

EARNINGS REPORT 2nd Quarter 2007

S.A.C.I. FALABELLA



August 2007

Results – Second Quarter 2007

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Notes:

1. All figures in dollars are calculated using pesos in the Uniform Codified Statistical Record (FECU) as of June 30, 2007 and the observed dollar exchange rate for July 3, 2007 (CH\$526.86 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. Executive Summary

- ON MAY 17, 2007, FALABELLA REPORTED A MERGER AGREEMENT BETWEEN ITS SHAREHOLDERS AND THOSE OF D&S. ACCORDING TO THE RELEASE, FALABELLA SHAREHOLDERS WILL HOLD 77% OF THE SHARES IN THE NEW MERGED COMPANY AND THOSE OF D&S 23%.
- FALABELLA'S CONSOLIDATED 2Q 2007 PROFIT ROSE 10.3% TO MMCH\$55,970 (MMUS\$106.2). THE CONSOLIDATED ACCUMULATED PROFIT ROSE 14.9% AS OF JUNE 2007, TO MMCH\$108,115 (MMUS\$205.2). THE PER-SHARE PROFIT WAS CH\$45.2 IN THE 1S.
- Consolidated revenues rose 20.7% in 2Q 2007 to MMCH\$693,889 (MMUS\$1,317.0), driven mainly by the opening of 27 stores in the last 12 months and the consolidation of Inversiones Imperial starting May 1, 2007. Consolidated 1S 2007 revenues totaled MMCH\$1,342,383 (MMUS\$2,547.9, 20.2% above the previous year).
 - Operating income rose 24.8% during the 2Q to MMCH\$81,575 (MMUS\$154.8). As of June 2007, it had grown 29.8% to MMCH\$149,876 (MMUS\$284.5). Of strong impact in this growth was the consolidation of Mall Plaza¹ starting in 1Q 2007.
 - The 2Q EBITDA grew 24.8% to MMCH\$95,799 (MMUS\$181.8). It rose 29.1% in 1S 2007 to MMCH\$178,919 (MMUS\$339.6). The Adjusted EBITDA² for 2Q was MMCH\$102,934 (MMUS\$195.4) and MMCH\$194,902 for 1S (MMUS\$369.9).
 - There was a non-operating loss of MMCH\$9,551 (MMUS\$18.1) in 2Q 2007, representing a loss that was MMCH\$4,459 (MMUS\$8.5) higher than the previous year. The drop is due mainly to increases in interest expense and a reduction of the profit on investments in related companies, both the product of the consolidation of Mall Plaza starting in 1Q 2007. The accumulated non-operating loss was MMCH\$11,704 (MMUS\$22.2), compared to a loss of MMCH\$4,442 (MMUS\$8.4) in 1S 2006.
 - Income before taxes and extraordinary items rose 19.5% during 2Q 2007 and 24.4% during 1S 2007. The difference compared to the growth in net profit was mainly the result of an increase in Sodimac income tax and a greater minority interest resulting from the consolidation of Mall Plaza.

¹ Plaza Oeste S.A., Puente Alto S.A., Plaza La Serena S.A. and Plaza del Trebol S.A. began to be consolidated as of 1Q 2007, which include the Plaza Oeste, Plaza Norte, Plaza Antofagasta, Plaza Tobalaba, Plaza La Serena, Plaza del Trebol and Plaza Los Angeles malls. Mall Plaza Vespucio is excluded.

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

II. Consolidated Income Statement as of June 30, 2007

Consolidated Income January – June 2007 (MMCH\$)

	1S'07	% Revenues	1S'06	% Revenues	Var. 07/06
Revenues	1,342,383		1,116,334		20.2%
COGS (less)	(936,409)	-69.8%	(789,573)	-70.7%	18.6%
GROSS MARGIN	405,974	30.2%	326,761	29.3%	24.2%
SG&A (less)	(256,098)	-19.1%	(211,257)	-18.9%	21.2%
OPERATING INCOME	149,876	11.2%	115,503	10.3%	29.8%
Depreciation + Amortization (less)	(29,043)	-2.2%	(23,058)	-2.1%	26.0%
EBITDA	178,919	13.3%	138,561	12.4%	29.1%
Interest Income	2,977		2,823		5.4%
Profit on investment in related companies	15,993		21,548		-25.8%
Other non-operating income	9,728		2,305		322.0%
Lost on investment in related companies (less)	(10)		(4)		152.0%
Amortization of goodwill	(7,544)		(6,786)		11.2%
Interest expenses (less)	(20,747)		(14,289)		45.2%
Other non-operating expenses (less)	(5,066)		(3,809)		33.0%
Price-level restatement	(5,710)		(3,953)		44.4%
Exchange differentials	(1,325)		(2,276)		-41.8%
NON-OPERATING PROFIT (LOSS)	(11,704)	-0.9%	(4,442)	-0.4%	163.5%
PROFIT BEFORE INCOME TAX & EXTRAORD. ITEMS	138,172	10.3%	111,061	9.9%	24.4%
INCOME TAX	(22,729)		(15,890)		43.0%
EXTRAORDINARY ITEMS	0		0		
MINORITY INTEREST	(7,330)		(1,044)		602.1%
NET PROFIT (LOSS)	108,113		94,127		14.9%
Amortization of negative goodwill	1		1		-0.9%
PROFIT (LOSS) IN THE FISCAL YEAR	108,115	8.1%	94,128	8.4%	14.9%
Adjusted EBITDA 3	194,902	14.5%	160,105	14.3%	21.7%

Consolidated Income April – June 2007 (MMCH\$)³

	2Q 2007	% Revenues	2Q 2006	% Revenues	Var. 07/06
Revenues	693,889		575,076		20.7%
COGS (less)	(475,095)	-68.5%	(401,126)	-69.8%	18.4%
GROSS MARGIN	218,794	31.5%	173,950	30.2%	25.8%
SG&A (less)	(137,219)	-19.8%	(108,563)	-18.9%	26.4%
OPERATING INCOME	81,575	11.8%	65,387	11.4%	24.8%
Depreciación + Amortización (menos)	(14,224)	-2.0%	(11,347)	-2.0%	25.4%
EBITDA	95,799	13.8%	76,733	13.3%	24.8%
Interest Income	1,647		2,226		-26.0%
Profit on investment in related companies	7,137		10,877		-34.4%
Other non-operating income	3,722		1,205		209.0%
Lost on investment in related companies (less)	(1)		14		-108.8%
Amortization of goodwill	(3,822)		(3,394)		12.6%
Interest expenses (less)	(9,969)		(6,937)		43.7%
Other non-operating expenses (less)	(2,024)		(2,000)		1.2%
Price-level restatement	(5,117)		(5,282)		-3.1%
Exchange differentials	(1,125)		(1,800)		-37.5%
NON-OPERATING PROFIT (LOSS)	(9,551)	-1.4%	(5,092)	-0.9%	87.6%
RESULTADO ANTES DE IMP. A LA RENTA E ITEMS EXT.	72,024	10.4%	60,295	10.5%	19.5%
INCOME TAX	(11,841)		(8,944)		32.4%
EXTRAORDINARY ITEMS	0		0		
INTERES MINORITARIO	(4,213)		(594)		608.7%
NET PROFIT (LOSS)	55,970		50,757		10.3%
Amortization of negative goodwill	1		1		17.1%
PROFIT (LOSS) IN THE FISCAL YEAR	55,970	8.1%	50,758	8.8%	10.3%
EBITDA ajustado³	102,934	14.8%	87,624	15.2%	17.5%

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

III. Analysis of Consolidated Results

Operating Profit (Loss)

The consolidated operating income for 2Q 2007 rose 24.8%, to MMCH\$81,575 (MMUS\$154.8). This represents 11.8% of sales, 39 basis points higher than the previous year.

