters in Coyhaique (5,941 m² of sales space, Jan-2006, in replacement of the old store of 1,488 m²), Coquimbo (5,774 m² of sales space, Mar-2006), Curico (7,733 m² of sales space, Mar-2006, in replacement of the old store of 3,208 m²), Plaza Oeste (14,400 m², May-2006, in replacement of the old store of 10,132 m²), La Calera (7,905 m², Jul-2006), Puerto Montt (9,465

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.

m², Aug-2006, in replacement of the old store of 7,839 m²), Constructor Fontova (7,351 m², Sep-2006, in replacement of the old store of 5,691 m²), San Felipe (9,453 m², Nov-2006, in replacement of the old store of 3,818 m²) and Arica (6,267 m², Dec-2006, in replacement of the old store of 5,501 m²). Moreover, the La Florida Homecenter was expanded (+1,640 m², Sep-2006).

Chile Supermarkets

The increase in net sales space in 2006 amounted to 22,727 m², an additional 63.5%. This growth came from the debut of 5 stores: Tottus Nataniel (4,296 m², Mar-2006), Tottus La Calera (3,511 m², Jul-2006), Tottus Fontova (4,202 m², Sep-2006), Tottus Mall Plaza Antofagasta (5,180 m², Sep-2006), and Tottus Mall Plaza Oeste (5,149 m², Dec-2006).

Peru

19,109 m² of sales space were added during 2006, a growth of 17.8% compared to the previous year. This was the result of the opening of the Sodimac Homecenter Atocongo (8,437 m², Apr-2006), Tottus Atocongo (7,231 m², Apr-2006) and Saga Falabella Megaplaza (9,096 m², Oct-2006).

Colombia

23,674 m² were added during 2006, a growth of 25.4%. The foundation for this growth was the opening of the Homecenter Medellin San Juan (13,406 m², Jul-2006), and the inauguration of the first Falabella department store in Colombia, located in the Mall Santa Fe in Bogota (10,268 m², Nov-2006).

3. Inventories⁷

Days in Inventory

	1Q 2005	1S 2005	9M 2005	2005	1Q 2006	1S 2006	9M 2006	2006
Department Stores - Chile	100	89	91	84	94	86	88	81
Home Improvement - Chile	70	71	78	76	64	70	77	78
Supermarkets - Chile	16	18	20	19	23	23	26	34
Department Stores - Peru	85	94	99	98	112	104	100	93
Home Improvement - Peru				146	102	113	125	144
Hypermarkets - Peru				40	38	38	38	40
Department Stores - Argentina	107	110	181	113	101	95	90	82

Both Chile Supermarkets and Peru Sodimac have increased their days in inventory because of the upcoming opening of new stores. The level of inventories remains stable in the remainder of the businesses.

⁷ 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.

IV. Operating Results

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

Department store operating income fell 13.7% in 2006 to MMUS\$59.0. Income in 4Q was MMUS\$40.1, which meant a drop of 7.1% in the quarter. The improvement in sales and gross margin in 4Q, especially during the Christmas season, was not enough to offset a rise of 2.2 percentage points in expenses before depreciation. The increase in expenses came mainly from a rise in corporate expenses (the holding company's expenses are recorded in the individual FECU of Falabella) and leases, and certain non-recurring charges during 3Q and 4Q 2006 (principally indemnities).

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

	4Q'06	4Q'05	Var. (pts.)	2006	2005	Var. (pts.)
Revenues	390.6	357.6	9.2%	1,239.3	1,173.1	5.6%
Costs	-68.8%	-69.4%	-0.6	-71.8%	-72.1%	-0.4
Gross Margin	31.2%	30.6%	0.6	28.2%	27.9%	0.4
SGA w/o depreciation	-19.5%	-17.3%	2.2	-21.8%	-20.6%	1.2
EBITDA	11.7%	13.3%	-1.6	6.4%	7.2%	-0.8
Depreciation + Amortization	-1.4%	-1.3%	0.2	-1.7%	-1.4%	0.2
Operating Profit (Loss)	10.3%	12.1%	-1.8	4.8%	5.8%	-1.1

2. Chile Home Improvement Chile –Retail Only

Sodimac Chile's operating income was MMUS\$ 87.6 as of December 31, 2006, growing 33.8% compared to 2005. It totaled MMUS\$29.3 in 4Q, achieving a growth of 30.9%. The rise in operating income exceeded revenue growth, mainly because of the increase of 1.7 points in the gross margin in 4Q and 1.3 points in cumulative terms. This was due in particular to the improvement in the margin on imported products as well as rebates from suppliers.

