

EARNINGS REPORT 3rd Quarter 2007

S.A.C.I. FALABELLA



October 2007

Results – Third Quarter 2007

Table of Contents

I.	EXECUTIVE SUMMARY	3
II.	CONSOLIDATED STATEMENT OF INCOME AS OF SEPTEMBER 30, 2007	4
III.	ANALYSIS OF CONSOLIDATED RESULTS	5
IV.	RETAIL INDICATORS	8
V.	OPERATING PROFIT (LOSS) BY BUSINESS UNIT	12
VI.	CREDIT INDICATORS	16
VII.	FINANCIAL STRUCTURE	19
VIII.	STORES AND SALES SPACE	20
IX.	FINANCIAL STATEMENTS OF S.A.C.I. FALABELLA - FECU	25

Notes:

1. All figures in dollars are calculated using pesos in the Uniform Codified Statistical Record (FECU) as of September 30, 2007 and the observed dollar exchange rate for October 1, 2007 (CH\$511.23 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

- OPERATING INCOME IN 3Q 2007 TOTALED MM\$59,632 (MMUS\$116.6), A GROWTH OF 27.2% AS COMPARED TO THE PREVIOUS YEAR. THERE WAS A CUMULATIVE INCREASE OF 29.0% AS OF SEPTEMBER TOTALING MM\$214,304 (MMUS\$419.2).
- THE NON-OPERATING PROFIT RESULTED IN A LOSS OF MM\$21,513 (MMUS\$42.1) IN 3Q 2007, MAINLY DUE TO AN INCREASE IN PRICE-LEVEL RESTATEMENT AND EXCHANGE DIFFERENTIALS. THE CUMULATIVE LOSS WAS MM\$33,591 (MMUS\$65.7) AS OF SEPTEMBER.
- FALABELLA'S CONSOLIDATED ACCUMULATED PROFIT ROSE 4.4% AS OF SEPTEMBER 2007, TO MMCH\$137,249 (MMUS\$268.5). THE PER-SHARE PROFIT WAS CH\$57.4 IN THE 9M.
 - Consolidated revenues rose 11.1% in 3Q 2007 to MMCH\$659,641 (MMUS\$1,290.3), driven mainly by the opening of 24 stores in the last 12 months and the consolidation of Imperial starting May 1, 2007. Consolidated revenues as of September 2007 totaled MMCH\$2,044,980 (MMUS\$4,000.1, 17.1% above the previous year). 18 new stores are planned to be opened in 4Q 2007, which will push sales even further.
 - The 3Q EBITDA grew 22.8% to MMCH\$74,338 (MMUS\$145.4). It rose 27.8% in 9M 2007 to MMCH\$260,239 (MMUS\$509.0). The Adjusted EBITDA¹ for 3Q and 9M was MMCH\$80,099 (MMUS\$156.7) and MMCH\$282,494 (MMUS\$552.6), respectively.
 - There was a non-operating loss of MMCH\$21,513 (MMUS\$42.1) in 3Q 2007, meaning a loss 320.7% higher than the previous year. The drop is due mainly to a negative effect of price-level restatement attributable to inflation in the quarter and exchange differentials attributable to the impact of USD devaluation in the accounting of foreign investments. Moreover, there was a drop in Profits on Investments in Related Companies as a result of the consolidation of Mall Plaza as from 1Q 2007.

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

II. Consolidated Statement of Income as of September 30, 2007²

Consolidated Income January – September 2007 (MMCH\$)

	9M'07	% Ingresos	9M'06	% Ingresos	Var. 07/06
Revenues	2,044,980		1,745,794		17.1%
COGS (less)	(1,442,033)	-70.5%	(1,246,831)	-71.4%	15.7%
GROSS MARGIN	602,947	29.5%	498,962	28.6%	20.8%
SG&A (less)	(388,643)	-19.0%	(332,879)	-19.1%	16.8%
OPERATING INCOME	214,304	10.5%	166,083	9.5%	29.0%
Depreciation + Amortization (less)	(45,935)	-2.2%	(37,470)	-2.1%	22.6%
EBITDA	260,239	12.7%	203,553	11.7%	27.8%
Interest Income	5,778		5,174		11.7%
Profit on investment in related companies	22,115		33,196		-33.4%
Other non-operating income	13,995		5,415		158.5%
Lost on investment in related companies (less)	0		(11)		-100.0%
Amortization of goodwill	(13,040)		(11,543)		13.0%
Interest expenses (less)	(31,840)		(22,801)		39.6%
Other non-operating expenses (less)	(7,538)		(5,580)		35.1%
Price-level restatement	(20,813)		(11,340)		83.5%
Exchange differentials	(2,248)		(2,206)		1.9%
NON-OPERATING PROFIT (LOSS)	(33,591)	-1.6%	(9,697)	-0.6%	246.4%
PROFIT BEFORE INCOME TAX & EXTRAORD. ITEMS	180,713	8.8%	156,386	9.0%	15.6%
INCOME TAX	(31,981)		(22,952)		39.3%
EXTRAORDINARY ITEMS	0		0		
MINORITY INTEREST	(11,485)		(1,974)		481.8%
NET PROFIT (LOSS)	137,247		131,460		4.4%
Amortization of negative goodwill	2		2		-13.6%
PROFIT (LOSS) IN THE FISCAL YEAR	137,249	6.7%	131,462	7.5%	4.4%
Adjusted EBITDA 2	282,353	13.8%	236,738	13.6%	19.3%

Consolidated Income July – September 2007 (MMCH\$)