Operating income rose 29.8% in 1S 2007 to 11.2% of revenues, i.e. 82 basis points above the previous year. Of this 29.8% growth, 17.2% came from the consolidation of Mall Plaza and 12.5% from the good performance particularly of Peru, Sodimac Chile, Argentina, Sociedad de Rentas and Financial Retail in Chile.

Net Revenues

Operating revenues rose 20.7% in 2Q 2007 to MMCH\$693,889 (MMUS\$1,317.0). This growth came partially from the consolidation of Mall Plaza and Imperial and mainly from the good performance of all business units, in particular San Francisco Supermarkets (+34.0%), Sodimac Chile (+22.1%), Perú (18,9%) and Falabella Colombia.

Cumulative revenues were MMCH\$1,342,383 (MMUS\$2,547.9) as of June 30, 2007, or a 20.2% growth compared to the previous year.

Gross Margin

The gross margin rose 128 basis points in 2Q 2007 as a percentage of sales, totaling MMCH\$218,794 (MMUS\$415.3), 25.8% higher than the previous year.

On a cumulative basis through June, it grew 97 basis points above revenues, totaling 30.2% of sales or MMCH\$405,974 (MMUS\$770.6). This increase came from an improvement in gross margins in practically all the retail business units, and particularly from the consolidation of Mall Plaza, which had a gross margin higher than the rest of Falabella, seen as a percentage of revenues.

Selling, General and Administrative Expenses (SGA)

During 2Q 2007, expenses rose 18.9%, to 19.8% of sales. This rise was due mainly to an increment in Chile Department Stores and San Francisco expenditures as well as expenses of Falabella Colombia, which is in a development stage. Accumulated through June, the SGA rose 20 basis points as a percentage of sales, totaling 19.1% of revenues, or MMCH\$256,098 (MMUS\$486.1).

Non-Operating Profit (Loss)

During 2Q 2007, the non-operating loss increased by MMCH\$4,459, to MMCH\$9,551 (MMUS\$18.1). On a cumulative basis through June 2007, this loss totaled MMCH\$11,704 (MMUS\$22.2) as compared to a loss of MMCH\$4,442 (MMUS\$8.4) in the same period in 2006. The rise in spending was mainly the result of the following:

- During 2Q 2007, the profit/loss on investment in related companies fell 34.5%, while the net drop was MMCH\$5,561 for 1S 2007, 25.8% lower than the previous year. This effect can be explained mainly by the following investments in related companies:

- Mall Plaza consolidation⁴: the recognized profit is no longer in this line and was therefore reduced 100% (by MMCH\$5,252 on a cumulative basis as of 1S 2007).
 - Mall Plaza Vespucio: the recognized profit rose by MMCH\$469 during 1S 2007, 19.1% higher than the previous year.
 - Banco Falabella: grew 7.3% in 1S 2007, to MMCH\$10,440, representing an increase of MMCH\$711.
 - Farmacias Ahumada: grew 45.0% in 1S 2007, reaching a recognized profit of MMCH\$890, an increase of MMCH\$276.
 - Sodimac Colombia: the recognized profit fell by MMCH\$1,853 during 1S 2007, i.e. -63.9%, to MMCH\$1,047. This reduction came mainly from the non-operating loss in the 2Q that resulted from price-level restatement and exchange differentials.
- Interest expense: Interest expense rose by MMCH\$3,031, 43.7% higher than in 2Q 2007. Accumulated as of June, interest expense increased by MMCH\$6,458, 45.2% higher than the previous year. 51.3% of the semester increase came from the consolidation of Mall Plaza. The remaining 48.7% owed to a higher average debt in 1S 2007 with respect to the same period in 2006.
 - Other non-operating disbursements: the increase in this line was MMCH\$24 in 2Q 2007 while on a cumulative basis as of June 2007, the increase was MMCH\$1,256, or +33.0%,. The main reason was an extraordinary provision in other investments recorded during 1Q 2007.
 - Price-level restatement plus exchange differentials: during 2Q 2007, the loss was shortened by MMCH\$840, totaling MMCH\$6,242 in the quarter compared to MMCH\$7,082 in the same period of the previous year. There was a cumulative drop of MMCH\$805 as of June 2007, resulting in a loss of MMCH\$7,035 in 1S 2007.

The foregoing was partially offset by changes in:

- Interest income: this line fell by MMCH\$579 in 2Q 2007, although accumulating an increase of 5.4% as of June 2007 (MMCH\$2,977).
- Other non-operating income: the increase amounted to MMCH\$2,517 (+209%) in 2Q 2007. During 1S 2007, the increase was MMCH\$7,423, 322.0% higher than the previous year. Mainly due to an extraordinary income related to the Falabella Store in Mall La Dehesa (1Q 2007) and other various non-operating income items.

⁴ Meaning Plaza Oeste S.A., Puente Alto S.A., Plaza La Serena S.A. and Plaza del Trebol S.A. Plaza Vespucio S.A. is excluded.

Main Events in 2Q 2007

- In Chile, 2 Falabella stores were opened (in Valdivia and Melipilla) and 1 Homecenter Sodimac in Antofagasta. On the date of this report (July), the first Tottus Hypermarket was also inaugurated in the Eastern Sector of Santiago (Tottus Megacenter).
- In Peru, 1 Falabella store was opened in the city of Ica.
- In Colombia, 1 Falabella store was opened in the Suba Shopping Center and a Homecenter Sodimac store in Soacha, both districts in the city of Bogotá.
- On May 17, 2007, Falabella reported the material event to the Superintendency of Securities and Insurance (SVS) that a merger agreement had been reached between the Falabella and D&S shareholders. According to that release, the shareholders in Falabella will hold 77% of the shares in the new company and the D&S shareholders 23%.
- On April 30, 2007, the material event was reported to the SVS that the Sodimac Board of Directors approved the acquisition of 60% of Inversiones Imperial S.A. (“Imperial”) through its subsidiary, Sodimac Cuatro S.A. This chain, specializing in construction and wood by-products, had 7 stores at the close of the semester and an eighth one had been opened in Santiago by the close of this report. Sodimac S.A. began to consolidate this company's operations on May 1, 2007.
- Capital Increase for stock options: On August 8, 2007, after the close of this semester report, the preemptive period began to subscribe 20,236,133 cash shares in the new issue. 10% of the shares were allocated directly to the executive compensation plan. The controller agreed to waive its right to subscribe 15,965,692 in favor of that plan.
- At the close of this report, the following events had taken place during 3Q 2007:
 - An agreement was announced between Mall Plaza, Falabella and Ripley to develop the mall business in Peru through a company in which Mall Plaza will hold a 20% interest, Falabella 40% and Ripley 40%.
 - Banco Falabella was inaugurated in Peru.

