

EARNINGS REPORT 4th Quarter 2007

S.A.C.I. FALABELLA



February 2008

Results – Fourth Quarter 2007

Table of Contents

I. EXECUTIVE SUMMARY	3
II. CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31, 2007	4
III. ANALYSIS OF CONSOLIDATED RESULTS	5
IV. MAIN EVENTS IN 2007	7
V. RETAIL INDICATORS	8
VI. OPERATING PROFIT (LOSS) BY BUSINESS UNIT	12
VII. CREDIT INDICATORS	16
VIII. FINANCIAL STRUCTURE	19
IX. STORES AND FLOOR SPACE	20
X. 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 December 31, 2007 and the observed dollar exchange rate for January 2, 2008 (CH\$496.89 per US\$1).
2. Symbols for quarters: 1Q, 2Q, 3Q, and 4Q, as applicable.
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

- ACCUMULATED OPERATING INCOME FROM JANUARY TO DECEMBER 2007 ROSE 28.9%, TO MMCH\$ 303,090 (MMUS\$ 610.0). IN 4Q 2007, OPERATING INCOME TOTALED MMCH\$102,963 (MMUS\$207.2), A GROWTH OF 25.2% COMPARED TO THE PREVIOUS YEAR.
 - NON-OPERATING EARNINGS IN 2007 REACHED A LOSS OF MMCH\$ 35,225 (MMUS\$ 70.9), MAINLY BECAUSE OF AN INCREASE IN THE PRICE-LEVEL RESTATEMENT LOSS. THE LOSS TOTALED MMCH\$ 15,229 IN 4Q 2007 (MMUS\$ 30.6).
 - FALABELLA'S CONSOLIDATED PROFIT ACCUMULATED AS OF DECEMBER 2007 ROSE 2.5%, TO MMCH\$ 217,090 (MMUS\$ 436.9). THE PROFIT PER SHARE WAS THUS CH\$ 90.8 IN THE YEAR.
- Consolidated revenues totaled MMCH\$ 2,835,390 as of December 2007 (MMUS\$ 5,706.3, 15.9% higher than the previous year), driven mainly by the opening of 32 stores¹ in the last 12 months (14 opened in 4Q) and the consolidation of Imperial starting May 1, 2007. Consolidated revenues in 4Q 2007 rose 12.1% to MMCH\$ 788,763 (MMUS\$ 1,587.4).
 - The EBITDA in the 12 months of 2007 grew 28.1% to MMCH\$ 364,701 (MMUS\$ 734.0). It rose 25.2% in 4Q, to MMCH\$ 118,770 (MMUS\$ 239.0). The Adjusted EBITDA² for 4Q was MMCH\$ 127,824 (MMUS\$ 257.2) while it was MMCH\$ 406,267 (MMUS\$ 817.6) for 12M.
 - There was a non-operating loss of MMCH\$ 35,225 (MMUS\$ 70.9) in 2007 as compared to a gain of MMCH\$ 14,760 (MMUS\$ 29.7) in the previous year. The significant drop is due mainly to a negative effect of price-level restatement attributable to inflation, mainly in 3Q and 4Q of 2007. The drop was secondarily due to a reduction in Profits on Investments in Related Companies as a result of the consolidation of Mall Plaza starting 1Q 2007.

Important Note:

Starting in 4Q 2007, the financial statements of Banco Falabella Peru (including the CMR credit card business) began to be recorded as an Investment in Related Company (i.e. does not consolidate). This reclassification is retroactive to the entire year and, therefore, it is presented in this report and in the FECU as an Investment in Related Companies in all of 2006 and 2007.

¹ Includes the opening of 5 Sodimac Colombia, that do not consolidate.

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

II. Consolidated Income Statement as of December 31, 2007

Consolidated Income Statement January – December 2007 (MMCHS)