	3Q 2007	% Ingresos	3Q 2006	% Ingresos	Var. 07/06
Revenues	659,641		593,737		11.1%
COGS (less)	(475,658)	-72.1%	(431,992)	-72.8%	10.1%
GROSS MARGIN	183,982	27.9%	161,745	27.2%	13.7%
SG&A (less)	(124,350)	-18.9%	(114,862)	-19.3%	8.3%
OPERATING INCOME	59,632	9.0%	46,884	7.9%	27.2%
Depreciation + Amortization (less)	(14,706)	-2.2%	(13,675)	-2.3%	7.5%
EBITDA	74,338	11.3%	60,558	10.2%	22.8%
Interest Income	2,706		2,261		19.7%
Profit on investment in related companies	5,610		10,958		-48.8%
Other non-operating income	3,956		3,036		30.3%
Lost on investment in related companies (less)	11		(6)		264.8%
Amortization of goodwill	(5,255)		(4,540)		15.8%
Interest expenses (less)	(10,429)		(8,055)		29.5%
Other non-operating expenses (less)	(2,310)		(1,649)		40.1%
Price-level restatement	(14,920)		(7,261)		105.5%
Exchange differentials	(881)		143		-716.8%
NON-OPERATING PROFIT (LOSS)	(21,513)	-3.3%	(5,113)	-0.9%	320.7%
RESULTADO ANTES DE IMP. A LA RENTA E ITEMS EXT.	38,120	5.8%	41,771	7.0%	-8.7%
INCOME TAX	(8,525)		(6,553)		30.1%
EXTRAORDINARY ITEMS	0		0		
MINORITY INTEREST	(3,921)		(897)		337.3%
NET PROFIT (LOSS)	25,674		34,321		-25.2%
Amortization of negative goodwill	0		1		-39.0%
PROFIT (LOSS) IN THE FISCAL YEAR	25,674	3.9%	34,322	5.8%	-25.2%
Adjusted EBITDA 2	79,958	12.1%	71,510	12.0%	11.8%

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

III. Analysis of Consolidated Results

Operating Profit (Loss)

The consolidated operating income for 3Q 2007 rose 27.2%, to MMCH\$59,632 (MMUS\$116.6). This represents 9.0% of sales, 114 base points higher than the previous year.

Operating income rose 29.0% in 9M 2007 to 10.5% of revenues, i.e. 97 base points above the previous year. 19.1% of this 29.0% growth came from the consolidation of Mall Plaza and 9.9% from the good performance of almost all subsidiaries in the group.

Net Revenues

Operating revenues rose 11.1% in 3Q 2007 to MMCH\$659,641 (MMUS\$1,290.3). This growth came partially from the consolidation of Mall Plaza and Imperial and from the good performance of all business units, in particular San Francisco Supermarkets (+30.7%), Sodimac Chile (+17.7%), Consolidated Peru (12.1%) and Falabella Colombia.

Cumulative revenues were MMCH\$2,044,980 (MMUS\$4,000.1) as of September 30, 2007, or a 17.1% growth compared to the previous year.

Gross Margin

The gross margin rose 65 base points in 3Q 2007 as a percentage of sales, totaling MMCH\$183,982 (MMUS\$359.9), 13.7% higher than the previous year.

On a cumulative basis through September, it grew 90 base points above revenues, totaling 29.5% of sales or MMCH\$602,947 (MMUS\$1,179.4). 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 has a gross margin higher than the rest of Falabella, seen as a percentage of income.

Selling, General and Administration Expenses (SGA)

During 3Q 2007, expenses decreased from 19.3%, to 18.9% of sales, going from MM\$114,862 in 3Q 2006 to MM\$124,350 (MMUS\$243.2) in 3Q 2007, an increase of 8.3% as compared to the same period in the previous year. This drop was due to an increment in SGA of Peru and Colombia, as well as the consolidation of Mall Plaza where the SGA is lower as a percentage of sales. Accumulated through September 30, 2007, the SGA totaled 16.8% of revenues, or MMCH\$388,643 (MMUS\$760.2) as compared to the same period in 2006. As a percentage of sales, SGA amounted to 19.0% as compared to 19.1% in the same period of the previous year.

Non-Operating Profit (Loss)

During 3Q 2007, the non-operating loss increased by MMCH\$16,400, to MMCH\$21,513 (MMUS\$42.1). On a cumulative basis through September 2007, this loss totaled MMCH\$33,591 (MMUS\$65.7) as compared to a loss of MMCH\$9,697 (MMUS\$19.0) in the same period in 2006. The rise in spending was mainly the result of the following:

- Price-level restatement plus exchange differentials: during 3Q 2007, the loss increased by MMCH\$8,683, 122.0% higher than compared to the same period in the previous year.

There was a cumulative drop of MMCH\$23,061 as of 9M 2007, a 70.2% increase as compared to the same period in the previous year. This loss was attributable to the high inflation in the period January-September 2007 (5.1% as compared to 2.5% in the previous year for the same period), which had a direct effect on the valuation of equity and non-monetary liabilities. The revaluation of the local currencies in the region affected the accounting of foreign investments in Exchange Differentials.

- During 3Q 2007, the profit/loss on investment in related companies fell 48.7% in terms of the profit recognized by Falabella while the net drop was MMCH\$11,070 for 9M 2007, 33.4% lower than the previous year. This effect can be explained mainly by the following investments in related companies:
 - Mall Plaza consolidation:³ the recognized profit is no longer in this line and was therefore reduced 100%.
 - Mall Plaza Vespucio: the recognized profit rose by MMCH\$624 during 9M 2007, 15.8% higher than the previous year.
 - Banco Falabella: it dropped 2.7% in 9M 2007, to MMCH\$13,821.
 - Farmacias Ahumada: it grew 23.1% in 9M 2007, making the recognized profit MMCH\$1,194, equal to an increase of MMCH\$225.
 - Sodimac Colombia: the recognized profit fell by MMCH\$2,488 during 9M 2007, i.e. -61.1%, to MMCH\$1,582. This reduction came mainly from the non-operating loss that resulted from greater interest expense and exchange differentials due to the revaluation of the Colombian Peso.
- Net Interest Expense: Interest expense rose by MMCH\$1,930, 33.3% higher than in 3Q 2007. Accumulated as of September, net interest expense increased by MMCH\$26,063, 47.9% higher than the previous year. The increase was mainly due to a 45% increase in the average financial debt kept in the period as a result of the issue of the series E and F bonds and by the consolidation of Mall Plaza, which contributed a significant portion of debt.

The foregoing was partially offset by changes in:

- Other non-operating income: the increase amounted to MMCH\$260 in 3Q 2007, totaling MM\$1,646 in the quarter. On a cumulative basis as of September 2007, the increase in Non-Operating Income was MM\$6,623. It came mainly from extraordinary income related to the Falabella Store in Mall La Dehesa (1Q 2007).

³ 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 3Q 2007

- In Chile, 2 significant remodelings were undertaken in Sodimac; the stores in Valdivia and Villarrica were opened and now have larger sales areas and new designs. In August, a new Homecenter Sodimac was inaugurated in Punta Arenas in replacement of the old store in the city. In July, the first Tottus Supermarket was inaugurated in the Eastern Sector of Santiago (Tottus Megacenter) and in September, the second Tottus was inaugurated in Antofagasta.
- In Colombia, a Homecenter Sodimac store was opened in Ibaguè.
- 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 opened in Peru:

Upcoming inaugurations in 4Q 2007

The inauguration of 16 stores is planned in 4Q 2007:

- Chile: 1 Falabella, 1 Sodimac, 1 Imperial and 1 Tottus
- Peru: 1 Saga Falabella, 5 Tottus, 4 Sodimac
- Colombia: 1 Falabella, 1 Sodimac.
- Argentina: 1 Falabella.