IV. Retail Indicators

1. Revenues from the Retail Businesses

Accumulated Retail Revenue 1S 2007 (MUS\$)⁵
(Adjusted Chilean pesos converted to USD at the observed e/r for July 3, 2007)

	1S 2007	1S 2006	Var. 07/06
Department Stores - Chile	630,745	584,604	7.9%
Home Improvement - Chile ⁶	865,643	737,794	17.3%
Supermarkets - Chile	211,614	155,861	35.8%
Retail - Peru (Saga, Sodimac & Tottus)	316,721	253,055	25.2%
Department Stores - Argentina	109,244	98,013	11.5%
Retail - Colombia (Falabella & Sodimac)	245,652	152,929	60.6%

Accumulated Retail Revenue 2Q 2007 (MUS\$)⁵
(Adjusted Chilean pesos converted to USD at the observed e/r for July 3, 2007)

	2Q 2007	2Q 2006	Var. 07/06
Department Stores - Chile	328,878	304,711	7.9%
Home Improvement - Chile ⁶	432,397	354,217	22.1%
Supermarkets - Chile	109,001	81,338	34.0%
Retail - Peru (Saga, Sodimac & Tottus)	170,967	141,592	20.7%
Department Stores - Argentina	61,249	56,963	7.5%
Retail - Colombia (Falabella & Sodimac)	130,379	76,117	71.3%

Same-Store Sales (SSS) Growth⁷
(all growth is real and was calculated in the local currency of each country)

	1S 2006	9M 2006	2006	1Q 2007	1S 2007
Department Stores - Chile	2.0%	-1.1%	2.2%	7.6%	5.6%
Home Improvement - Chile ⁸	10.4%	10.4%	8.9%	7.9%	8.2%
Supermarkets - Chile	1.6%	0.6%	1.7%	2.2%	1.4%
Retail - Peru (Saga, Sodimac y Tottus)	2.5%	1.1%	2.2%	4.9%	8.6%
Department Stores - Argentina	6.6%	3.3%	4.5%	17.8%	9.2%

Chile Department Stores

Operating income rose 7.9% during 2Q 2007, maintaining the same growth pace as the previous quarter. The growth was driven mainly by the 9.4% rise in sales area in the last 12 months and by the growth in same-store sales (5.6% in 1S 2007). The growth was a cumulative 7.9% in 1S 2007.

Chile Home Improvement

The growth in income in 2Q 2007 was 22.1% and the cumulative growth was 17.3% during 1S 2007. This semester growth came mainly from the same-store growth of 8.2%, the 9.5% growth

⁵ Excludes revenue from the credit business.

⁶ Includes Imperial stores starting from May 1st, 2007.

⁷ 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.

⁸ Sodimac SSS does not include Imperial stores

in sales space in Sodimac stores, and the consolidation of the Imperial stores. Without this latter consolidation, the accumulated growth would have been 13.1% as of June 2007.

Chile Supermarkets

Operating income rose 34.0% during 2Q 2007. The cumulative growth was 35.8% in 1S 2007. This increase was mainly the result of opening 6 stores in the last 12 months, which generated an increase of 70% in sales space.

Peru

The rise in the revenues from the retail business in Peru during 2Q 2007 (encompassing Saga Falabella, Sodimac and Tottus) was 20.7%. The increase was driven mainly by the same-store growth of 8.6% and by the opening of 4 stores in the last 12 months that resulted in an increase of 16.5% in sales area. The cumulative growth was 25.2% as of 1S 2007.

Argentina

Revenues grew 7.5% in 2Q 2007 and 11.5% on a cumulative basis. Same-store growth was 9.2% during 1S 2007.

Colombia

The revenues of Sodimac and Falabella Colombia rose 71.3% in the aggregate during 2Q 2007. It was 60.6% on a cumulative basis as of June 2007. This growth came from opening 4 Sodimac stores (a 43.6% increase in sales space) and the opening of the first two Falabella stores in the last 12 months.

2. Number of Stores and Floor Space⁹

Sales Area	June 2007		June 2006	
	Area (m2)	Stores	Area (m2)	Stores
Department Stores - Chile	193,534	36	176,834	35
Home Improvement - Chile ¹⁰	471,644	61	394,165	53
Supermarkets - Chile	68,069	18	40,087	12
Department Stores - Peru	67,781	13	57,027	10
Hypermarkets - Peru	30,335	4	30,335	4
Home Improvement - Peru	38,757	4	30,144	3
Department Stores - Argentina	39,817	7	39,817	7
Department Stores - Colombia	18,865	2	0	0
Home Improvement - Colombia	133,707	13	93,129	9
Total	989,589	149	844,965	132

Chile Department Stores

3 new stores were opened in Chile in the 12 months since June 30, 2006 and approximately 16,700 square meters of sales space were added. This came from the opening of the stores in the Mall Plaza Antofagasta (9,164 m², October 2006, in replacement of the old 8,344 m² store), La

⁹ A complete review was made of sales area in Sodimac Chile stores, some of which had differences compared to the information provided in previous reports. The HC SS Puente Alto, Co SS Puente Alto, HC SS New La Florida, and Co SS New La Florida were consolidated into just two: HC Puente Alto and HC New La Florida. A pro forma comparison was made to this end. The stores are described in the Appendices.

¹⁰ Includes Imperial stores

Calera (4,994 m², November 2006), Ahumada 346 (1,878 m², January 2007, in replacement of the store at Ahumada 218 that had 754 m²), Valdivia (4,469 m², June 2007, in replacement of the old store of 754 m²) and Melipilla (3,905 m², June 2007). In addition, the Plaza Oeste store was enlarged in December 2006 to add 4,215 m² of sales space.

Chile Home Improvement

7 Home Improvement stores were opened in the 12 months since June 30, 2006 while the net sales space rose by approximately 37,652 m². Stores were opened in La Calera (7,905 m², July 2006), Puerto Montt (9,465 m², August 2006, in replacement of the old store of 7,839 m²), Constructor Fontova (6,720 m², September 2006, in replacement of the old store of 5,691 m²), San Felipe (8,685 m², Nov-2006, in replacement of the old store of 3,818 m²), Arica (8,747 m², Dec-2006, in replacement of the old store of 5,501 m²), Iquique (9,955 m², Feb-2007, in replacement of the old store of 4,722 m²) and Antofagasta (10,718 m², Apr-2007). The La Florida Homecenter was also enlarged (+1,640 m², Sep-2006) as was HC Concepcion (+2,586 m², June 2007).

San Francisco-Tottus Supermarkets

6 new San Francisco supermarkets were opened in the 12 months since June 30, 2006 and the sales space rose by approximately 27,982 m²: Tottus La Calera (3,511 m², Jul-2006), Tottus Fontova (4,591 m², September 2006), Tottus Mall Plaza Antofagasta (5,180 m², September 2006), Tottus Mall Plaza Oeste (5,149 m², Dec-2006), Tottus Puente Alto II (4,580 m², Jan-07) and Tottus La Florida (4,971 m², Mar-07). Additionally, by the date of this report, the Tottus Megacenter had already been inaugurated (July 2007).

Peru

5 new stores were opened in Peru in the last 12 months while the sales space rose by approximately 19,367 m². The stores opened were: Homecenter Sodimac Javier Prado (8,613 m², Mar-07), Falabella Megaplaza (9,096 m², Oct-2006), Falabella Cajamarca (998 m², Mar-2007) and Falabella Ica (660 m², May 2007).

Colombia

Finally, in Colombia, 6 new stores were opened in the last 12 months and the sales space rose by approximately 59,443 m². The new department stores were Falabella Santa Fe (10,268 m², Nov-06) and Falabella Suba (8,597 m², Apr-2007). The new Sodimac stores were: Homecenter Medellin San Juan (13,406 m², July 2006), HC Cali North (13,500 m², Feb. 2007), Homecenter Suba (6,172 m², March 2007) and HC Soacha (7,500 m², June 2007).

3. Inventories¹¹

	Days in Inventory				
	1S 2006	9M 2006	2006	1Q 2007	1S 2007
Department Stores - Chile	86	88	81	86	76
Home Improvement - Chile	70	77	78	65	75
Supermarkets - Chile	23	26	34	35	32
Department Stores - Peru	104	100	93	107	85
Home Improvement - Peru	113	125	144	151	107
Hypermarkets - Peru	38	38	40	35	37
Department Stores - Argentina	95	90	82	109	94

The increase in days in inventory for Chile Supermarkets (as compared to the same period in the previous year) was due to a greater stock of non-food items in the product mix, arising from the growth in hypermarket formats. The days in inventory dropped significantly in Sodimac Peru as compared to the previous quarter because the fourth store was opened in late March 2007 and its inventory was considered in the previous quarter calculation.