	2007	% Revenues	2006	% Revenues	Var. 07/06
Revenues	2.835.390		2.446.779		15,9%
COGS (less)	(2.007.982)	-70,8%	(1.763.308)	-72,1%	13,9%
GROSS MARGIN	827.408	29,2%	683.472	27,9%	21,1%
SG&A (less)	(524.318)	-18,5%	(448.291)	-18,3%	17,0%
OPERATING INCOME	303.090	10,7%	235.180	9,6%	28,9%
EBITDA	364.701	12,9%	284.791	11,6%	28,1%
Interest Income	8.437		8.077		4,5%
Profit on investment in related companies	41.570		61.891		-32,8%
Other non-operating income	22.361		10.656		109,9%
Lost on investment in related companies (less)	0		0		n/a
Amortization of goodwill	(16.840)		(15.616)		7,8%
Interest expenses (less)	(43.947)		(32.695)		34,4%
Other non-operating expenses (less)	(10.405)		(7.444)		39,8%
Price-level restatement	(35.030)		(7.748)		352,1%
Exchange differentials	(1.370)		(2.360)		-41,9%
NON-OPERATING PROFIT (LOSS)	(35.225)	-1,2%	14.760	0,6%	-338,7%
PROFIT BEFORE INCOME TAX & EXTRAORD. ITMES	267.866	9,4%	249.940	10,2%	7,2%
INCOME TAX	(31.106)		(34.963)		-11,0%
MINORITY INTEREST	(19.673)		(3.241)		506,9%
NET PROFIT (LOSS)	217.087		211.736		2,5%
Amortization of negative goodwill	3		3		0,5%
PROFIT (LOSS) IN THE FISCAL YEAR	217.090	7,7%	211.739	8,7%	2,5%
Adjusted EBITDA³	406.270	14,3%	346.681	14,2%	17,2%

Consolidated Income Statement October-December 2007 (MMCHS)

	4Q 2007	% Revenues	4Q 2006	% Revenues	Var. 07/06
Revenues	788.763		703.401		12,1%
COGS (less)	(545.279)	-69,1%	(500.826)	-71,2%	8,9%
GROSS MARGIN	243.485	30,9%	202.575	28,8%	20,2%
SG&A (less)	(140.522)	-17,8%	(120.356)	-17,1%	16,8%
OPERATING INCOME	102.963	13,1%	82.219	11,7%	25,2%
EBITDA	118.770	15,1%	94.895	13,5%	25,2%
Interest Income	2.848		3.286		-13,3%
Profit on investment in related companies	9.058		17.596		-48,5%
Other non-operating income	2.648		2.479		6,8%
Lost on investment in related companies (less)	0		11		-100,0%
Amortization of goodwill	(3.513)		(3.819)		-8,0%
Interest expenses (less)	(11.666)		(9.864)		18,3%
Other non-operating expenses (less)	(2.780)		(1.834)		51,6%
Price-level restatement	(13.759)		3.841		-458,2%
Exchange differentials	1.936		498		288,6%
NON-OPERATING PROFIT (LOSS)	(15.229)	-1,9%	12.195	1,7%	-224,9%
RESULTADO ANTES DE IMP. A LA RENTA E ITEMES EXT.	87.734	11,1%	94.414	13,4%	-7,1%
INCOME TAX	(2.832)		(15.654)		-81,9%
MINORITY INTEREST	(8.081)		(1.376)		487,2%
NET PROFIT (LOSS)	76.820		77.383		-0,7%
Amortization of negative goodwill	1		1		42,7%
PROFIT (LOSS) IN THE FISCAL YEAR	76.821	9,7%	77.384	11,0%	-0,7%
Adjusted EBITDA³	127.828	16,2%	112.502	16,0%	13,6%

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

III. Analysis of Consolidated Results

Operating Profit (Loss)

The consolidated operating income for 4Q 2007 rose 25.2%, to MMCH\$ 102,963 (MMUS\$ 610.0). This represents 13.1% of sales, 136 basis points higher than the previous year.

Operating income rose 28.9% in 12M 2007, to 10.7% of revenues, i.e. 108 basis points above the previous year. Approximately 20% of this 28.9% growth came from the consolidation of Mall Plaza.

Revenues

Revenues rose 12.1% in 4Q 2007, to MMCH\$ 788,763 (MMUS\$ 1,587.4).

Cumulative revenues were MMCH\$ 2,835,390 (MMUS\$ 5,706.3) as of December 31, 2007, or a 15.9% growth compared to the previous year. This growth came partially from the consolidation of Mall Plaza and Imperial and from the growth in revenues in all business units, particularly San Francisco Supermarkets (+28.4%), Sodimac Chile (+17.8%), Consolidated Peru (+14.0%) and Falabella Colombia.

Gross Margin

The gross margin rose 207 basis points in 4Q 2007 as a percentage of sales, totaling MMCH\$ 243,485 (MMUS\$ 490.0), 20.2% higher than the previous year.