IV. Retail Indicators

1. Revenues from the Retail Businesses

Accumulated Retail Revenue 9M 2007 (MUS\$)⁴

(Adjusted Chilean pesos converted to USD at the observed e/r for October 1, 2007)

	9M 2007	9M 2006	Var. 07/06
Department Stores - Chile	984,541	930,095	5.9%
Home Improvement - Chile ⁵	1,338,533	1,139,715	17.4%
Supermarkets - Chile	345,617	258,005	34.0%
Retail - Peru (Saga, Sodimac & Tottus)	487,573	412,866	18.1%
Department Stores - Argentina	167,111	151,058	10.6%
Retail - Colombia (Falabella & Sodimac)	400,998	261,058	53.6%

Accumulated Retail Revenue 3Q 2007 (MUS\$)⁴

(Adjusted Chilean pesos converted to USD at the observed e/r for October 1, 2007)

	3Q 2007	3Q 2006	Var. 07/06
Department Stores - Chile	313,711	308,338	1.7%
Home Improvement - Chile ⁵	417,877	355,033	17.7%
Supermarkets - Chile	120,555	92,238	30.7%
Retail - Peru (Saga, Sodimac & Tottus)	150,724	143,729	4.9%
Department Stores - Argentina	50,924	46,816	8.8%
Retail - Colombia (Falabella & Sodimac)	139,735	98,410	42.0%

Same-Store Sales (SSS) Growth⁶

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

	9M 2006	2006	1Q 2007	1S 2007	9M 2007
Department Stores - Chile	-1.1%	2.2%	7.6%	5.6%	3.1%
Home Improvement - Chile ⁷	10.4%	8.9%	7.9%	8.2%	6.4%
Supermarkets - Chile	0.6%	1.7%	2.2%	1.4%	-0.1%
Retail - Peru (Saga, Sodimac y Tottus)	1.1%	2.2%	4.9%	8.6%	7.7%
Department Stores - Argentina	3.3%	4.5%	17.8%	9.2%	9.8%

Chile Department Stores

Revenues rose 1.7% during 3Q 2007, totaling MM\$160,378 (MMUS\$313.7), an increase compared to the previous year. The drop in growth in previous quarters was caused by a more restrictive policy for fall-winter sales (with the pertinent positive effect on the gross margin) and by the temporary closing of stores in downtown Santiago for remodeling. The cumulative income as of September 30, 2007, totaled MM\$503,327, 5.9% higher than the previous year, driven mainly by the 10.3% increase in sales space and 3.1% in SSS for 9M 2007.

⁴ Excludes revenue from the credit business.

⁵ Includes Imperial stores starting from May 1st, 2007.

⁶ 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.

⁷ Sodimac SSS does not include Imperial stores

Chile Home Improvement

The growth in revenues in 3Q 2007 was 17.7%, totaling MM\$213,631. The total cumulative revenue as of September 30, 2007 was MM\$684,298, 17.4% higher than the same period in the previous year. 6.2% of this growth came from the consolidation of Imperial stores and 11.2% from the growth in sales of Sodimac stores, which were driven by the SSS growth of 6.4% and an increase in sales space of 18.2% (including the new Imperial stores).

Chile Supermarkets

Revenues rose 30.7% during 3Q 2007, totaling MM\$61,631. The cumulative revenue as of September 2007 was MM\$176,690, a 34.0% increase as compared to the same period in the previous year. This increase was mainly the result of opening 5 stores in the last 12 months, which generated an increase of 52% in sales space.

Peru

The rise in the revenues from the retail business in Peru during 3Q 2007 (encompassing SagaFalabella, Sodimac and Tottus) was 4.9% lower than the cumulative figure of June as a result of exchange differentials caused by the dollar depreciation. The cumulative growth as of September was 18.1%. The increase was driven mainly by the growth in same-store sales equal to 7.7% and by the opening of 4 stores in the last 12 months that resulted in an increase of 10.7% in sales area.

Argentina

Revenues grew 8.8% in 3Q 2007 and 10.6% on a cumulative basis as of September 2007. Same-store growth was 9.8% during 9M 2007.

Colombia

The revenues of Sodimac and Falabella Colombia rose 42.0% in the aggregate during 3Q 2007. It was 53.6% on a cumulative basis as of September 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 Space⁸

Sales Area	September 2007		September 2006	
	Area (m2)	Stores	Area (m2)	Stores
Tiendas por Depto. - Chile	202,500	36	183,622	35
Mejoramiento del Hogar - Chile ¹⁰	484,033	61	409,421	54
Supermercados - Chile	80,853	20	53,369	15
Tiendas por Depto. - Perú	67,781	13	59,890	10
Hipermercados - Perú	30,335	4	30,335	4
Mejoramiento del Hogar - Perú	38,757	4	26,971	3
Tiendas por Depto. - Argentina	39,817	7	39,817	6
Tiendas por Depto. - Colombia	18,865	2	-	-
Mejoramiento del Hogar - Colombia	143,207	14	106,535	10
Total	1,106,148	160	909,960	137

Chile Department Stores

4 new stores were opened in Chile in the 12 months since September 30, 2006 and approximately 16,700 square meters of sales space were added. This came from the opening of the stores in the Mall Antofagasta (9,164 m², October 2006, in replacement of the old 8,344 m² store), La 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 2,817 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

5 Home Improvement stores were opened in the 12 months since September 30, 2006 while the net sales space rose by approximately 37,400 m². Stores were opened in 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 6,267 m²), Iquique (9,955 m², Feb-2007, in replacement of the old store of 4,722 m²), Antofagasta (10,718 m², Apr-2007, in replacement of the old store of 5,951 m²) and Punta Arenas (8,098 m², Aug-07, in replacement of the old store of 3,313 m²). The Concepción Homecenter was also enlarged (+ 2,586 m², Jun-2007) as was Homecenter Villarica (+4,554 m², Jul-2007) and Homecenter Valdivia (+2,586 m², Aug-2007).

Moreover, sales area increased by 39,827 m² through the addition of 7 Imperial stores, as a result of the purchase of that chain.