¹¹ Days in Inventory = Inventories at the end of the period divided by the cumulative sales cost expressed in 30-day months.

V. Operating Profit (Loss) by Business Unit

1. Chile Department Stores

(Individual FECU for SACI Falabella)

Department store operating income rose 4.1% in 2Q 2007, to MMUS\$15.3. The 2Q gross margin was 29.95 as a percentage of sales, 110 basis points higher than the same period in 2006, the result of a better mix of imported products. The increase in expenses without depreciation (106 basis points during 2Q) was due mainly to the rise in salaries, both in the stores and corporate-wide (the holding's expenses are recorded in Falabella's individual FECU). As of June 30, 2007, the cumulative operating profit was MMUS\$31.9, 3.3% higher than 2006.

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

	2Q'07	2Q'06	Var. (pts.)	1S 2007	1S 2006	Var. (pts.)
Revenues	328.9	304.7	7.9%	630.7	584.6	7.9%
Costs	-70.1%	-71.2%	-1.1	-71.4%	-72.2%	-0.8
Gross Margin	29.9%	28.8%	1.1	28.6%	27.8%	0.8
SGA w/o depreciation	-23.4%	-22.3%	1.1	-23.5%	-22.8%	0.7
EBITDA	6.5%	6.5%	0.0	5.1%	5.0%	0.1
Depreciation + Amortization	-1.9%	-1.7%	0.2	-2.0%	-1.7%	0.2
Operating Profit (Loss)	4.6%	4.8%	-0.2	3.1%	3.2%	-0.1

2. Chile Home Improvement Chile¹²

Sodimac Chile's operating income was MMUS\$ 28.3 during 2Q 2007, 14.8% higher compared to the same period in the previous year. The reason was an increase of 22.1% in revenues, accompanied by a 6.6% operating margin (42 basis points lower than the previous year). The gross margin was 65 basis points below 2Q 2006, which was partially offset by lower expenses without depreciation (27 basis points). One of the reasons for the drop in the operating margin was the consolidation of Imperial, which has a smaller percentage margin.

On a cumulative basis as of June 30, 2007, the operating income totaled MMUS\$56.2, 16.7% higher than 1S 2006.

Sodimac Chile (MMUS\$ and percentage of sales)

	2Q'07	2Q'06	Var. (pts.)	1S 2007	1S 2006	Var. (pts.)
Revenues	432.4	354.2	22.1%	865.6	737.8	17.3%
Costs	-72.7%	-72.0%	0.7	-73.2%	-73.6%	-0.4
Gross Margin	27.3%	28.0%	-0.7	26.8%	26.4%	0.4
SGA w/o depreciation	-19.0%	-19.2%	-0.3	-19.0%	-18.6%	0.4
EBITDA	8.3%	8.7%	-0.4	7.8%	7.8%	0.0
Depreciation + Amortization	-1.8%	-1.8%	0.0	-1.4%	-1.3%	0.0
Operating Profit (Loss)	6.6%	7.0%	-0.4	6.5%	6.5%	-0.0

¹² Includes sales by Imperial stores starting May 1, 2007.

3. Chile Supermarkets

The operating income of San Francisco Supermarkets fell 89.1% in 2Q 2007, to MMUS\$0.4. This drop was mainly the result of a fall of 388 basis points in the operating margin due to the opening of 6 stores in the last 12 months (or a 50% increase in the number of stores). Accumulated operating income totaled MMUS\$1.2 as of June 30, 2007, 82.4% less than the same period in the previous year.

Chile Supermarkets (MMUS\$ and percentage of sales)

	2Q'07	2Q'06	Var. (pts.)	1S 2007	1S 2006	Var. (pts.)
Revenues	109.0	81.3	34.0%	211.6	155.9	35.8%
Costs	-81.0%	-79.5%	1.5	-80.2%	-79.6%	0.6
Gross Margin	19.0%	20.5%	-1.5	19.8%	20.4%	-0.6
SGA w/o depreciation	-16.4%	-14.7%	1.8	-17.0%	-14.5%	2.5
EBITDA	2.6%	5.8%	-3.3	2.8%	5.9%	-3.1
Depreciation + Amortization	-2.2%	-1.6%	0.6	-2.3%	-1.7%	0.6
Operating Profit (Loss)	0.3%	4.2%	-3.9	0.6%	4.3%	-3.7

4. International Operations - Retail and Credit

During 2Q 2007, operating income of the international businesses that are consolidated (Argentina, Peru and Colombia)¹³ totaled MMUS\$28.1, which meant a growth of 31.3% compared to the previous year. International businesses that are consolidated thus accounted for 18.1% of the consolidated operating income of SACI Falabella for 2Q 2007. Revenues amounted to MMUS\$287.0 and EBITDA to MMUS\$35.4 for the international businesses in 2Q 2007.

During 1S 2007, operating income of the international businesses accounted for 15.7% of the consolidated income of SACI Falabella, totaling MMUS\$44.6, 36.7% better than the same period in the previous year. When Colombia is excluded (which is in a development stage), the operating income of international operations would have been 16.8% of the consolidated operating income of SACI Falabella.

Peru

Consolidated operating income from Peru was MMUS\$25.2 in 2Q 2007, a growth of 26.0%. The increase in 2Q operating income came partially from the 18.9% growth in consolidated revenues, accompanied by a drop of 92 basis points in expenses without depreciation (as a percentage of sales), the product of operational improvements and an appropriate handling of expenses in the quarter.

Operating income totaled MMUS\$44.7 as of June 2007, 32.4% better than the previous year.

¹³ Excludes Sodimac Colombia.

Peru (MMUS\$ and percentage of income)

	2Q'07	2Q'06	Var. (pts.)	1S 2007	1S 2006	Var. (pts.)
Revenues	202.8	170.5	18.9%	382.2	310.9	22.9%
Costs	-66.3%	-65.6%	0.7	-66.0%	-65.8%	0.2
Gross Margin	33.7%	34.4%	-0.7	34.0%	34.2%	-0.2
SGA w/o depreciation	-19.0%	-19.9%	-0.9	-19.8%	-20.4%	-0.7
EBITDA	14.7%	14.5%	0.2	14.2%	13.8%	0.4
Depreciation + Amortization	-2.3%	-2.7%	-0.4	-2.5%	-2.9%	-0.4
Operating Profit (Loss)	12.4%	11.7%	0.7	11.7%	10.9%	0.8

Note: Considers rectified 1Q Income Statement

Argentina

The 2Q 2007 operating income totaled MMUS\$4.3, representing a growth of 11.0% compared to the previous year. This growth was due to an 8.3% rise in revenues and an increase of 45 basis points in the gross margin, as a percentage of sales.

The cumulative operating income was MMUS\$4.0 as of June 2007, compared to a profit of MMUS\$3.0 the previous year.

Argentina (MMUS\$ and percentage of income)

	2Q'07	2Q'06	Var. (pts.)	1S 2007	1S 2006	Var. (pts.)
Ingresos	65.3	60.3	8.3%	117.1	103.9	12.8%
Costo	-64.4%	-64.9%	-0.5	-66.1%	-67.5%	-1.3
Margen Bruto	35.6%	35.1%	0.5	33.9%	32.5%	1.3
Gastos A&V s/ Depreciación	-26.9%	-26.1%	0.9	-28.2%	-26.7%	1.4
EBITDA	8.6%	9.0%	-0.4	5.7%	5.8%	-0.1
Depreciación + Amortización	-2.1%	-2.7%	-0.6	-2.3%	-2.9%	-0.7
Resultado Operacional	6.5%	6.4%	0.2	3.4%	2.9%	0.6

5. Mall Plaza (companies that are consolidated)

The operating profit totaled MMUS\$19.7 in 2Q 2007, 40.3% higher than the past year. On a cumulative basis through June 2007, it grew 42.1%, to MMUS\$37.8.