Sodimac Chile (MMUS\$ and percentage of sales)

	4Q'06	4Q'05	Var. (pts.)	2006	2005	Var. (pts.)
Revenues	400.1	353.8	13.1%	1,440.1	1,274.6	13.0%
Costs	-72.3%	-73.9%	-1.7	-73.3%	-74.6%	-1.3
Gross Margin	27.7%	26.1%	1.7	26.7%	25.4%	1.3
SGA w/o depreciation	-19.5%	-18.9%	0.5	-19.6%	-19.5%	0.2
EBITDA	8.3%	7.1%	1.2	7.1%	5.9%	1.2
Depreciation + Amortization	-1.0%	-0.8%	0.2	-1.0%	-0.7%	0.2
Operating Profit (Loss)	7.3%	6.3%	1.0	6.1%	5.1%	0.9

3. Chile Supermarkets

The operating income of San Francisco Supermarkets fell 3.0% in 2006 to MMUS\$13.7. In 4Q, operating income dropped 1.8%, totaling MMUS\$4.2. This drop was the result of an increase of 2.8 percentage points in SGA expenses in 4Q (1.6 on a cumulative basis) due to the start-up of 5 new stores during the year (i.e., an increase of 45% in the number of stores) and that are currently undergoing maturation.

Chile Supermarkets (MMUS\$ and percentage of sales)

	4Q'06	4Q'05	Var. (pts.)	2006	2005	Var. (pts.)
Revenues	106.7	76.2	40.0%	346.6	271.6	27.6%
Costs	-78.4%	-79.6%	-1.2	-79.2%	-79.6%	-0.4
Gross Margin	21.6%	20.4%	1.2	20.8%	20.4%	0.4
SGA w/o depreciation	-15.9%	-13.5%	2.4	-15.4%	-14.2%	1.2
EBITDA	5.6%	6.9%	-1.2	5.4%	6.3%	-0.9
Depreciation + Amortization	-1.7%	-1.3%	0.4	-1.4%	-1.1%	0.4
Operating Profit (Loss)	3.9%	5.6%	-1.7	3.9%	5.2%	-1.2

4. International Operations - Retail and Credit

During 2006, operating income of the international businesses that consolidate (Argentina, Peru and Colombia)⁸ totaled MMUS\$79.3, which meant a growth of 40.3% compared to the previous year. International businesses that consolidate thus accounted for 17.5% of the consolidated operating income of Falabella. Revenues amounted to MMUS\$897.0 and EBITDA to MMUS\$103.4, which represent 20.5% and 19.0% of total consolidated revenues and EBITDA respectively.

Peru

Operating income from Peru was MMUS\$78.5 in 2006, a growth of 43.2%. Operating income totaled MMUS\$29.3 in 4Q, or a rise of 54.0%. The improvement in the operating margin was due mainly to a reduction of 1 point in expenses in 4Q (1.2 points on a cumulative basis in 2006), the result of a restructuring implemented during 2005.

Peru (MMUS\$ and percentage of income)

	4Q'06	4Q'05	Var. (pts.)	2006	2005	Var. (pts.)
Revenues	207.0	140.4	47.5%	667.6	521.5	28.0%
Costs	-66.0%	-65.5%	0.5	-66.2%	-66.3%	-0.1
Gross Margin	34.0%	34.5%	-0.5	33.8%	33.7%	0.1
SGA w/o depreciation	-17.9%	-18.6%	-0.6	-19.4%	-20.5%	-1.1
EBITDA	16.1%	16.0%	0.2	14.4%	13.2%	1.2
Depreciation + Amortization	-1.9%	-2.4%	-0.4	-2.7%	-2.7%	-0.1
Operating Profit (Loss)	14.2%	13.6%	0.6	11.8%	10.5%	1.2

⁸ Excluding Sodimac Colombia.

Argentina

Operating income was MMUS\$10.2 on a cumulative basis in 2006, entailing a growth of 85.3% compared to the previous year. In 4Q, it rose 91.8% to MMUS\$7.2. The operating margin improved by 1.9 percentage points in 4Q (a cumulative 1.2 points in 2006), principally the result of an increase in the gross margin that was partially offset by an increase in SGA expenses.