San Francisco-Tottus Supermarkets

5 new San Francisco supermarkets were opened in the 12 months since September 30, 2006 and the net sales space rose by approximately 27,483 m²: Tottus Plaza Oeste (5,149 m², Dec-2006), Tottus Puente Alto II (4,580 m², Jan-07), Tottus La Florida (4,971 m², Mar-07), Tottus Megacenter (7,200 m², Jul-07) and Tottus Antofagasta Centro (5,583 m², September 2007).

⁸ 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.

Peru

4 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 55,500 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: HC Cali North (13,500 m², Feb-2007), Homecenter Suba (6,172 m², Mar-2007), Homecenter Soacha (7,500 m², Jun-2007) and Homecenter Ibaguè (9,500 m², Jul-2007).

3. Inventories⁹

Days in Inventory

	9M 2006	2006	1Q 2007	1S 2007	9M 2007
Department Stores - Chile	88	81	86	76	74
Home Improvement - Chile	77	78	65	75	81
Supermarkets - Chile	26	34	35	32	34
Department Stores - Peru	100	93	107	85	89
Home Improvement - Peru	125	144	151	107	118
Supermarkets - Peru	38	40	35	37	43
Department Stores - Argentina	90	82	109	94	130

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 increased significantly in Argentina Department Stores due to stock of inventories accumulated for the upcoming opening of Florida III in November 2007.

⁹ 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 during 3Q 2007 resulted in a loss of MMUS\$7.5, as compared to the operating profit of MMUS\$0.5 for the same period in the previous year. Despite the improvement in gross margin of 84 base points, as a result of more efficient season sales, the SGA increased, as a percentage of sales, from 24.8% to 28.2% in the quarter. The increase was due mainly to the rise in salaries caused by temporary effects and other increases associated with store-inaugurations. It is important to note that corporate expenses recorded in these financial statements also increased as a percentage of sales due in part to significant expenses related to the merger with D&S.

As of September 30, 2007, the cumulative operating profit was MMUS\$13.3, 35.9% lower than 2006. This drop was due to an increase in SGA of 172 base points, which was partially offset by the increase in the gross margin.

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

	3Q'07	3Q'06	Var. (ptos.)	9M 2007	9M 2006	Var. (ptos.)
Revenues	313.7	308.3	1.7%	984.5	930.1	5.9%
Costs	-74.2%	-75.0%	-0.8	-72.3%	-73.2%	-0.8
Gross Margin	25.8%	25.0%	0.8	27.7%	26.8%	0.8
SGA w/o depreciation	-26.2%	-23.0%	3.2	-24.4%	-22.9%	1.5
EBITDA	-0.4%	1.9%	-2.3	3.3%	4.0%	-0.7
Depreciation + Amortization	-2.0%	-1.8%	0.2	-2.0%	-1.8%	0.2
Operating Profit (Loss)	-2.4%	0.2%	-2.6	1.3%	2.2%	-0.9

2. Chile Home Improvement Chile¹⁰

Sodimac Chile's operating income was MMUS\$13.6 during 3Q 2007, 6.9% higher compared to the same period in the previous year. The reason was an increase in the gross margin of 66 base points as a percentage of sales, due mainly to the increase of imported products and the drop in inventory differentials. SGA increased 99 basis points as a percentage of sales as compared to the previous year. This increase was due to the increase in staff expenses and marketing expenses.

On a cumulative basis as of September 30, 2007, the operating income totaled MMUS\$73.3, 14.8% higher than 9M 2007.

¹⁰ Includes sales by Imperial stores starting May 1, 2007.

Sodimac Chile (MMUS\$ and percentage of sales)

	3Q'07	3Q'06	Var. (ptos.)	9M 2007	9M 2006	Var. (ptos.)
Revenues	417.9	355.0	17.7%	1,338.5	1,139.7	17.4%
Costs	-73.4%	-74.0%	-0.7	-73.2%	-73.7%	-0.5
Gross Margin	26.6%	26.0%	0.7	26.8%	26.3%	0.5
SGA w/o depreciation	-22.1%	-20.9%	1.2	-20.0%	-19.3%	0.7
EBITDA	4.5%	5.1%	-0.6	6.8%	7.0%	-0.2
Depreciation + Amortization	-1.3%	-1.5%	-0.3	-1.3%	-1.4%	-0.0
Operating Profit (Loss)	3.3%	3.6%	-0.3	5.5%	5.6%	-0.1

3. Chile Supermarkets

The operating income of San Francisco Supermarkets fell 3.0% in 3Q 2007, to MMUS\$3.2. This recovery as compared to the previous quarter was due to a maturity in sales of the new stores opened in the last 12 months. SGA, as a percentage of sales, increased 17.5% in 3Q 2006, to 19.0% in 3Q 2007. This increase was due to the opening of 5 new stores in the last 12 months and the corresponding increase in staff and start-up expenses.

Accumulated operating income totaled MMUS\$4.4 as of September 30, 2007, 57.1% less than the same period in the previous year.

Chile Supermarkets (MMUS\$ and percentage of sales)

	3Q'07	3Q'06	Var. (ptos.)	9M 2007	9M 2006	Var. (ptos.)
Revenues	120.6	92.2	30.7%	345.6	258.0	34.0%
Costs	-78.3%	-78.9%	-0.6	-79.5%	-79.3%	0.2
Gross Margin	21.7%	21.1%	0.6	20.5%	20.7%	-0.2
SGA w/o depreciation	-16.2%	-15.2%	1.0	-16.7%	-14.8%	1.9
EBITDA	5.5%	5.9%	-0.4	3.8%	5.9%	-2.1
Depreciation + Amortization	-2.9%	-2.3%	0.6	-2.5%	-1.9%	0.6
Operating Profit (Loss)	2.7%	3.6%	-0.9	1.3%	4.0%	-2.7

4. International Operations - Retail and Credit

During 3Q 2007, operating income of the international businesses that are consolidated (Argentina, Peru and Colombia)¹¹ totaled MMUS\$18.0, which meant a growth of 28.3% compared to the previous year. International businesses that are consolidated thus accounted for 15.4% of the consolidated operating income of SACI Falabella for 3Q 2007.

During 9M 2007, operating income of the international businesses accounted for 15.6% of the consolidated income of SACI Falabella, totaling MMUS\$65.4, 34.2% better than the same period in the previous year. When Colombia is excluded (which is in a period of development), the operating income of international operations would have been 16.7% of the consolidated operating income of SACI Falabella.