On a cumulative basis through December, it grew 125 basis points over revenues, totaling 29.2% of sales or MMCH\$ 827,408 (MMUS\$ 1,665.2). 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 sales. Of note is the increase in the gross margin of Department Stores in Chile, mainly due to the optimized planning of stock which expected a moderation in consumption.

Selling, General and Administrative Expenses (SGA)

During 4Q 2007, expenses rose from 17.1% to 17.8% as a percentage of sales. On a cumulative basis through December 31, 2007, SGA totaled MMCH\$ 524,318 (MMUS\$ 1,055.2), going from 18.3% in 2006 to 18.5% in 2007. This increase is largely caused by the impact of store openings, principally in San Francisco Supermarkets, Peru and Sodimac Argentina.

Non-Operating Profit (Loss)

During 4Q 2007, there was a non-operating loss of MMCH\$ 15,229 (MMCH\$ 27,424 worse than the previous year). On a cumulative basis through December 2007, this loss totaled MMCH\$ 35,225 (MMUS\$70.9) as compared to a profit of MMCH\$ 14,760 (MMUS\$29.7) in the same period in 2006. The change from one year to the next can be explained as follows:

- Price-level restatement: during 2007, the loss increased by MMCH\$ 27,281, 352% higher than compared to the same period in the previous year. The loss was due to the high inflation index in Chile in 2007 (7.8% compared to 2.6% for the same period in the previous year) that had a direct effect on the valuation of equity and non-monetary liabilities. This loss does not represent cash flow. Moreover, starting January 2009 price-level restatement will cease to apply in our financial statements when International Financial Reporting Standards (IFRS) come into force.
- During 2007, the profit/loss on investment in related companies fell 32.8% in terms of the profit recognized by Falabella. This effect can be explained mainly by the combination of the following investments in related companies:
 - Mall Plaza consolidation⁴: the recognized profit is no longer accounted for in this line and was therefore reduced 100%.
 - Mall Plaza Vespucio: the recognized profit rose by MMCH\$ 992 during 12M 2007, 17.4% higher than the previous year.
 - Banco Falabella: dropped 22.6% in 12M 2007, to MMCH\$ 15,093, mainly because of the increase in price-level restatement loss and an increase in non performing loans.
 - Farmacias Ahumada: fell 2.15% in 2007, making the recognized profit MMCH\$ 1,482.
 - Sodimac Colombia: the recognized profit fell by MMCH\$ 2,629 during 12M 2007, i.e. -41.0%, to MMCH\$ 3,781. This reduction came mainly from the non-operating loss that resulted from price-level restatement and exchange differentials, and an increase in Interest Expense.
- Interest Expense: Interest expense rose by MMCH\$ 11,252, 34.4% higher in 2007. The increase was mainly due to an increase in the average financial debt kept in the period as a result of the issue of the series E and F bonds and to the consolidation of Mall Plaza, which contributed a significant portion of debt.

The foregoing was partially offset by changes in:

- Other non-operating income and expenses: the increase in Non-Operating Income and Expenses amounted to MMCH\$ 8,744 in 2007, totaling MM\$ 11,956 in the year. The increase came mainly from extraordinary income related to the Falabella Store in Mall La Dehesa (1Q 2007) and in Valdivia.

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.

IV. Main Events in 2007

4Q 2007

- **Investment Plan:** The Falabella Group investment plan was announced, totaling more than MMUS\$ 2,500 for the period 2008-2011. This plan entails in that period:
 - Investment of more than MMUS\$ 1,600 in stores and more than MMUS\$ 900 in malls.
 - An increase of nearly 90% in the number of stores in the 4 current countries.
 - An increase above 90% in the square meters of floor space.
- **Openings in 4Q 2007:**
 - Chile: a Falabella store was opened in Punta Arenas, a Sodimac store in Linares, and a Tottus supermarket in Colina.
 - Peru: 1 SAGA Falabella store was opened, 3 Sodimac stores, 4 Tottus Hypermarkets, 1 Power Center and 1 Mall Plaza Aventura in the city of Trujillo.
 - Colombia: 1 Falabella store was opened in Medellin and 1 Sodimac store in Cartagena.
 - Argentina: a third Falabella store was opened on Florida Street, specializing in household appliances and footwear.