Argentina (MMUS\$ and percentage of income)

	4Q'06	4Q'05	Var. (pts.)	2006	2005	Var. (pts.)
Revenues	66.8	42.4	57.5%	213.4	153.3	39.2%
Costs	-64.5%	-69.0%	-4.5	-66.3%	-68.5%	-2.2
Gross Margin	35.5%	31.0%	4.5	33.7%	31.5%	2.2
SGA w/o depreciation	-23.4%	-20.0%	3.4	-26.4%	-25.3%	1.1
EBITDA	12.1%	11.0%	1.1	7.4%	6.2%	1.2
Depreciation + Amortization	-1.3%	-2.1%	-0.8	-2.6%	-2.6%	-0.0
Operating Profit (Loss)	10.8%	8.9%	1.9	4.8%	3.6%	1.2

5. Sociedad de Rentas Falabella (SRF)

As of December 31, 2006, all property, plant and equipment of SRF totaled MMCH\$ 395,463 (MMUS\$ 742.8), 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 63.7%, to MMUS\$ 22.6, as of December 31, 2006.

V. Credit Indicators

1. CMR Card Sales

Cumulative Percentage of Sales using CMR⁹

	1Q 2005	1S 2005	9M 2005	2005	1Q 2006	1S 2006	9M 2006	2006
Department Stores - Chile	63.7%	66.4%	67.3%	67.0%	63.4%	65.1%	65.5%	65.3%
Home Improvement - Chile	30.6%	30.5%	30.8%	31.1%	31.5%	30.9%	31.2%	31.0%
Supermarkets - Chile	5.8%	6.3%	7.1%	7.8%	10.2%	11.1%	11.8%	12.8%
Department Stores - Peru	67.3%	68.7%	70.0%	69.1%	66.5%	67.3%	67.9%	68.1%
Hypermarkets - Peru	46.0%	48.9%	49.9%	50.3%	53.3%	52.0%	52.6%	52.7%
Home Improvement - Peru	32.1%	37.2%	39.5%	39.8%	39.8%	40.1%	40.9%	41.4%
Department Stores - Argentina	45.0%	48.2%	47.0%	43.9%	37.3%	37.7%	38.6%	38.2%

The calculation for Sodimac Chile includes retail sales and wholesales. If we look at just retail sales, the cumulative penetration is 36.57%.

The CMR card initiated its operations in Colombia in October 2005. As of December 31, 2006, there were 213,397 active CMR cards in Colombia. The percentage of card sales in the Sodimac stores totaled 8.6% and it is already 25.9% in the first Falabella store inaugurated in November 2006.

2. CMR Chile

a. Total Gross Loans (MMCH\$ in each period)

	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	608,236

b. Total Loan Provisions (MMCH\$ in each period)

	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	-23,104

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%	3.80%

d. Cumulative Net Write-offs (MMCH\$ in each period)

	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	22,514

Note: Write-offs are net of recoveries

⁹ The percentage of sales using CMR refers to the cumulative sales using the card divided by the total cumulative sales of each chain.

3. Banco Falabella Chile

a. Total Gross Loans (MMCH\$ in each period)

	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	444,159

b. Total Loan Provisions (MMCH\$ in each period)

	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	-14,050

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%	3.16%

d. Cumulative Net Write-offs (MMCH\$ in each period)

	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	11,036

Note: Write-offs are net of recoveries

4. 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\$ in each period)

	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	304,219

b. Total Loan Provisions (MUS\$ in each period)

	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	-17,282

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%	5.68%

d. Cumulative Net Write-offs (MUS\$ in each period)

	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	5,746

Note: Write-offs are net of recoveries

5. CMR Argentina

Note: As of 4Q 2004, additional voluntary charges are being debited against income of CMR Argentina in order to maintain a total provision on loans of at least 3.0%. If we exclude the voluntary charges from the calculation, loan provisions would total only 1.62%.

a. Total Gross Loans (MUS\$ in each period)

	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	53,983

b. Total Loan Provisions (MUS\$ in each period)

	1Q	2Q	3Q	4Q
2004	-263	-428	-453	-614
2005	-767	-977	-1,072	-1,132
2006	-1,148	-1,309	-1,322	-1,621

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%	3.00%

d. Cumulative Net Write-offs (MUS\$ in each period)

	1Q	2Q	3Q	4Q
2004	-30	-81	-169	-229
2005	-65	-167	-260	-319
2006	-32	-116	-193	-290

Note: Write-offs are net of recoveries

6. CMR Colombia

Note: CMR Colombia began operation in October 2005.