¹¹ Excluding Sodimac Colombia.

Peru

Consolidated operating income from Peru was MMUS\$46.1 in 3Q 2007, a growth of 23.4%. The increase in 3Q operating income came partially from the 4.7% growth in consolidated revenues, maintaining stable expenses as a percentage of sales.

Operating income totaled MMUS\$66.6 as of September 2007, 28.5% better than the previous year.

Peru (MMUS\$ and percentage of income)

	3Q'07	3Q'06	Var. (ptos.)	9M 2007	9M 2006	Var. (ptos.)
Revenues	182.6	174.3	4.7%	589.0	505.0	16.6%
Costs	-66.8%	-68.5%	-1.7	-66.2%	-66.7%	-0.5
Gross Margin	33.2%	31.5%	1.7	33.8%	33.3%	0.5
SGA w/o depreciation	-20.3%	-19.3%	1.05	-19.9%	-20.0%	-0.1
EBITDA	12.9%	12.3%	0.7	13.8%	13.3%	0.6
Depreciation + Amortization	-2.5%	-3.1%	-0.6	-2.5%	-3.0%	-0.5
Operating Profit (Loss)	10.4%	9.1%	1.3	11.3%	10.3%	1.0

Argentina

There was an operating loss of MMUS\$28,176 in 3Q 2007 as compared to the operating income of MMUS\$0.7 in the same quarter of the previous year. This loss was due to a gross margin that was 108 base points less than the same period in the previous year, mainly explained by an increase in financing costs of CMR Argentina, as well as a greater participation of Electro in the product mix. The increase in SG&A was attributed to the expenses related to Sodimac Argentina start-up.

The cumulative operating income was MMUS\$4.2 as of September 2007, compared to a profit of MMUS\$3.8 the previous year, i.e, a 10.4% growth.

Argentina (MMUS\$ and percentage of income)

	3Q'07	3Q'06	Var. (ptos.)	9M 2007	9M 2006	Var. (ptos.)
Revenues	54.7	50.2	8.9%	179.3	160.7	11.6%
Costs	-67.2%	-66.2%	1.1	-66.5%	-67.0%	-0.6
Gross Margin	32.8%	33.8%	-1.1	33.5%	33.0%	0.6
SGA w/o depreciation	-30.4%	-28.8%	1.6	-28.9%	-27.4%	1.5
EBITDA	2.3%	5.0%	-2.7	4.7%	5.6%	-0.9
Depreciation + Amortization	-2.4%	-3.7%	-1.3	-2.3%	-3.2%	-0.9
Operating Profit (Loss)	-0.1%	1.4%	-1.4	2.4%	2.4%	-0.0

5. Mall Plaza (companies that are consolidated)

The operating profit totaled MMUS\$22.0 in 3Q 2007, 14.1% higher than the past year. The increase in costs and in SG&A is attributed to the start-up of Mall Plaza Antofagasta and to a rise in marketing expenses. On a cumulative basis through September 2007, it grew 30.7%, to MMUS\$62.2.

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

	3Q'07	3Q'06	Var. (ptos.)	9M 2007	9M 2006	Var. (ptos.)
Revenues	40.5	30.5	32.9%	110.7	80.5	37.4%
Costs	-26.3%	-20.1%	6.2	-24.6%	-22.3%	2.3
Gross Margin	73.7%	79.9%	-6.2	75.4%	77.7%	-2.3
SGA	-19.35%	-16.58%	2.78	-19.25%	-18.64%	0.61
Operating Profit (Loss)	54.3%	63.3%	-9.0	56.2%	59.1%	-2.9
EBITDA	59.7%	70.0%	-10.3	62.1%	66.0%	-4.0

Note: Depreciation is recorded in the cost line.

6. Sociedad de Rentas Falabella (SRF)

During 3Q 2007, the operating profit of SRF dropped 4.9%, to MMUS\$6.4, as compared to the previous year. As of September 30, 2007, it grew 17.2%, amounting to MMUS\$21.6.

VI. Credit Indicators

1. CMR Card Sales

	Cumulative Percentage of Sales using CMR ¹²				
	9M 2006	2006	1Q 2007	1S 2007	9M 2007
Department Stores - Chile	65.5%	65.3%	63.0%	65.0%	65.4%
Home Improvement - Chile	31.2%	31.0%	29.8%	30.3%	30.4%
Supermarkets - Chile	11.8%	12.8%	14.7%	15.6%	16.4%
Department Stores - Peru	67.9%	68.1%	67.1%	67.8%	67.7%
Supermarkets - Peru	52.6%	52.7%	54.0%	54.0%	53.8%
Home Improvement - Peru	40.9%	41.4%	41.3%	39.8%	38.8%
Department Stores - Argentina	38.6%	38.2%	40.9%	41.6%	42.9%

The calculation for Sodimac Chile includes retail sales and wholesales. If we look at just retail sales, the cumulative penetration is 36.2%.

The CMR card initiated operations in Colombia in October 2005. As of September 30, 2007, there were 282,673 active CMR cards in Colombia. The percentage of card sales in the Sodimac stores totaled 12.0% and it already is 30.3% in the two Falabella stores inaugurated in November 2006 and April 2007.

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	665,797	

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	-29,862	

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%	4.49%	

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	21,512	

Note: Write-offs are net of recoveries

¹³ 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	501,073	

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	-16,736	

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%	3.34%	

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	12,266	

Note: Write-offs are net of recoveries

4. CMR Peru (Banco Falabella 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 2.35%.

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	324,791	

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	-20,813	

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%	6.41%	

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	6,184	

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 1.33%.