Consolidated Mall Plaza Companies (MMUS\$ and percentage of income)

	2Q'07	2Q'06	Var. (pts.)	1S 2007	1S 2006	Var. (pts.)
Revenues	33.2	24.1	38.0%	66.0	47.1	40.2%
Costs	-17.0%	-17.2%	-0.2	-23.5%	-23.6%	-0.1
Gross Margin	83.0%	82.8%	0.2	76.5%	76.4%	0.1
SGA	-23.76%	-24.47%	-0.71	-19.19%	-19.90%	-0.72
Operating Profit (Loss)	59.3%	58.3%	0.9	57.3%	56.5%	0.8
EBITDA	65.7%	65.4%	0.3	63.5%	63.6%	-0.2

Note: Depreciation is recorded in the cost line.

6. Sociedad de Rentas Falabella (SRF)

During 2Q 2007, the operating profit of SRF rose 19.1%, to MMUS\$7.3. As of June 30, 2007, it grew 30.1%, amounting to MMUS\$14.2.

VI. Credit Indicators

1. CMR Card Sales

Cumulative Percentage of Sales using CMR ¹⁴					
	1S 2006	9M 2006	2006	1Q 2007	1S 2007
Department Stores - Chile	65.1%	65.5%	65.3%	63.0%	65.0%
Home Improvement - Chile	30.9%	31.2%	31.0%	29.8%	30.3%
Supermarkets - Chile	11.1%	11.8%	12.8%	14.7%	15.6%
Department Stores - Peru	67.3%	67.9%	68.1%	67.1%	67.8%
Hypermarkets - Peru	52.0%	52.6%	52.7%	54.0%	54.0%
Home Improvement - Peru	40.1%	40.9%	41.4%	41.3%	39.8%
Department Stores - Argentina	37.7%	38.6%	38.2%	40.9%	41.6%

The calculation for Sodimac Chile includes retail sales and wholesales. If we look at just retail sales, the cumulative penetration is 34.9%.

The CMR card began to be used in Colombia in October 2005. As of March 31, 2007, there were 236,354 active CMR card accounts in Colombia. The percentage of card sales in the Sodimac stores totaled 9.8% and it was already 30.3% in the first Falabella store inaugurated in November 2006.

2. CMR Chile

a. Total Gross Loans (Nominal MMCH\$)

	1Q	2Q	3Q	4Q
2005	439,790	477,509	498,856	550,209
2006	551,211	553,908	549,624	608,236
2007	627,290	656,819		

b. Total Loan Provisions (Nominal MMCH\$)

	1Q	2Q	3Q	4Q
2005	-15,445	-16,877	-15,397	-17,975
2006	-21,266	-22,943	-22,081	-23,104
2007	-23,885	-25,906		

c. Provisions/Loans

	1Q	2Q	3Q	4Q
2005	3.51%	3.53%	3.09%	3.27%
2006	3.86%	4.14%	4.02%	3.80%
2007	3.81%	3.94%		

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

	1Q	2Q	3Q	4Q
2005	5,188	7,864	12,725	16,546
2006	4,616	9,457	16,485	22,514
2007	7,034	13,435		

Note: Write-offs are net of recoveries

¹⁴ The percentage of sales using CMR refers to the cumulative sales using the card as compared to total cumulative sales by each chain.

3. Banco Falabella Chile

a. Total Gross Loans (Nominal MMCH\$)

	1Q	2Q	3Q	4Q
2005	279,663	294,864	324,756	351,472
2006	381,344	403,665	430,883	444,159
2007	465,000	474,096		

b. Total Loan Provisions (Nominal MMCH\$)

	1Q	2Q	3Q	4Q
2005	-9,680	-9,664	-9,946	-11,081
2006	-11,742	-12,495	-13,307	-14,050
2007	-14,842	-15,293		

c. Provisions/Loans

	1Q	2Q	3Q	4Q
2005	3.46%	3.28%	3.06%	3.15%
2006	3.08%	3.10%	3.09%	3.16%
2007	3.19%	3.23%		

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

	1Q	2Q	3Q	4Q
2005	1,482	3,256	5,295	7,512
2006	2,434	4,682	7,437	11,036
2007	3,585	7,607		

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. Based on Chilean standards, the total Loan Provisions in Peru would be approximately 2.73%.

a. Total Gross Loans (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005	175,674	194,320	224,967	240,607
2006	253,955	259,930	267,741	304,219
2007	294,472	315,711		

b. Total Loan Provisions (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005	-8,599	-8,448	-9,394	-9,752
2006	-11,158	-14,505	-15,826	-17,282
2007	-18,151	-20,528		

c. Provisions/Loans

	1Q	2Q	3Q	4Q
2005	4.89%	4.35%	4.18%	4.05%
2006	4.39%	5.58%	5.91%	5.68%
2007	6.16%	6.50%		

d. Cumulative Net Write-offs (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005	1,059	2,184	2,944	3,793
2006	1,141	2,607	4,187	5,746
2007	1,841	3,275		

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 1.29%.

a. Total Gross Loans (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005	30,683	34,887	35,740	37,729
2006	37,997	42,920	43,946	53,983
2007	51,760	61,402		

b. Total Loan Provisions (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005	-767	-977	-1,072	-1,132
2006	-1,148	-1,309	-1,322	-1,621
2007	-1,597	-1,842		

c. Provisions/Loans

	1Q	2Q	3Q	4Q
2005	2.50%	2.80%	3.00%	3.00%
2006	3.02%	3.05%	3.01%	3.00%
2006	3.09%	3.00%		

d. Cumulative Net Write-offs (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005	-65	-167	-260	-319
2006	-32	-116	-193	-290
2007	-49	-83		

Note: Write-offs are net of recoveries

6. CMR Colombia

Note: CMR Colombia began operation in October 2005

a. Total Gross Loans (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005				3,434
2006	12,347	18,420	27,111	37,651
2007	43,386	59,244		

b. Total Loan Provisions (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005				-29
2006	-164	-465	-972	-1,232
2007	-1,402	-1,841		

c. Provisions/Loans

	1Q	2Q	3Q	4Q
2005				0.84%
2006	1.33%	2.52%	3.59%	3.27%
2007	3.23%	3.11%		

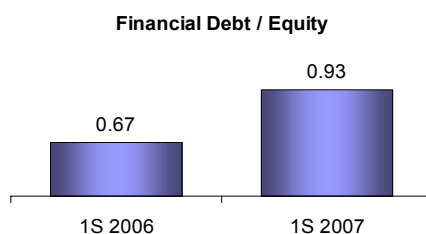
d. Cumulative Net Write-offs (Nominal MUS\$)

	1Q	2Q	3Q	4Q
2005				0
2006	0	0	94	603
2007	506	1,051		

Note: Write-offs are net of recoveries

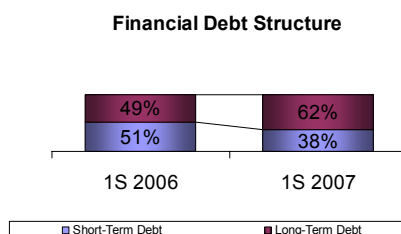
VII. Financial Structure

1. Financial Debt-to-Equity Ratio as of June 30, 2007

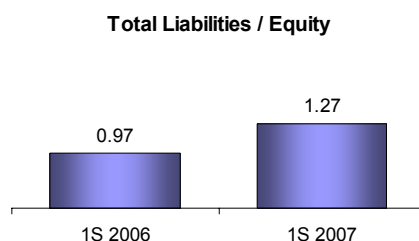


Note: Total Financial Debt as of June 30, 2007 = MMUS\$1,283,587 (MMUS\$2,463.33). It includes the credit business debt. As of 1Q 2007, it also included the financial debt of the Malls Plaza that are consolidated with Falabella.