2007

- Investments exceeded MMUS\$600. This was the result of an increase of more than 21% in the number of stores (26% in floor space), the consolidation of systems by the implementation of the technology excellence plan, the continuous development of our distribution centers, the acquisition of 60% of Imperial, and an increase to a share of 64.5% in property of Mall Plaza (excluding Plaza Vespucio).
- 32 stores were inaugurated in the 4 countries during the year: 10 Falabella stores, 13 Sodimac stores, 9 Tottus Hypermarkets.
- 43 retail finance offices were opened (CMR Falabella + Banco Falabella + Falabella Pro + Viajes Falabella) in 2007, totaling 400 in four countries.
- Sodimac began construction of stores to be opened in Argentina during 2008. The first store was opened in February 2008 in Buenos Aires.
- The Shareholders Meeting approved a capital increase of 250 million shares in order to accelerate the investment plan and have alternative resources for potential growth opportunities in new businesses and markets (April).
- SACI Falabella announced a merger agreement between the shareholders of Falabella and D&S (May).
- An agreement was announced to develop Mall Plaza in Peru. The first mall was opened in November 2007 in Trujillo. 3 new malls are scheduled to be opened over the next 2 years.
- Banco Falabella Peru and Falabella TV were launched in Peru.
- The CMR Web Pay, CMR Mobile Pay and Falabella Pro web sites were launched.

Recent Events (1Q 2008)

- The Chilean Antitrust Court decided not to approve the Falabella/D&S merger at the end of January 2008.
- 1Q 2008 Openings:
 - The first Sodimac store was inaugurated in Argentina (Feb 2008). The opening of 3 other stores in 2008 was announced at the same time.
 - 2 new stores were opened in Lima (1 Tottus, 1 Sodimac, Feb 2008).
 - A Sodimac Chile distribution center in Coronel is expected begin operations in March.

V. Retail Indicators

1. Revenues from the Retail Businesses

Retail Revenue 2007 (MUS\$)⁵

(Adjusted Chilean pesos converted to USD at the observed e/r for January 2, 2008)

	2007	2006	Var. 07/06
Department Stores - Chile	1.481.287	1.426.143	3,9%
Home Improvement - Chile ⁶	1.952.644	1.657.214	17,8%
Supermarkets - Chile	512.207	398.867	28,4%
Retail - Peru (Saga, Sodimac & Tottus)	723.342	635.582	13,8%
Department Stores - Argentina	246.080	231.924	6,1%
Retail - Colombia (Falabella & Sodimac)	583.264	404.788	44,1%

Retail Revenue 4Q 2007 (MUS\$)⁵

(Adjusted Chilean pesos converted to USD at the observed e/r for January 2, 2008)

	4Q 2007	4Q 2006	Var. 07/06
Department Stores - Chile	446.048	448.153	-0,5%
Home Improvement - Chile ⁶	545.183	458.810	18,8%
Supermarkets - Chile	148.793	127.577	16,6%
Retail - Peru (Saga, Sodimac & Tottus)	210.662	201.456	4,6%
Department Stores - Argentina	70.365	73.088	-3,7%
Retail - Colombia (Falabella & Sodimac)	161.617	130.287	24,0%

Same-Store Sales (SSS) Growth⁷

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

	1Q 2007	1S 2007	9M 2007	2007
Department Stores - Chile	7,6%	5,6%	3,1%	1,2%
Home Improvement - Chile ⁸	7,9%	8,2%	6,4%	6,1%
Supermarkets - Chile	2,2%	1,4%	-0,1%	-2,0%
Retail - Peru (Saga, Sodimac y Tottus)	4,9%	8,6%	7,7%	7,4%
Department Stores - Argentina	17,8%	9,2%	9,8%	9,3%

Chile Department Stores

Revenues fell 0.5% during 4Q 2007 compared to the previous year, totaling MM\$ 221,636 (MMUS\$ 446.0). This drop in comparison to previous quarters was caused by a more restrictive inventory policy in view of the expected moderation in consumption, which had a positive effect on the gross margin but a negative effect on sales. The cumulative revenues as of December 31, 2007, totaled MM\$ 736,037, 3.9% higher than the previous year, driven mainly by the 3.6% increase in sales area and 7.3% in the average sales ticket.

⁵Excludes revenue from the credit business.

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

⁷All 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.