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	62,684	

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	-1,899	

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%
2007	3.09%	3.00%	3.03%	

d. Cumulative Net Write-offs (Nominal MUS\$)				
	1Q	2Q	3Q	4Q
2005	-65	-167	-260	-319
2006	-32	-116	-193	-290
2007	-49	-83	-85	

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	71,952	

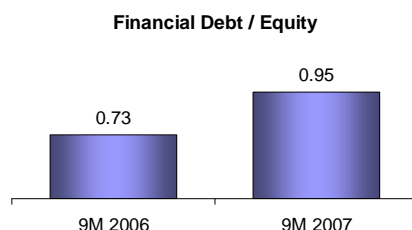
b. Total Loan Provisions (Nominal MUS\$)				
	1Q	2Q	3Q	4Q
2005				-29
2006	-164	-465	-972	-1,232
2007	-1,402	-1,841	-2,444	

c. Provisions/Loans				
	1Q	2Q	3Q	4Q
2005				0.84%
2006	1.33%	2.52%	3.59%	3.27%
2007	3.23%	3.11%	3.40%	

d. Cumulative Net Write-offs (Nominal MUS\$)				
	1Q	2Q	3Q	4Q
2005				0
2006	0	0	94	603
2007	506	1,051	1,672	

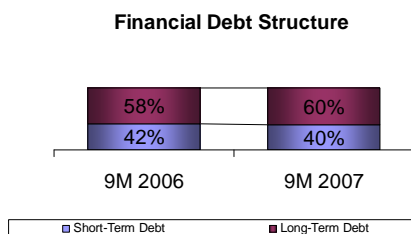
VII. Financial Structure

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

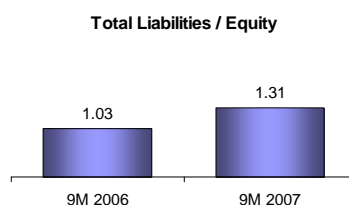


Note: Total Financial Debt as of September 30, 2007 = MMUS\$1,370,897 (MMUS\$2,681.6). It includes the credit business debt. As of 1Q 2007, it also included the financial debt of the Malls Plaza that are consolidated with Falabella.

2. Financial Debt Structure as of September 30, 2007

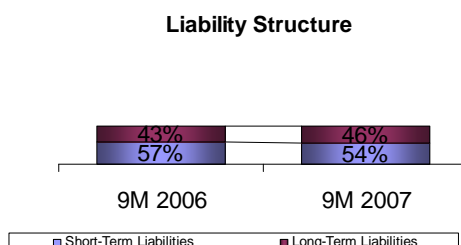


3. Liabilities/Equity Ratio as of September 30, 2007



Note: Liabilities totaled MMCH\$1,879,917 as of September 30, 2007 (MMUS\$3,677.2) 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 September 30, 2007



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

N°	Store	Selling Space	Opening
1-6	Paseo Ahumada	10,107	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		195,712	

• **Other minor stores:**

1	Expo Arica	132
2	Expo San Fernando	440
3	Expo Pucón	1,584
4	Expo Castro	176
5	Bodega Rosas, Stgo.	4,456
TOTAL		6,788

2. Sodimac Chile (m² of sales space)

N°	Store	Selling Space	Opening
1	HC Valdivia	8,200	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	Co Maipú	4,306	ene-82
16	Co Castro	335	ene-82
17	HC Concepción	4,669	jun-87
18	HC Las Condes	8,761	mar-88
19	Co Vic. Mackenna	2,949	ene-92
20	Co Antofagasta	6,955	ene-92
21	HC Viña del Mar	7,318	oct-92
22	Co Cantagallo	5,870	ene-93
23	HC La Florida	6,683	jul-93
24	HC Ñuñoa	4,838	sep-93
25	HC Rancagua	10,724	nov-95
26	HC Puente Alto	16,893	oct-96
27	HC Quilpue	8,129	nov-96
28	Co La Florida	6,934	mar-97
29	HC Maipú	14,044	jul-98
30	HC Plaza Vespucio	11,433	ago-98
31	HC El Trebol	14,456	nov-98
32	HC Plaza Oeste	14,696	dic-98
33	Co Reñaca Alto	7,656	dic-98
34	HC Parque Arauco	10,777	oct-99
35	HC Plaza Concepción	11,343	dic-99
36	HC La Reina	13,207	abr-02
37	HC Nuble	10,935	jun-02
38	HC San Miguel	13,061	jun-02
39	HC Nueva La Florida	18,461	nov-02
40	HC SS Temuco	13,370	abr-03
41	HC Huechuraba	11,630	nov-03
42	HC Villarrica	6,807	feb-04
43	HC Osorno	7,841	jul-05
44	HC Angol	4,214	sep-05
45	HC Chillan	8,447	dic-05
46	HC Coyhaique	5,740	ene-06
47	HC Curico	8,012	mar-06
48	HC Coquimbo	5,882	mar-06
49	HC La Calera	7,905	jul-06
50	Co Fontova	6,720	sep-06
51	HC San Felipe	8,685	nov-06
52	HC Iquique	9,955	feb-07
53	HC Antofagasta	10,718	abr-07
54	HC Punta Arenas	8,098	ago-07
TOTAL		444,206	

2.1 Imperial Stores

N°	Tienda	Superficie Ventas	Apertura
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	Buin	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
19	Tottus Megacenter	7,200	jul-07
20	Tottus Antofagasta Centro	5,584	sep-07
TOTAL		80,853	

4. Peru¹³

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	

¹³ The Downtown Lima store includes 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
14	HC Ibagué	9,500	Jul-07
TOTAL		143,207	

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 September 30 2007

ASSETS	2007	2006
Current Assets	1,422,241	1,252,783
Cash	55,894	46,352
Time deposits	2,237	70,603
Marketeable securities	17,653	16,261
Trade receivables	817,877	684,989
Notes receivables	42,593	21,455
Other receivables	36,500	27,941
Notes and accounts receivable from related parties	3,905	1,457
Inventories	367,163	320,938
Recoverable taxes	36,547	26,740
Prepaid expenses	22,942	14,157
Deferred income taxes	10,726	10,597
Other current assets	8,205	11,293
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	1,183,436	691,376
Land	274,950	168,480
Buildings and infrastructure	550,683	307,651
Machinery and equipment	161,586	134,372
Other property, plant and equipment	553,613	375,146
Technical reappraisal of property, plant and equipment	1,826	1,825
Accumulated depreciation	(359,222)	(296,098)
Other Assets	714,041	678,385
Investments in related companies	134,416	160,712
Investments in other societies	2,613	3,537
Goodwill	287,982	247,744
Negative goodwill	(232)	(9)
Long Term receivables	131,129	97,774
Notes and accounts receivable from relates parties	1,753	2,567
Deferred income taxes	0	0
Intangibles assets	162,105	158,778
Amortization	(18,149)	(13,383)
Other long-term assets	12,424	20,664
Long-term leasing	0	0
Total Assets	3,319,718	2,622,544