2. Financial Debt Structure as of June 30, 2007

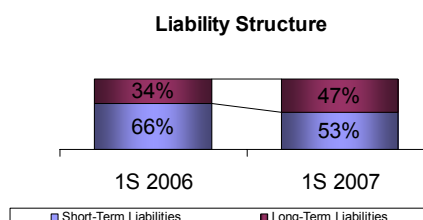


3. Liabilities/Equity Ratio as of June 30, 2007



Note: Liabilities totaled MMCH\$1,751,351 as of June 30, 2007 (MMUS\$3,324.1) and they included the credit business debt. As of 1Q 2007, it also included the liabilities of the Malls Plaza that are consolidated with Falabella.

4. Liability Structure as of June 30, 2007



VIII. Stores and Sales Space**1. Chile Department Stores (m² of sales space)**

N°	Store	Selling Space	Opening
1-6	Paseo Ahumada	7,929	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	ago-90
12	Lyon	7,856	feb-92
13	Rancagua	5,647	feb-92
14	Calama	5,554	may-93
15	Alto Las Condes	9,470	oct-93
16	Plaza Oeste	11,109	nov-94
17	Plaza del Trébol	6,296	abr-95
18	Osorno	3,425	oct-95
19	Chillán	4,796	sep-96
20	Talca	5,132	may-97
21	Copiapó	3,349	mar-98
22	Plaza Tobalaba	7,085	nov-98
23	La Serena	4,998	nov-98
24	Valparaíso	5,701	feb-99
25	Curicó	4,097	sep-00
26	Iquique	5,129	sep-00
27	Puerto Montt	4,550	jul-01
28	Quilpué	4,398	sep-01
29	Plaza Los Angeles	5,155	mar-03
30	Plaza Norte	5,677	nov-03
31	Paseo Puente	7,739	oct-05
32	La Dehesa	7,904	nov-05
33	Antofagasta Mall	9,164	oct-06
34	La Calera	4,994	nov-06
35	Valdivia	4,469	jun-07
36	Melipilla	3,905	jun-07
TOTAL		193,534	

2. Tiendas Sodimac Chile (m² of sales space)

N°	Store	Selling Space	Opening
1	HC Valdivia	5,150	ene-82
2	HC Temuco	8,654	ene-82
3	HC Talca	7,908	ene-82
4	HC Pto. Montt	9,465	ene-82
5	HC Los Angeles	4,629	ene-82
6	HC La Serena	12,545	ene-82
7	HC Copiapó	5,494	ene-82
8	HC Calama	6,705	ene-82
9	HC Arica	8,747	ene-82
10	Co Viña del Mar	4,517	ene-82
11	Co Valparaíso	668	ene-82
12	Co Vallenar	3,621	ene-82
13	Co Talcahuano	1,813	ene-82
14	Co Rancagua	1,783	ene-82
15	HC Pta. Arenas	3,313	ene-82
16	Co Maipú	4,306	ene-82
17	Co Castro	335	ene-82
18	HC Concepción	4,669	jun-87
19	HC Las Condes	8,761	mar-88
20	Co Vic. Mackenna	2,949	ene-92
21	Co Antofagasta	6,955	ene-92
22	HC Viña del Mar	7,318	oct-92
23	Co Cantagallo	5,870	ene-93
24	HC La Florida	6,683	jul-93
25	HC Ñuñoa	4,838	sep-93
26	HC Rancagua	10,724	nov-95
27	HC Puente Alto	16,893	oct-96
28	HC Quilpue	8,129	nov-96
29	Co La Florida	6,934	mar-97
30	HC Maipu	14,044	jul-98
31	HC Plaza Vespucio	11,433	ago-98
32	HC El Trebol	14,456	nov-98
33	HC Plaza Oeste	14,696	dic-98
34	Co Reñaca Alto	7,656	dic-98
35	HC Parque Arauco	10,777	oct-99
36	HC Plaza Concepción	11,343	dic-99
37	HC La Reina	13,207	abr-02
38	HC Ñuble	10,935	jun-02
39	HC San Miguel	13,061	jun-02
40	HC Nueva La Florida	18,461	nov-02
41	HC SS Temuco	13,370	abr-03
42	HC Huechuraba	11,630	nov-03
43	Co Villarrica	2,253	feb-04
44	HC Osorno	7,841	jul-05
45	HC Angol	4,214	sep-05
46	HC Chillan	8,447	dic-05
47	HC Coyhaique	5,740	ene-06
48	HC Curico	8,012	mar-06
49	HC Coquimbo	5,882	mar-06
50	HC La Calera	7,905	jul-06
51	Co Fontova	6,720	sep-06
52	HC San Felipe	8,685	nov-06
53	HC Iquique	9,955	feb-07
54	HC Antofagasta	10,718	abr-07
TOTAL		431,817	

2.1 Imperial Stores

N°	Store	Selling Space	Opening
1	Imperial Santa Rosa	14,100	1974
2	Imperial Mapocho	8,660	1999
3	Imperial Maipú	4,701	2001
4	Imperial Peñalolén	1,937	2001
5	Imperial La Florida	1,081	2002
6	Imperial Valparaíso	1,567	2003
7	Imperial Concepción	7,781	2007
TOTAL		39,827	

3. San Francisco Supermarkets - Chile (m² of sales space)

N°	Store	Selling Space	Opening
1	Talagante Plaza	3,145	1964
2	San Bernardo Plaza	6,290	1986
3	El Monte	962	1951
4	Buín	4,025	1995
5	San Bernardo Estación	3,161	1996
6	Peñaflor	2,850	1999
7	Rengo	2,014	2000
8	Melipilla	2,462	2001
9	San Antonio	2,827	oct-04
10	Talagante Cordillera	3,000	feb-05
11	Tottus Puente Alto	5,055	dic-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	dic-06
17	Tottus Puente Alto II	4,580	ene-07
18	Tottus La Florida	4,971	mar-07
TOTAL		68,069	

4. Peru¹⁵**Department Stores (m² of sales space)**

N°	Store	Selling 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
12	Cajamarca	998	mar-07
13	Ica	660	may-07
TOTAL		67,781	

Home Improvement (m² of sales space)

N°	Store	Selling Space	Opening
1	Sodimac San Miguel	11,715	2004
2	Sodimac Megaplaza	9,989	May-05
3	Sodimac Atocongo	8,440	Abr-06
4	Sodimac Javier Prado	8,613	Mar-07
TOTAL		38,757	

Supermarkets (m² in sales space)

N°	Store	Selling 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	Abr-06
TOTAL		30,335	

¹⁵ The downtown Lima store includes the La Merced Lima Store (Electro only).