a. Total Gross Loans (MUS\$ in each period)

	1Q	2Q	3Q	4Q
2005				3,434
2006	12,347	18,420	27,111	37,651

b. Total Loan Provisions (MUS\$ in each period)

	1Q	2Q	3Q	4Q
2005				-29
2006	-164	-465	-972	-1,232

c. Provisions/Loans Colombia

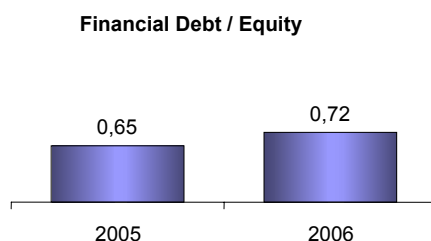
	1Q	2Q	3Q	4Q
2005				0.84%
2006	1.33%	2.52%	3.59%	3.27%

d. Cumulative Net Write-offs (MUS\$ in each period)

	1Q	2Q	3Q	4Q
2005				0
2006	0	0	94	603

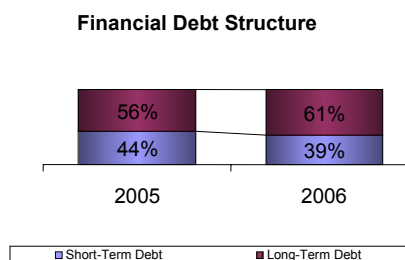
VI. Financial Structure

1. Financial Debt-to-Equity Ratio as of December 31, 2006

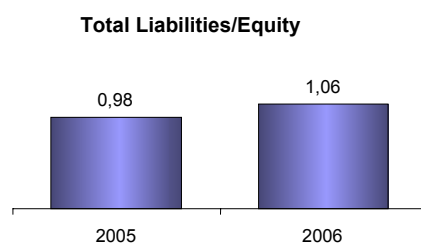


Note: Total Financial Debt as of December 31, 2006 = MMUS\$914,191 (MMUS\$ 1,717.1). It includes the credit business debt.

2. Financial Debt Structure as of December 31, 2006

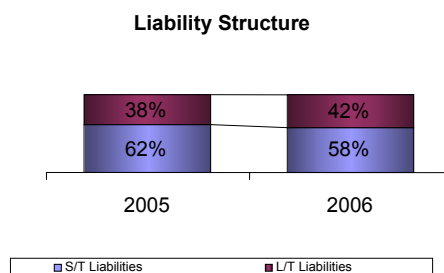


3. Liabilities/Equity Ratio as of December 31, 2006



Note: Liabilities totaled MMCH\$1,357,496 (MMUS\$ 2,549.8) as of December 31, 2006 and they included the credit business debt.

4. Liability Structure as of December 31, 2006



VII. Stores and Sales 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	11,109	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
36	Antofagasta Mall	9,164	Oct-06
37	La Calera	4,994	Nov-06
	TOTAL	195,911	

Note: The Antofagasta store measuring 8,344 m² was closed on December 31, 2006.