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

Expressed in Millions of Chilean Pesos as of September 30 2007

	2007	2006
LIABILITIES		
Current Liabilities	1,009,745	757,044
Short-term bank borrowings	423,879	318,442
Current portion of long-term bank borrowings	66,672	30,502
Obligations with the public (promissory notes)	35,970	32,597
Current portion of bonds payable	25,257	14,528
Current portion of long-term borrowings	0	0
Dividends to be paid	259	20
Trade account payables	282,909	251,600
Documents payable	56,332	42,395
Sundry creditors	22,706	10,892
Notes and accounts payable to related companies	39,470	12,873
Accruals	32,095	28,568
Withholdings	14,801	8,452
Income tax	2,751	1,993
Unearned income	6,208	3,896
Deferred taxes	0	0
Other short-term liabilities	434	108
Total long-term liabilities	870,173	574,567
Long-term bank borrowings	389,402	110,597
Bonds payable	429,716	434,751
Documents payable - long-term	3,088	3,318
Sundry creditors	326	0
Notes and accounts payable to related companies	0	1,258
Accruals	1,768	1,570
Deferred taxes	37,254	22,916
Other long-term liabilities	8,619	157
Minority interest	79,036	26,088
Shareholder's Equity	1,360,764	1,264,845
Paid-in capital	455,123	464,690
Capital revaluation reserve	23,202	11,617
Additional paid-in capital	2,168	1,888
Other reserves	(24,485)	(13,417)
Retained earnings	904,756	800,067
Reserve for future dividends	0	0
Accumulated profits	789,829	668,605
Accumulated loss	0	0
Net income (loss)	137,249	131,462
Interim dividends	(22,322)	0
Deficit from development period	0	0
Total Liabilities	3,319,718	2,622,544

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

Expressed in Millions of Chilean Pesos as of September 30 2007

	2007	2006
Operating Income	214,304	166,083
Gross Margin	602,947	498,962
Revenues	2,044,980	1,745,794
Cost of sales	(1,442,033)	(1,246,831)
Selling , general and administrative expenses	(388,643)	(332,879)
Non-operating Income	(33,591)	(9,697)
Financial income	5,778	5,174
Profit on investments in related companies	22,115	33,196
Other non-operating income	13,995	5,415
Loss on investment in related companies	0	(11)
Amortization of goodwill	(13,040)	(11,543)
Financial expenses	(31,840)	(22,801)
Other non-operating expenses	(7,538)	(5,580)
Price-level restatement	(20,813)	(11,340)
Exchange differentials	(2,248)	(2,206)
Profit Before Income Tax & Extraordinary Items	180,713	156,386
Income Tax	(31,981)	(22,952)
Extraordinary Items	0	0
Profit (loss) before minority interest	148,732	133,434
Minority interest	(11,485)	(1,974)
Net profit (loss)	137,247	131,460
Amortization of negative goodwill	2	2
Profit (loss) in the fiscal year	137,249	131,462

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

	2007	2006
Cash Flows From Operating Activities	116,572	115,304
Collection of trade receivables	2,397,590	2,036,828
Financial income received	5,909	5,137
Dividends received	11,156	12,774
Other income received	21,879	9,263
Payments to suppliers and personnel	(2,207,038)	(1,832,904)
Interest paid	(33,426)	(31,183)
Income tax payments	(21,005)	(26,253)
Other expenses	(4,249)	(3,906)
VAT and other taxes paid	(54,244)	(54,453)
Cash Flows From Financing Activities	77,308	115,165
Proceeds from issuance of common stock	6,091	5,910
Borrowings from banks	781,885	366,464
Proceeds from issuance of bonds	851,487	951,946
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	616	347
Payment of dividends	(84,700)	(46,009)
Distribution of capita	0	0
Payment of loans	(638,148)	(392,967)
Payment of public liabilities incurred	(839,923)	(770,390)
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	(136)
Cash Flows From Investing Activities	(217,775)	(150,920)
Proceeds from sales of property, plant and equipment	1,632	433
Proceeds from sales of long-term investments	0	1
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	246	438
Additions to property, plant and equipment	(152,404)	(134,222)
Payment of interest capitalized	0	0
Purchase of permanent investments	(48,365)	0
Investments in financial instruments	(3)	(453)
Loans to related companies	0	0
Other payments to related companies	(9,878)	(2,944)
Other payments of investments	(8,700)	(14,173)
Net Cash Flow	(23,894)	79,549
	(983)	(2,462)
Price-level Restatements of Cash and Cash Equivalents	(24,877)	77,086
Net Increase (Decrease) in Cash and Cash Equivalents	100,661	59,271
Cash and Cash Equivalents at Beginning of Period	75,784	136,358
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 September 30 2007

	2007	2006
Income on sale of assets	(136)	(337)
Gain on sales of property, plant and equipment	(136)	(105)
Gain on sales of investments	0	(232)
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	142,237	91,704
Depreciation	45,389	37,173
Amortization of Intangibles	3,406	3,317
Write-offs and provisions	60,865	51,144
Equity in gains of unconsolidated affiliates	(22,115)	(33,196)
Equity in losses of unconsolidated affiliates	0	11
Amortization of goodwill	13,040	11,543
Amortization of negative goodwill	(2)	(2)
Price-level restatement	20,813	11,340
Exchange differentials	2,248	2,206
Other credits to income that do not represent cash flows	(13,666)	(10,587)
Other debits to income that do not represent cash flows	32,259	18,755
Changes in operating assets	(245,305)	(131,922)
Receivables	(212,661)	(85,123)
Inventories	(37,727)	(43,121)
Other current assets	5,082	(3,678)
Changes in operating liabilities	71,043	22,423
Trade accounts payable and notes payables relating to operating activities	77,594	36,464
Taxes to be paid	8,990	6,919
Net income tax	(5,574)	(3,556)
Other trade accounts payable relating to operating activities	(5,031)	(425)
VAT and other taxes	(4,936)	(16,980)
Income attributable to minority interest	11,485	1,974
Net cash provided by operating activities	116,572	115,304

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

Expressed in Millions of Chilean Pesos as of September 30 2007

ASSETS	2007	2006
Current Assets	311,410	350,267
Cash	16,243	15,964
Time deposits	0	68,411
Marketeable securities	6,198	26
Trade receivables	3,294	3,320
Notes receivables	6,033	5,704
Other receivables	2,921	2,732
Notes and accounts receivable from related parties	158,553	121,324
Inventories	100,317	113,363
Recoverable taxes	1,513	3,716
Prepaid expenses	9,411	7,572
Deferred income taxes	2,447	3,209
Other current assets	4,479	4,690
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	87,083	64,871
Land	0	0
Buildings and infrastructure	0	0
Machinery and equipment	14,827	14,496
Other property, plant and equipment	154,777	121,925
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(82,522)	(71,551)
Other Assets	1,528,258	1,426,822
Investments in related companies	1,502,589	1,395,430
Investments in other societies	0	0
Goodwill	9,563	10,387
Negative goodwill	0	0
Long Term receivables	48	10
Notes and accounts receivable from relates parties	2,607	2,868
Deferred income taxes	0	0
Intangibles assets	565	22
Amortization	(111)	(79)
Other long-term assets	12,998	17,899
Long-term leasing	0	0
Total Assets	1,926,751	1,841,960