5. Argentina Department Stores (m² of sales space)

N°	Store	Selling Space	Opening
1	Mendoza	5,456	mar-93
2	Rosario	5,905	dic-94
3	Córdoba	6,219	may-97
4	San Juan	2,640	oct-97
5	Buenos Aires (Unicenter)	10,597	mar-99
6 - 7	Buenos Aires (Florida)	9,000	dic-05
TOTAL		39,817	

6. Colombia**Department Stores (m² of sales space)**

N°	Store	Selling Space	Opening
1	Santa Fe	10,268	Nov-06
2	Suba	8,597	Abr-07
TOTAL		18,865	

Home Improvement (m² of sales space)

N°	Store	Selling Space	Opening
1	HC Las Américas	2,047	1994
2	HC Calle 80	12,500	1997
3	HC Sur	10,188	1998
4	HC Norte	12,396	1999
5	HC Medellín	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 Medellín San Juan	13,406	Jul-06
11	HC Cali Norte	13,500	Feb-07
12	HC Suba	6,172	Mar-07
13	HC Soacha	7,500	Jun-07
TOTAL		133,707	



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

S.A.C.I. FALABELLA
CONSOLIDATED BALANCE SHEETS
Expressed in Millions of Chilean Pesos as of June 30 2007

ASSETS	2007	2006
Current Assets	1.368.657	1.135.805
Cash	49.759	30.076
Time deposits	3.366	10.298
Marketeable securities	12.655	13.451
Trade receivables	811.855	668.158
Notes receivables	36.784	19.373
Other receivables	35.504	27.939
Notes and accounts receivable from related parties	4.280	2.362
Inventories	344.895	300.306
Recoverable taxes	35.621	25.425
Prepaid expenses	14.722	13.034
Deferred income taxes	10.408	10.137
Other current assets	8.808	15.247
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	1.086.217	632.121
Land	253.349	164.543
Buildings and infrastructure	516.493	266.676
Machinery and equipment	154.152	126.558
Other property, plant and equipment	503.773	349.791
Technical reappraisal of property, plant and equipment	1.769	1.768
Accumulated depreciation	(343.320)	(277.215)
Other Assets	671.635	627.298
Investments in related companies	126.530	147.240
Investments in other societies	2.691	3.484
Goodwill	261.781	220.449
Negative goodwill	(223)	(10)
Long Term receivables	125.585	93.445
Notes and accounts receivable from relates parties	1.441	2.067
Deferred income taxes	0	3.261
Intangibles assets	156.635	153.599
Amortization	(16.534)	(11.925)
Other long-term assets	13.731	15.688
Long-term leasing	0	0
Total Assets	3.126.509	2.395.224

S.A.C.I. FALABELLA
CONSOLIDATED BALANCE SHEETS
Expressed in Millions of Chilean Pesos as of June 30 2007

LIABILITIES	2007	2006
Current Liabilities	936.226	775.793
Short-term bank borrowings	391.461	354.595
Current portion of long-term bank borrowings	44.075	26.544
Obligations with the public (promissory notes)	34.367	29.859
Current portion of bonds payable	23.637	7.974
Current portion of long-term borrowings	0	0
Dividends to be paid	240	192
Trade account payables	276.517	246.424
Documents payable	66.035	38.737
Sundry creditors	14.528	10.936
Notes and accounts payable to related companies	27.773	12.245
Accruals	30.550	29.085
Withholdings	17.974	14.362
Income tax	2.732	1.239
Unearned income	6.231	3.499
Deferred taxes	0	0
Other short-term liabilities	105	103
Total long-term liabilities	815.401	402.169
Long-term bank borrowings	369.100	139.066
Bonds payable	420.946	255.532
Documents payable - long-term	3.174	3.489
Sundry creditors	317	0
Notes and accounts payable to related companies	0	2.400
Accruals	1.727	1.526
Deferred taxes	12.509	0
Other long-term liabilities	7.628	155
Minority interest	74.427	22.208
Shareholder's Equity	1.300.455	1.195.055
Paid-in capital	454.946	456.701
Capital revaluation reserve	8.644	5.024
Additional paid-in capital	0	1.830
Other reserves	(17.300)	(11.422)
Retained earnings	854.165	742.922
Reserve for future dividends	0	0
Accumulated profits	767.684	648.793
Accumulated loss	0	0
Net income (loss)	108.115	94.128
Interim dividends	(21.634)	0
Deficit from development period	0	0
Total Liabilities	3.126.509	2.395.224

S.A.C.I. FALABELLA
CONSOLIDATED INCOME STATEMENT
Expressed in Millions of Chilean Pesos as of June 30 2007

	2007	2006
Operating Income	149.876	115.503
Gross Margin	405.974	326.761
Revenues	1.342.383	1.116.334
Cost of sales	(936.409)	(789.573)
Selling , general and administrative expenses	(256.098)	(211.257)
Non-operating Income	(11.704)	(4.442)
Financial income	2.977	2.823
Profit on investments in related companies	15.993	21.548
Other non-operating income	9.728	2.305
Loss on investment in related companies	(10)	(4)
Amortization of goodwill	(7.544)	(6.786)
Financial expenses	(20.747)	(14.289)
Other non-operating expenses	(5.066)	(3.809)
Price-level restatement	(5.710)	(3.953)
Exchange differentials	(1.325)	(2.276)
Profit Before Income Tax & Extraordinary Items	138.172	111.061
Income Tax	(22.729)	(15.890)
Extraordinary Items	0	0
Profit (loss) before minority interest	115.443	95.171
Minority interest	(7.330)	(1.044)
Net profit (loss)	108.113	94.127
Amortization of negative goodwill	1	1
Profit (loss) in the fiscal year	108.115	94.128

S.A.C.I. FALABELLA
CONSOLIDATED STATEMENT OF CASH FLOWS
Expressed in Millions of Chilean Pesos as of June 30 2007

	2007	2006
Cash Flows From Operating Activities	91.017	115.012
Collection of trade receivables	1.531.467	1.282.693
Financial income received	3.920	2.902
Dividends received	11.222	12.658
Other income received	9.681	2.285
Payments to suppliers and personnel	(1.376.654)	(1.038.467)
Interest paid	(23.680)	(85.701)
Income tax payments	(18.430)	(18.393)
Other expenses	(8.372)	(6.668)
VAT and other taxes paid	(38.135)	(36.296)
Cash Flows From Financing Activities	53.044	(22.738)
Proceeds from issuance of common stock	2.076	1.356
Borrowings from banks	561.641	254.072
Proceeds from issuance of bonds	503.227	576.568
Borrowings from related companies	0	1.028
Other borrowings from related companies	0	0
Other sources of financing	0	0
Payment of dividends	(79.280)	(44.958)
Distribution of capita	0	0
Payment of loans	(441.139)	(236.244)
Payment of public liabilities incurred	(493.481)	(574.560)
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	0	0
Cash Flows From Investing Activities	(174.436)	(90.141)
Proceeds from sales of property, plant and equipment	172	110
Proceeds from sales of long-term investments	0	0
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	469	430
Additions to property, plant and equipment	(93.634)	(85.088)
Payment of interest capitalized	0	0
Purchase of permanent investments	(48.428)	0
Investments in financial instruments	(10)	(446)
Loans to related companies	0	0
Other payments to related companies	(25.039)	0
Other payments of investments	(7.966)	(5.147)
Net Cash Flow	(30.375)	2.134
	(1.451)	(1.882)
Price-level Restatements of Cash and Cash Equivalents	(31.825)	252
Net Increase (Decrease) in Cash and Cash Equivalents	97.605	58.351
Cash and Cash Equivalents at Beginning of Period	65.780	58.603
Cash and Cash Equivalents at End of Period	0	0

S.A.C.I. FALABELLA
CONSOLIDATED RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
Expressed in Millions of Chilean Pesos as of June 30 2007

	2007	2006
Net Income	108.115	94.128
Income on sale of assets	(35)	(281)
Gain on sales of property, plant and equipment	(35)	(52)
Gain on sales of investments	0	(230)
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	71.426	52.026
Depreciation	29.651	23.311
Amortization of Intangibles	2.209	2.139
Write-offs and provisions	32.029	35.678
Equity in gains of unconsolidated affiliates	(15.993)	(21.548)
Equity in losses of unconsolidated affiliates	10	4
Amortization of goodwill	7.544	6.786
Amortization of negative goodwill	(1)	(1)
Price-level restatement	5.710	3.953
Exchange differentials	1.325	2.276
Other credits to income that do not represent cash flows	(9.889)	(11.851)
Other debits to income that do not represent cash flows	18.831	11.278
Changes in operating assets	(170.863)	(125.625)
Receivables	(158.619)	(106.129)
Inventories	(23.428)	(21.493)
Other current assets	11.184	1.997
Changes in operating liabilities	75.045	93.720
Trade accounts payable and notes payables relating to operating activities	61.652	95.561
Taxes to be paid	1.724	2.665
Net income tax	(2.828)	(5.750)
Other trade accounts payable relating to operating activities	17.680	8.117
VAT and other taxes	(3.183)	(6.872)
Income attributable to minority interest	7.330	1.044
Net cash provided by operating activities	91.017	115.012