2. Tiendas Sodimac Chile (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	6,297	Jan-82
11	HC Antofagasta	5,951	Jan-82
12	Co Viña del Mar	5,241	Jan-82
13	Co Valparaíso	670	Jan-82
14	Co Vallenar	3,594	Jan-82
15	Co Talcahuano	1,799	Jan-82
16	Co Rancagua	1,752	Jan-82
17	Co Punta Arenas	3,293	Jan-82
18	Co Maipu	4,240	Jan-82
19	Co Castro	326	Jan-82
20	HC Concepcion	4,629	Jun-87
21	HC Las Condes	8,778	Mar-88
22	Co V. Mackenna	2,990	Jan-92
23	Co. Antofagasta	6,323	Jan-92
24	HC Viña del Mar	6,330	Oct-92
25	Co Cantagallo	5,868	Jan-93
26	HC La Florida	6,666	Jul-93
27	HC Ñuñoa (Castillo Velasco)	4,837	Sep-93
28	HC Rancagua	10,724	Nov-95
29	HC SS Puente Alto	9,079	Oct-96
30	Co SS Puente Alto	7,793	Oct-96
31	HC Quilpue	8,123	Nov-96
32	Co La Florida	6,934	Mar-97
33	HC Maipu	13,980	Jul-98
34	So La Florida (ex HomeStore)	11,402	Aug-98
35	HC El Trebol	14,440	Nov-98
36	So Cerrillos (ex HomeStore)	14,400	Dec-98
37	Co Reñaca Alto	7,015	Dec-98
38	So Parque Arauco (ex HomeStore)	9,292	Oct-99
39	So Concepcion (ex HomeStore)	8,757	Dec-99
40	So La Reina (ex HomeStore)	12,172	Apr-02
41	So Ñuble (ex HomeStore)	9,873	Jun-02
42	HC San Miguel	13,020	Jun-02
43	HC SS Nueva La Florida	12,233	Nov-02
44	Co SS Nueva La Florida	6,219	Nov-02
45	HC SS Temuco	13,336	Apr-03
46	HC Huechuraba	11,327	Nov-03
47	Co Villarica	5,554	Feb-04
48	HC Osorno	8,524	Jul-05
49	Co Angol	4,214	Sep-05
50	HC Chillan	8,781	Dec-05
51	HC Coyhaique	5,941	Jan-06
52	HC Curico	7,733	Mar-06
53	HC Coquimbo	5,774	Mar-06
54	HC La Calera	7,905	Jul-06
55	Co Fontova	7,351	Sep-06
56	HC San Felipe	9,453	Nov-06
	TOTAL	416,762	

3. San Francisco Supermarkets - Chile (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	Buín	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
16	Tottus Plaza Oeste	5,149	Dec-06
	TOTAL	58,518	

4. Peru¹⁰

Department Stores (m² of sales space)

No.	Store	Sales Space	Opening
1	San Isidro	11,848	1995
2	San Miguel	10,767	1995
3	Jockey Plaza	10,739	1997
4	Lima Centro	4,565	1998
5	Trujillo	569	2001
6	Chiclayo	356	2001
7	Piura	2,485	2001
8	Arequipa	4,915	2002
9	Miraflores	7,074	Oct-05
10	Chiclayo Mall	3,709	Oct-05
11	Megaplaza	9,096	Oct-06
	TOTAL	66,123	

Home Improvement (m² of sales space)

No.	Store	Sales Area	Opening
1	Sodimac San Miguel	11,715	2004
2	Sodimac North Cone	9,989	May-05
3	Sodimac Atocongo	8,437	April-06
	TOTAL	30,141	

¹⁰ 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 Megaplaza	8,391	2002
2	Tottus San Isidro	5,616	2003
3	Tottus San Miguel	9,097	2004
4	Tottus Atocongo	7,231	April-06
TOTAL		30,335	

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

Department Stores (m² of sales space)

No.	Store	Sales Space	Opening
1	Santa Fe	10,268	Nov-06
TOTAL		10,268	

Home Improvement (m² of sales space)

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 December 31 2006 and 2005

ASSETS	2006	2005
Current Assets	1,277,213	1,082,428
Cash	48,158	30,298
Time deposits	6,942	9,961
Marketeable securities	36,573	16,355
Trade receivables	751,371	643,999
Notes receivables	27,854	29,795
Other receivables	28,843	23,778
Notes and accounts receivable from related parties	1,614	2,541
Inventories	319,643	280,682
Recoverable taxes	26,544	17,941
Prepaid expenses	10,882	5,626
Deferred income taxes	10,524	9,671
Other current assets	8,265	11,782
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	708,281	562,231
Land	171,517	151,505
Buildings and infrastructure	306,408	242,527
Machinery and equipment	135,010	113,379
Other property, plant and equipment	383,967	301,407
Technical reappraisal of property, plant and equipment	1,736	1,734
Accumulated depreciation	(290,356)	(248,321)
Other Assets	649,165	603,665
Investments in related companies	165,344	135,654
Investments in other societies	3,132	3,385
Goodwill	215,450	222,760
Negative goodwill	(8)	(11)
Long Term receivables	105,200	84,216
Notes and accounts receivable from relates parties	2,405	2,102
Deferred income taxes	0	3,531
Intangibles assets	151,196	150,027
Amortization	(13,791)	(9,572)
Other long-term assets	20,237	11,574
Long-term leasing	0	0
Total Assets	2,634,659	2,248,324