⁸Sodimac SSS does not include Imperial stores

Chile Home Improvement

The growth in revenues in 4Q 2007 was 18.8%, totaling MM\$ 270,896 (MMUS\$545.2). The total cumulative revenues as of December 31, 2007 was MM\$ 970,249, 17.8% higher than the same period in the previous year. 7.6% of this growth came from the consolidation of Imperial stores and 10.2% from the growth in sales of Sodimac stores, which were driven by the SSS growth of 6.1% and an increase in floor space of 18.6% (including the new Imperial stores).

Chile Supermarkets

Revenues rose 16.6% during 4Q 2007, totaling MM\$ 73,934 (MMUS\$ 148.8). The cumulative growth in revenues as of December 2007 was MM\$ 254,511 (MMUS\$ 512.2), a 28.4% 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 48% in floor space.

Peru

The rise in the revenues from the retail business in Peru during 4Q 2007 (encompassing Saga Falabella, Sodimac and Tottus) was 4.6%, less than the cumulative figure of September, the result of exchange differentials caused by the dollar depreciation. The growth in revenues in historic dollars was 20.3%. As of December 2007 revenues growth reached 13.8% (31% in historic dollars). The increase was driven mainly by the growth in same-store sales of 7.4% and by the opening of 11 stores in the last 12 months that resulted in an increase of 48% in floor space.

Argentina

Retail revenues in 4Q 2007 fell 3.7%, mainly because of the effect of the exchange rate and price-level restatement when translated into Chilean pesos. If these effects are eliminated, the 4Q growth was 10.8%. At the close of 2007, cumulative growth was 6.1% (22.1% in historic dollars), due partially to a SSS growth of 9.3%, plus the revenues earned in the opening of Florida III.

Colombia

The revenues of Sodimac and Falabella Colombia rose 24.0% in the aggregate during 4Q 2007. It was 44.1% on a cumulative basis as of December 2007. This growth came from opening 5 Sodimac stores and two Falabella stores. Growth in historic dollars was 42.7% in 4Q and 65.8% on a cumulative basis for 2007.

2. Number of Stores and Floor Space⁹

Sales Area	2007		2006	
	Area (m ²)	Stores	Area (m ²)	Stores
Department Stores - Chile	202.249	37	195.207	36
Home Improvement - Chile ⁹	494.360	62	416.762	56
Supermarkets - Chile	86.747	21	58.518	16
Department Stores - Perú	76.081	14	66.123	11
Supermarkets - Perú	52.485	8	30.335	4
Home Improvement - Perú	58.821	7	30.141	3
Department Stores - Argentina	42.295	8	39.817	6
Department Stores - Colombia	27.865	3	10268	1
Home Improvement - Colombia	156.207	15	106.535	10
Total	1.197.109	175	953.706	143

Note: At the close of 2007, the square meters of floor space were recounted in all businesses of the Falabella Group, by country. Hence, there may be some differences compared to previous releases.

Chile Department Stores

4 new stores were opened in Chile in 2007 and approximately 7,042 square meters of floor space were added. This came from the opening of the stores in Valdivia (4,534 m², June 2007, in replacement of the old 2,817 m² store), Melipilla (3,723 m², June 2007), Punta Arenas (5,349 m², Nov 2007); from the conclusion of the remodeling of the Paseo Ahumada store (measuring 9,436 m²); and to the closing of the Downtown Antofagasta Falabella store (8,344 m², Jan 2007).

Chile Home Improvement

4 Home Improvement stores were opened while the net floor space rose by approximately 77,600 m² during 2007. Stores were opened in 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), Punta Arenas (8,192 m², Aug-07, in replacement of the old store of 3,313 m²), and Linares (7,040 m², Nov 2007). The Valdivia (to 8,288 m²) and El Trebol (to 14,456 m²) stores were also enlarged.

Moreover, floor space 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 2007 and the net floor space rose by approximately 28,230 m²: Tottus Puente Alto II (4,580 m², Jan-07), Tottus La Florida (4,971 m², Mar-07), Tottus Megacenter (7,200 m², Jul-07), Tottus Downtown Antofagasta (5,583 m², Sept-07) and Tottus Colina (4,818 m², Oct-07). The Tottus Peñaflor hypermarket was also enlarged (+1,076 m², Dec-07).