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

Expressed in Millions of Chilean Pesos as of September 30 2007

	2007	2006
LIABILITIES		
Current Liabilities	136,782	126,407
Short-term bank borrowings	5,875	7,392
Current portion of long-term bank borrowings	1,593	3,086
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	6,821	5,674
Current portion of long-term borrowings	0	0
Dividends to be paid	129	99
Trade account payables	61,156	63,819
Documents payable	1,420	2,092
Sundry creditors	1,565	1,239
Notes and accounts payable to related companies	52,816	38,477
Accruals	1,865	1,725
Withholdings	40	396
Income tax	0	0
Unearned income	3,076	2,346
Deferred taxes	0	0
Other short-term liabilities	63	6
Total long-term liabilities	429,204	450,708
Long-term bank borrowings	0	1,549
Bonds payable	389,572	393,749
Documents payable - long-term	0	0
Sundry creditors	0	0
Notes and accounts payable to related companies	36,506	54,428
Accruals	71	727
Deferred taxes	2,415	255
Other long-term liabilities	0	0
Minority interest	0	0
Shareholder's Equity	1,360,764	1,264,845
Paid-in capital	455,123	464,690
Capital revaluation reserve	23,202	11,617
Additional paid-in capital	2,168	1,888
Other reserves	(24,485)	(13,417)
Retained earnings	904,756	800,067
Reserve for future dividends	0	0
Accumulated profits	789,829	668,605
Accumulated loss	0	0
Net income (loss)	137,249	131,462
Interim dividends	(22,322)	0
Deficit from development period	0	0
Total Liabilities	1,926,751	1,841,960

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

Expressed in Millions of Chilean Pesos as of September 30 2007

	2007	2006
Operating Income	6,774	10,566
Gross Margin	139,368	127,669
Revenues	503,327	475,493
Cost of sales	(363,959)	(347,824)
Selling , general and administrative expenses	(132,594)	(117,103)
Non-operating Income	130,535	120,951
Financial income	1,896	2,065
Profit on investments in related companies	150,818	137,367
Other non-operating income	7,663	1,578
Loss on investment in related companies	(940)	(410)
Amortization of goodwill	(617)	(651)
Financial expenses	(16,111)	(13,357)
Other non-operating expenses	(1,191)	(984)
Price-level restatement	(7,946)	(4,139)
Exchange differentials	(3,036)	(518)
Profit Before Income Tax & Extraordinary Items	137,309	131,517
Income Tax	(61)	(54)
Extraordinary Items	0	0
Profit (loss) before minority interest	137,249	131,462
Minority interest	0	0
Net profit (loss)	137,249	131,462
Amortization of negative goodwill	0	0
Profit (loss) in the fiscal year	137,249	131,462

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

	2007	2006
Cash Flows From Operating Activities	97,548	96,404
Collection of trade receivables	645,316	585,705
Financial income received	2,042	2,065
Dividends received	58,337	89,278
Other income received	7,308	2,892
Payments to suppliers and personnel	(605,463)	(566,508)
Interest paid	(2,726)	(6,138)
Income tax payments	(727)	(57)
Other expenses	(1,223)	(993)
VAT and other taxes paid	(5,315)	(9,330)
Cash Flows From Financing Activities	(94,465)	43,999
Proceeds from issuance of common stock	2,374	0
Borrowings from banks	830	0
Proceeds from issuance of bonds	0	160,727
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	0	0
Payment of dividends	(77,203)	(45,752)
Distribution of capita	0	0
Payment of loans	(1,604)	(10,124)
Payment of public liabilities incurred	0	0
Payment of related companies loans	0	0
Payment of other related companies loans	(18,862)	(60,852)
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	0	0
Other payments	0	0
Cash Flows From Investing Activities	(27,098)	(68,368)
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	(24,514)	(26,462)
Payment of interest capitalized	0	0
Purchase of permanent investments	(2,584)	(41,906)
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	(24,015)	72,035
	(778)	(585)
Price-level Restatements of Cash and Cash Equivalents	(24,793)	71,449
Net Increase (Decrease) in Cash and Cash Equivalents	47,234	13,187
Cash and Cash Equivalents at Beginning of Period	22,441	84,637
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 September 30 2007

	2007	2006
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	(125,920)	(109,648)
Depreciation	9,947	8,341
Amortization of Intangibles	27	16
Write-offs and provisions	3,909	5,106
Equity in gains of unconsolidated affiliates	(150,818)	(137,367)
Equity in losses of unconsolidated affiliates	940	410
Amortization of goodwill	617	651
Amortization of negative goodwill	0	0
Price-level restatement	7,946	4,139
Exchange differentials	3,036	518
Other credits to income that do not represent cash flows	(1,525)	0
Other debits to income that do not represent cash flows	0	8,537
Changes in operating assets	103,815	95,713
Receivables	45,362	17,104
Inventories	116	(10,669)
Other current assets	58,337	89,278
Changes in operating liabilities	(17,596)	(21,123)
Trade accounts payable and notes payables relating to operating activities	(24,611)	(24,941)
Taxes to be paid	8,802	7,209
Net income tax	(78)	(57)
Other trade accounts payable relating to operating activities	1,223	993
VAT and other taxes	(2,229)	(3,818)
Income attributable to minority interest	0	0
Net cash provided by operating activities	97,548	96,404



S.A.C.I. Falabella

Address:

Rosas 1665
Santiago, Chile

Contacts:

Juan Guillermo Espinosa F. / Roberto Salas S.
Corporate Planning and Development Division
Phone: (56 2) 380 2007
E-mail: jespinoza@falabella.cl / rosalas@falabella.cl

Website:

www.falabella.com
Click on “Inversionistas” at the page bottom.

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).

S.A.C.I. Falabella assumes no liability for damages, injuries or losses that may result from the interpretation of this report or the evolution of markets, in particular the stock exchange.