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

Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

LIABILITIES	2006	2005
Current Liabilities	790,011	686,403
Short-term bank borrowings	277,171	280,690
Current portion of long-term bank borrowings	41,689	18,918
Obligations with the public (promissory notes)	24,124	22,798
Current portion of bonds payable	15,771	5,286
Current portion of long-term borrowings	0	0
Dividends to be paid	235	166
Trade account payables	292,565	243,700
Documents payable	45,572	40,890
Sundry creditors	15,040	12,234
Notes and accounts payable to related companies	22,196	11,539
Accruals	27,179	26,938
Withholdings	19,796	14,937
Income tax	3,431	4,330
Unearned income	5,198	3,978
Deferred taxes	0	0
Other short-term liabilities	44	0
Total long-term liabilities	567,485	425,534
Long-term bank borrowings	138,588	164,736
Bonds payable	416,848	251,301
Documents payable - long-term	3,098	3,352
Sundry creditors	0	0
Notes and accounts payable to related companies	1,197	3,482
Accruals	1,710	1,465
Deferred taxes	4,445	0
Other long-term liabilities	1,599	1,197
Minority interest	30,042	16,857
Shareholder's Equity	1,247,121	1,119,530
Paid-in capital	453,151	453,151
Capital revaluation reserve	0	0
Additional paid-in capital	1,796	1,796
Other reserves	(13,399)	(15,579)
Retained earnings	805,574	680,163
Reserve for future dividends	0	0
Accumulated profits	636,334	539,990
Accumulated loss	0	0
Net income (loss)	197,788	164,586
Interim dividends	(28,559)	(24,396)
Deficit from development period	10	(17)
Total Liabilities	2,634,659	2,248,324

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

Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

	2006	2005
Operating Income	241,692	216,608
Gross Margin	675,935	581,370
Revenues	2,329,185	2,016,038
Cost of sales	(1,653,251)	(1,434,668)
Selling , general and administrative expenses	(434,243)	(364,761)
Non-operating Income	(1,882)	(25,767)
Financial income	6,831	5,815
Profit on investments in related companies	45,722	33,256
Other non-operating income	6,930	11,541
Loss on investment in related companies	0	(684)
Amortization of goodwill	(13,213)	(13,024)
Financial expenses	(30,831)	(31,690)
Other non-operating expenses	(8,449)	(12,231)
Price-level restatement	(7,215)	(16,358)
Exchange differentials	(1,658)	(2,392)
Profit Before Income Tax & Extraordinary Items	239,810	190,842
Income Tax	(38,816)	(22,949)
Extraordinary Items	0	0
Profit (loss) before minority interest	200,994	167,893
Minority interest	(3,209)	(3,562)
Net profit (loss)	197,785	164,331
Amortization of negative goodwill	3	255
Profit (loss) in the fiscal year	197,788	164,586

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

Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

	2006	2005
Cash Flows From Operating Activities	195,008	77,558
Collection of trade receivables	2,472,836	2,226,682
Financial income received	10,203	5,317
Dividends received	82,762	11,944
Other income received	12,403	18,144
Payments to suppliers and personnel	(2,255,607)	(2,061,506)
Interest paid	(39,694)	(36,101)
Income tax payments	(22,062)	(19,541)
Other expenses	(5,872)	(9,696)
VAT and other taxes paid	(59,961)	(57,684)
Cash Flows From Financing Activities	123,218	(87,178)
Proceeds from issuance of common stock	40,714	2,079
Borrowings from banks	661,159	582,732
Proceeds from issuance of bonds	1,173,117	493,843
Borrowings from related companies	1,846	0
Other borrowings from related companies	85,894	0
Other sources of financing	5	1,434
Payment of dividends	(142,788)	(59,568)
Distribution of capita	(1,095)	0
Payment of loans	(637,542)	(548,373)
Payment of public liabilities incurred	(999,609)	(518,945)
Payment of related companies loans	74,203	0
Payment of other related companies loans	(132,258)	0
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	(40,379)
Other payments	(428)	0
Cash Flows From Investing Activities	(276,039)	(89,947)
Proceeds from sales of property, plant and equipment	537	1,388
Proceeds from sales of long-term investments	1	1,480
Proceeds from sales of other investments	0	0
Collection of loans to related companies	(13,237)	0
Collections of other loans to related companies	9,438	0
Other investment income	422	270
Additions to property, plant and equipment	(194,314)	(74,622)
Payment of interest capitalized	0	0
Purchase of permanent investments	(46,965)	(8,955)
Investments in financial instruments	(433)	(265)
Loans to related companies	(5,968)	0
Other payments to related companies	(2,581)	(4,034)
Other payments of investments	(22,937)	(5,208)
Net Cash Flow	42,186	(99,566)
Price-level Restatements of Cash and Cash Equivalents	(2,037)	(2,183)
Net Increase (Decrease) in Cash and Cash Equivalents	40,150	(101,750)
Cash and Cash Equivalents at Beginning of Period	51,523	159,017
Cash and Cash Equivalents at End of Period	91,673	57,267