⁹Includes Imperial stores starting from May 1st, 2007. 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

11 new stores were opened in Peru in 2007 while the floor space rose by approximately 60,788 m². This was due mainly to the opening of 3 SAGA Falabella stores (increase of 9,958 m² of floor space), 4 Sodimac stores (increase of 28,680 m² of floor space) and 4 Tottus hypermarkets (increase of 22,150 m² of floor space).

Colombia

Finally, in Colombia, 7 new stores were opened in 2007 and the floor space rose by approximately 67,269 m². The new department stores were Falabella Suba (8,597 m², Apr-07) and Falabella San Diego in Medellin (9,000 m², Nov-07). The new Sodimac stores were: HC Cali North (13,500 m², Feb-07), HC Suba (6,172 m², Mar-07), HC Soacha (7,500 m², Jun-07), HC Ibague (9,500 m², Jul-07) and HC Cartagena (13,000 m², Nov-07).

3. Inventories¹⁰

Days in Inventory

	2006	1Q 2007	1S 2007	9M 2007	2007
Department Stores - Chile	81	86	76	74	78
Home Improvement - Chile	78	65	75	81	76
Supermarkets - Chile	34	35	32	34	33
Department Stores - Peru	93	107	85	89	88
Home Improvement - Peru	144	151	107	118	158
Supermarkets - Peru	40	35	37	43	56
Department Stores - Argentina	82	109	94	130	128

The days in inventory have decreased an average of 4% for the three businesses in Chile and the Peru Department Stores. The decrease for Chile Department Stores is the mainly the product of an improved imported product plan and a reduction in products for clearance sales periods.

The increase in Argentina Department Stores stems from the fact that it also includes Sodimac's inventory in that country. The Sodimac pre-opening start up began approximately one year ago and the first store was opened in February 2008.

Peru Home Improvement and Supermarkets increased days in inventory, mainly because of the stock accumulated due to the increase in the number of stores being opened.

¹⁰Days in Inventory = Inventories at the end of the period divided by the cumulative sales cost expressed in days.

VI. Operating Profit (Loss) by Business Unit

1. Chile Department Stores

(Individual FECU for SACI Falabella)

Department store operating income grew 22.2% in 4Q 2007, to MMUS\$ 56.4, despite a slight drop in revenues. This was due mainly to a better handling of stock and a reduction in inventory shrinkage. Expenses also fell because of an optimization in operating expenses.

As of December 31, 2007, the cumulative operating profit was MMUS\$ 70.3, 3.6% higher than the previous year. This growth was due largely to an increase in the 4Q profit.

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

	4Q'07	4Q'06	Crec. %	2007	2006	Crec. %
Revenues	446,0	448,2	-0,5%	1.481,3	1.426,1	3,9%
Costs	-67,1%	-68,8%	-2,9%	-70,8%	-71,8%	2,4%
Gross Margin	32,9%	31,2%	4,8%	29,2%	28,2%	7,6%
SGA w/o depreciation	-18,7%	-19,5%	-4,2%	-22,7%	-21,8%	8,0%
EBITDA	14,1%	11,7%	19,8%	6,6%	6,4%	6,5%
Depreciation + Amortization	-1,5%	-1,4%	2,6%	-1,8%	-1,7%	14,8%
Operating Profit (Loss)	12,6%	10,3%	22,2%	4,7%	4,8%	3,6%

2. Chile Home Improvement¹¹

Sodimac Chile's operating income was MMUS\$ 33.5 during 4Q 2007, 0.3% below the same period in the previous year. The drop of 118 basis points was due to several factors: first, the consolidation of Imperial starting in May 2007, which has a lower operating margin than Sodimac; second, a drop in the gross margin on imported products; and lastly, a more aggressive pricing policy.

On a cumulative basis for 2007, the operating income totaled MMUS\$ 110.6, 9.7% higher than in 2006. This was the result of a growth above 16% in sales to contractors, a growth above 9% in retail sales, and the consolidation of Imperial starting May 1, 2007.

Sodimac Chile (MMUS\$ and percentage of sales)

	4Q'07	4Q'06	Crec. %	2007	2006	Crec. %
Revenues	545,2	458,8	18,8%	1.952,6	1.657,2	17,8%
Costs	-73,2%	-72,2%	20,4%	-73,2%	-73,3%	17,7%
Gross Margin	26,8%	27,8%	14,8%	26,8%	26,7%	18,2%
SGA w/o depreciation	-19,2%	-19,1%	19,2%	-19,7%	-19,3%	20,9%
EBITDA	7,6%	8,6%	4,9%	7,0%	7,4%	11,4%
Depreciation + Amortization	-1,5%	-1,3%	34,4%	-1,4%	-1,4%	19,1%
Operating Profit (Loss)	6,1%	7,3%	-0,3%	5,7%	6,1%	9,7%

¹¹ Includes sales by Imperial stores starting May 1, 2007.