S.A.C.I. FALABELLA
INDIVIDUAL BALANCE SHEETS
Expressed in Millions of Chilean Pesos as of June 30 2007

ASSETS	2007	2006
Current Assets	321.302	223.937
Cash	15.261	9.708
Time deposits	0	287
Marketeable securities	7.003	0
Trade receivables	4.140	4.036
Notes receivables	6.295	6.021
Other receivables	3.150	2.464
Notes and accounts receivable from related parties	174.148	82.325
Inventories	101.499	107.088
Recoverable taxes	925	1.964
Prepaid expenses	2.603	4.068
Deferred income taxes	1.801	1.933
Other current assets	4.479	4.044
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	81.708	52.011
Land	0	0
Buildings and infrastructure	0	0
Machinery and equipment	14.563	13.523
Other property, plant and equipment	145.136	105.608
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(77.991)	(67.120)
Other Assets	1.452.435	1.343.463
Investments in related companies	1.426.024	1.315.116
Investments in other societies	0	0
Goodwill	9.472	10.269
Negative goodwill	0	0
Long Term receivables	47	98
Notes and accounts receivable from relates parties	2.687	2.831
Deferred income taxes	0	602
Intangibles assets	499	209
Amortization	(96)	(71)
Other long-term assets	13.802	14.409
Long-term leasing	0	0
Total Assets	1.855.444	1.619.412

S.A.C.I. FALABELLA
INDIVIDUAL BALANCE SHEETS
Expressed in Millions of Chilean Pesos as of June 30 2007

LIABILITIES	2007	2006
Current Liabilities	130.248	128.943
Short-term bank borrowings	3.877	16.450
Current portion of long-term bank borrowings	1.507	2.913
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	5.856	1.935
Current portion of long-term borrowings	0	0
Dividends to be paid	129	98
Trade account payables	54.794	70.694
Documents payable	1.957	3.078
Sundry creditors	436	680
Notes and accounts payable to related companies	54.248	27.747
Accruals	1.610	1.510
Withholdings	2.839	1.587
Income tax	0	0
Unearned income	2.935	2.193
Deferred taxes	0	0
Other short-term liabilities	61	58
Total long-term liabilities	424.741	295.414
Long-term bank borrowings	0	1.502
Bonds payable	378.303	222.966
Documents payable - long-term	0	0
Sundry creditors	0	0
Notes and accounts payable to related companies	43.485	70.232
Accruals	711	715
Deferred taxes	2.242	0
Other long-term liabilities	0	0
Minority interest	0	0
Shareholder's Equity	1.300.455	1.195.055
Paid-in capital	454.946	456.701
Capital revaluation reserve	8.644	5.024
Additional paid-in capital	0	1.830
Other reserves	(17.300)	(11.422)
Retained earnings	854.165	742.922
Reserve for future dividends	0	0
Accumulated profits	767.684	648.793
Accumulated loss	0	0
Net income (loss)	108.115	94.128
Interim dividends	(21.634)	0
Deficit from development period	0	0
Total Liabilities	1.855.444	1.619.412

S.A.C.I. FALABELLA
INDIVIDUAL INCOME STATEMENT
Expressed in Millions of Chilean Pesos as of June 30 2007

	2007	2006
Operating Income	10.300	9.975
Gross Margin	94.935	85.568
Revenues	332.314	308.005
Cost of sales	(237.379)	(222.437)
Selling , general and administrative expenses	(84.635)	(75.593)
Non-operating Income	98.300	84.544
Financial income	1.217	916
Profit on investments in related companies	106.495	92.744
Other non-operating income	6.646	784
Loss on investment in related companies	(655)	(161)
Amortization of goodwill	(399)	(433)
Financial expenses	(10.609)	(7.841)
Other non-operating expenses	(819)	(526)
Price-level restatement	(1.911)	(1.441)
Exchange differentials	(1.664)	501
Profit Before Income Tax & Extraordinary Items	108.600	94.519
Income Tax	(485)	(391)
Extraordinary Items	0	0
Profit (loss) before minority interest	108.115	94.128
Minority interest	0	0
Net profit (loss)	108.115	94.128
Amortization of negative goodwill	0	0
Profit (loss) in the fiscal year	108.115	94.128

S.A.C.I. FALABELLA
INDIVIDUAL STATEMENT OF CASH FLOWS
Expressed in Millions of Chilean Pesos as of June 30 2007

	2007	2006
Cash Flows From Operating Activities	75.735	100.005
Collection of trade receivables	419.132	416.697
Financial income received	1.219	923
Dividends received	56.337	46.218
Other income received	6.581	993
Payments to suppliers and personnel	(399.974)	(352.556)
Interest paid	(3.877)	(5.069)
Income tax payments	(475)	(382)
Other expenses	(827)	(762)
VAT and other taxes paid	(2.381)	(6.056)
Cash Flows From Financing Activities	(81.588)	(90.138)
Proceeds from issuance of common stock	0	0
Borrowings from banks	2.223	17.600
Proceeds from issuance of bonds	0	0
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	0	0
Payment of dividends	(74.832)	(44.655)
Distribution of capita	0	0
Payment of loans	(1.554)	(14.388)
Payment of public liabilities incurred	0	0
Payment of related companies loans	0	0
Payment of other related companies loans	(7.425)	(48.695)
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	0
Other payments	0	0
Cash Flows From Investing Activities	(17.334)	(12.461)
Proceeds from sales of property, plant and equipment	0	0
Proceeds from sales of long-term investments	0	0
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	(17.334)	(12.461)
Payment of interest capitalized	0	0
Purchase of permanent investments	0	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	(23.187)	(2.594)
	(345)	(195)
Price-level Restatements of Cash and Cash Equivalents	(23.532)	(2.789)
Net Increase (Decrease) in Cash and Cash Equivalents	45.795	12.784
Cash and Cash Equivalents at Beginning of Period	22.264	9.994
Cash and Cash Equivalents at End of Period	0	0

S.A.C.I. FALABELLA
INDIVIDUAL RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
Expressed in Millions of Chilean Pesos as of June 30 2007

	2007	2006
Net Income	108.115	94.128
Income on sale of assets	0	0
Gain on sales of property, plant and equipment	0	0
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	(96.897)	(81.428)
Depreciation	6.513	5.373
Amortization of Intangibles	15	10
Write-offs and provisions	(1.521)	2.972
Equity in gains of unconsolidated affiliates	(106.495)	(92.744)
Equity in losses of unconsolidated affiliates	655	161
Amortization of goodwill	399	433
Amortization of negative goodwill	0	0
Price-level restatement	1.911	1.441
Exchange differentials	1.664	(501)
Other credits to income that do not represent cash flows	(1.658)	(1.357)
Other debits to income that do not represent cash flows	1.620	2.785
Changes in operating assets	70.904	89.975
Receivables	22.945	47.760
Inventories	(8.378)	(4.003)
Other current assets	56.337	46.218
Changes in operating liabilities	(6.387)	(2.671)
Trade accounts payable and notes payables relating to operating activities	(8.441)	(4.789)
Taxes to be paid	2.116	2.201
Net income tax	(42)	(12)
Other trade accounts payable relating to operating activities	827	762
VAT and other taxes	(847)	(832)
Income attributable to minority interest	0	0
Net cash provided by operating activities	75.735	100.005



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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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