S.A.C.I. FALABELLA
CONSOLIDATED RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

	2006	2005
Net Income	197,788	164,586
Income on sale of assets	(236)	62
Gain on sales of property, plant and equipment	(235)	62
Gain on sales of investments	(1)	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	131,781	92,838
Depreciation	47,397	39,111
Amortization of Intangibles	3,545	4,184
Write-offs and provisions	80,429	52,268
Equity in gains of unconsolidated affiliates	(45,722)	(33,256)
Equity in losses of unconsolidated affiliates	0	684
Amortization of goodwill	13,213	13,024
Amortization of negative goodwill	(3)	(255)
Price-level restatement	7,215	16,358
Exchange differentials	1,658	2,392
Other credits to income that do not represent cash flows	(9,228)	(30,136)
Other debits to income that do not represent cash flows	33,278	28,465
Changes in operating assets	99,310	(78,588)
Receivables	78,208	(9,724)
Inventories	(60,808)	(33,669)
Other current assets	81,911	(35,195)
Changes in operating liabilities	(247,501)	(104,927)
Trade accounts payable and notes payables relating to operating activities	(253,386)	(105,131)
Taxes to be paid	7,317	1,399
Net income tax	11,275	(526)
Other trade accounts payable relating to operating activities	0	10,434
VAT and other taxes	(12,707)	(11,102)
Income attributable to minority interest	3,209	3,562
Net cash provided by operating activities	184,352	77,533

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

Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

ASSETS	2006	2005
Current Assets	360,729	231,448
Cash	18,170	11,089
Time deposits	1,955	1,457
Marketeable securities	24,817	0
Trade receivables	4,148	3,517
Notes receivables	7,328	12,063
Other receivables	3,106	3,016
Notes and accounts receivable from related parties	184,674	87,177
Inventories	106,030	104,558
Recoverable taxes	561	1,539
Prepaid expenses	4,605	2,250
Deferred income taxes	857	770
Other current assets	4,479	4,012
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	70,204	46,376
Land	0	0
Buildings and infrastructure	0	0
Machinery and equipment	13,936	12,286
Other property, plant and equipment	127,123	95,170
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(70,855)	(61,079)
Other Assets	1,383,004	1,272,863
Investments in related companies	1,354,386	1,241,021
Investments in other societies	0	0
Goodwill	9,687	10,611
Negative goodwill	0	0
Long Term receivables	97	95
Notes and accounts receivable from relates parties	2,715	2,669
Deferred income taxes	0	2,112
Intangibles assets	209	193
Amortization	(80)	(58)
Other long-term assets	15,991	16,220
Long-term leasing	0	0
Total Assets	1,813,936	1,550,687

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

Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

LIABILITIES	2006	2005
Current Liabilities	138,405	116,208
Short-term bank borrowings	3,379	11,096
Current portion of long-term bank borrowings	2,939	2,790
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	5,772	754
Current portion of long-term borrowings	0	0
Dividends to be paid	119	104
Trade account payables	75,009	67,727
Documents payable	1,634	4,542
Sundry creditors	846	1,288
Notes and accounts payable to related companies	41,207	20,633
Accruals	2,866	2,992
Withholdings	1,607	1,979
Income tax	0	0
Unearned income	3,027	2,303
Deferred taxes	0	0
Other short-term liabilities	0	0
Total long-term liabilities	428,410	314,949
Long-term bank borrowings	0	2,899
Bonds payable	373,604	220,227
Documents payable - long-term	0	0
Sundry creditors	0	0
Notes and accounts payable to related companies	51,777	90,189
Accruals	711	709
Deferred taxes	869	0
Other long-term liabilities	1,449	925
Minority interest	0	0
Shareholder's Equity	1,247,121	1,119,530
Paid-in capital	453,151	453,151
Capital revaluation reserve	0	0
Additional paid-in capital	1,796	1,796
Other reserves	(13,399)	(15,579)
Retained earnings	805,574	680,163
Reserve for future dividends	0	0
Accumulated profits	636,334	539,990
Accumulated loss	0	0
Net income (loss)	197,788	164,586
Interim dividends	(28,559)	(24,396)
Deficit from development period	10	(17)
Total Liabilities	1,813,936	1,550,687