3. Chile Supermarkets

The operating income of San Francisco Supermarkets fell in 4Q 2007, to MMUS\$ 0.6. The opening of 5 stores in 2006 and another 5 in 2007 allowed a significant sales growth, but at the same time, it had an adverse impact on operating expenses because of the pre-opening costs and the sales maturation period.

Operating income for 2007 totaled MMUS\$ 5.3, below the previous year. The decrease was the product of a rise of 288 basis points in SGA expenses as a percentage of revenues, the consequence of starting up 10 new stores in the last 24 months.

Chile Supermarkets (MMUS\$ and percentage of sales)

	4Q'07	4Q'06	Crec.%	2007	2006	Crec.%
Revenues	148,8	127,6	16,6%	512,2	398,9	28,4%
Costs	-78,4%	-78,9%	16,0%	-79,2%	-79,2%	28,5%
Gross Margin	21,6%	21,1%	19,2%	20,8%	20,8%	28,3%
SGA w/o depreciation	-18,9%	-16,8%	30,8%	-17,3%	-15,4%	44,3%
EBITDA	2,7%	4,3%	-26,7%	3,5%	5,4%	-17,6%
Depreciation + Amortization	-2,3%	-0,5%	406,2%	-2,4%	-1,4%	114,6%
Operating Profit (Loss)	0,4%	3,8%	-86,5%	1,0%	3,9%	-66,1%

4. International Operations

During 4Q 2007, operating income of the international businesses that are consolidated (Argentina, Peru and Colombia)¹² totaled MMUS\$ 28.5, which meant a growth of 14.4% compared to the previous year. International businesses that are consolidated thus accounted for 13.8% of the consolidated operating income of SACI Falabella for 4Q 2007. In the FECU statements of SACI Falabella, this international business growth is reduced by the depreciation in the American dollar in the past year and by price-level restatement when translated to Chilean pesos. If historic dollars are used, international business operating income rose 31.7% in 4Q 2007.

During 2007, cumulative operating income of the international businesses accounted for 9.7% of the consolidated income of SACI Falabella, totaling MMUS\$ 59.2, 39.8% better than the same period in the previous year (60.9% higher when using historic dollars). When Colombia is excluded (which is in a period of development), the operating income of international operations would have been 10.2% of the consolidated operating income of SACI Falabella.

¹² Excluding Sodimac Colombia.

Peru¹³

Consolidated operating income from Peru was MMUS\$ 21.4 in 4Q 2007, a growth of 5.9%. When put in historic dollars, operating income rose 21.8%. This significant increase came mainly from the opening of 11 new stores in the year and a better gross margin as a result. Operating income closed 2007 at MMUS\$ 53.7, 30.5% better than the previous year. In historic dollars, this growth was 50.1%.

Peru Consolidated (MMUS\$ and percentage of income)

	4Q'07	4Q'06	Crec.%	2007	2006	Crec.%
Revenues	213,0	204,8	4,0%	750,2	658,0	14,0%
Costs	-69,9%	-71,9%	1,1%	-72,1%	-73,1%	12,4%
Gross Margin	30,1%	28,1%	11,3%	27,9%	26,9%	18,4%
SGA w/o depreciation	-19,7%	-17,8%	15,2%	-18,6%	-18,1%	17,3%
EBITDA	10,4%	10,3%	4,5%	9,3%	8,8%	20,6%
Depreciation + Amortization	-0,3%	-0,4%	-26,6%	-2,2%	-2,6%	-3,3%
Operating Profit (Loss)	10,1%	9,9%	5,9%	7,2%	6,3%	30,5%

Argentina

The consolidated operating income of Argentina was MMUS\$ 4.2 in 4Q 2007, a drop of 46.3% compared to the same quarter in the previous year. The fall is due to a rise in SGA expenses because of the start-up of Sodimac Argentina, which opened its first store in February 2008.