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

Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

	2006	2005
Operating Income	31,406	36,410
Gross Margin	186,199	173,998
Revenues	659,810	624,552
Cost of sales	(473,611)	(450,554)
Selling , general and administrative expenses	(154,793)	(137,588)
Non-operating Income	169,809	130,811
Financial income	3,906	4,216
Profit on investments in related companies	186,645	153,006
Other non-operating income	3,769	5,932
Loss on investment in related companies	(956)	(2,433)
Amortization of goodwill	(816)	(942)
Financial expenses	(17,950)	(17,446)
Other non-operating expenses	(1,616)	(4,187)
Price-level restatement	(2,415)	(5,415)
Exchange differentials	(759)	(1,920)
Profit Before Income Tax & Extraordinary Items	201,215	167,221
Income Tax	(3,427)	(2,714)
Extraordinary Items	0	0
Profit (loss) before minority interest	197,788	164,507
Minority interest	0	0
Net profit (loss)	197,788	164,507
Amortization of negative goodwill	0	79
Profit (loss) in the fiscal year	197,788	164,586

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

Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

	2006	2005
Cash Flows From Operating Activities	129,292	83,027
Collection of trade receivables	768,886	753,769
Financial income received	3,906	2,389
Dividends received	101,537	58,978
Other income received	2,396	13,975
Payments to suppliers and personnel	(727,657)	(719,002)
Interest paid	(9,729)	(12,019)
Income tax payments	(1,320)	(727)
Other expenses	(1,621)	(4,110)
VAT and other taxes paid	(7,106)	(10,226)
Cash Flows From Financing Activities	(19,608)	(114,801)
Proceeds from issuance of common stock	0	2,079
Borrowings from banks	0	16,268
Proceeds from issuance of bonds	152,900	0
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	0	0
Payment of dividends	(72,142)	(59,568)
Distribution of capita	0	0
Payment of loans	(11,376)	(12,427)
Payment of public liabilities incurred	0	0
Payment of related companies loans	0	0
Payment of other related companies loans	(88,989)	(20,775)
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	(40,379)
Other payments	0	0
Cash Flows From Investing Activities	(76,823)	(67,331)
Proceeds from sales of property, plant and equipment	0	0
Proceeds from sales of long-term investments	0	1,600
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	(36,958)	(14,743)
Payment of interest capitalized	0	0
Purchase of permanent investments	(39,865)	(54,187)
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	32,861	(99,105)
Price-level Restatements of Cash and Cash Equivalents	(464)	(1,372)
Net Increase (Decrease) in Cash and Cash Equivalents	32,396	(100,477)
Cash and Cash Equivalents at Beginning of Period	12,546	113,023
Cash and Cash Equivalents at End of Period	44,942	12,546

S.A.C.I. FALABELLA
INDIVIDUAL RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
Expressed in Millions of Historical Chilean Pesos as of December 31 2006 and 2005

	2006	2005
Net Income	197,788	164,586
Income on sale of assets	(1)	(1)
Gain on sales of property, plant and equipment	(1)	(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	(154,397)	(123,180)
Depreciation	10,920	8,816
Amortization of Intangibles	21	17
Write-offs and provisions	7,833	7,590
Equity in gains of unconsolidated affiliates	(186,645)	(153,006)
Equity in losses of unconsolidated affiliates	956	2,433
Amortization of goodwill	816	942
Amortization of negative goodwill	0	(79)
Price-level restatement	2,415	5,415
Exchange differentials	759	1,920
Other credits to income that do not represent cash flows	(1,320)	(2,870)
Other debits to income that do not represent cash flows	9,849	5,642
Changes in operating assets	70,895	53,648
Receivables	(19,393)	13,430
Inventories	(11,249)	(18,760)
Other current assets	101,537	58,978
Changes in operating liabilities	15,007	(12,027)
Trade accounts payable and notes payables relating to operating activities	3,484	(19,209)
Taxes to be paid	7,220	1,584
Net income tax	2,072	1,408
Other trade accounts payable relating to operating activities	1,621	4,198
VAT and other taxes	610	(9)
Income attributable to minority interest	0	0
Net cash provided by operating activities	129,292	83,027



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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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