The cumulative operating income as of December 2007 was MMUS\$ 8.6 in 2007, compared to a profit of MMUS\$ 11.8 the previous year, i.e, a 26.9% decrease. As in the 4Q, the drop is the result of expenses of starting up Sodimac Argentina.

Argentina Consolidated (MMUS\$ and percentage of income)

	4Q'07	4Q'06	Crec.%	2007	2006	Crec.%
Revenues	74,5	76,7	-2,8%	263,0	245,6	7,1%
Costs	-64,8%	-64,5%	-2,5%	-66,0%	-66,3%	6,6%
Gross Margin	35,2%	35,5%	-3,4%	34,0%	33,7%	8,0%
SGA w/o depreciation	-28,7%	-24,1%	15,8%	-28,8%	-26,4%	17,1%
EBITDA	6,5%	11,4%	-44,2%	5,2%	7,4%	-24,5%
Depreciation + Amortization	-1,0%	-1,3%	-27,1%	-1,9%	-2,6%	-20,0%
Operating Profit (Loss)	5,6%	10,1%	-46,3%	3,3%	4,8%	-26,9%

¹³ The operating income provided in this section excludes the operations of Banco Falabella Peru in all periods, whether quarterly or annual. Starting with this release, the operating income of this bank will be shown as a profit on the investment in related companies.

5. Mall Plaza (considers only Malls that consolidate)

The operating profit totaled MMUS\$ 31.3 in 4Q 2007, 12.8% higher than the past year. On a cumulative basis in 2007, operating income grew 24.4%, to MMUS\$ 96.7. The rise in the cost of sales was the mainly the product of the start-up of Mall Plaza Antofagasta at the end of 2006.

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

	4Q'07	4Q'06	Crec.%	2007	2006	Crec.%
Revenues	45,0	42,4	6,2%	161,4	127,1	27,0%
Costs	-17,9%	-19,0%	-0,1%	-22,7%	-21,2%	36,0%
Gross Margin	82,1%	81,0%	7,6%	77,3%	78,8%	24,6%
SGA	-12,65%	-15,64%	-14,1%	-17,41%	-17,64%	25,3%
Operating Profit (Loss)	69,5%	65,3%	12,8%	59,9%	61,2%	24,4%
EBITDA	74,6%	69,7%	13,6%	65,6%	67,3%	23,8%

Note: Depreciation is recorded in the cost line.

6. Sociedad de Rentas Falabella (SRF)

During 4Q 2007, the operating profit was MMUS\$ 6.1, a 25.2% rise as compared to the 4Q in the previous year. As of December 2007, operating income grew 18.8%, amounting to MMUS\$ 28.7.

VII. Credit Indicators

1. CMR Card Sales

	Cumulative Percentage of Sales using CMR ¹⁴				
	2006	1Q 2007	1S 2007	9M 2007	2007
Department Stores - Chile	65,3%	63,0%	65,0%	65,4%	65,3%
Home Improvement - Chile	31,0%	29,8%	30,3%	30,4%	30,3%
Supermarkets - Chile	12,8%	14,7%	15,6%	16,4%	16,9%
Department Stores - Peru	68,1%	67,1%	67,8%	67,7%	67,4%
Supermarkets - Peru	52,7%	54,0%	54,0%	53,8%	52,4%
Home Improvement - Peru	41,4%	41,3%	39,8%	38,8%	37,1%
Department Stores - Argentina	38,2%	40,9%	41,6%	42,9%	42,5%

The CMR card began to be used in Colombia in October 2005. At the close of 2007, there were 310,612 active CMR cards in Colombia. The percentage of card sales in the Sodimac stores totaled 12.0% and it was already 30.6% in the three Falabella stores inaugurated in November 2006, April 2007 and November 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	721.506

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	-28.571

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%	3,96%

d. Cummulative 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	31.325

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. For Sodimac Chile, the calculation includes retail and wholesale sales. If we only consider retail sales, the cumulative penetration was 36.5% in 2007.

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	524.265

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	-17.728

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%	3,38%

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	17.162

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 121 days.

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	360.529

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	-21.053

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%	5,84%

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	8.601

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 1.84%.

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	72.332

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	-2.181

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%	3,03%	3,02%

d. Cummulative Net Write-offs (Nominal MUS\$)				
	1Q	2Q	3Q	4Q
2005	-65	-167	-260	-319
2006	-32	-116	-193	-290
2007	-49	-83	-85	-60

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	90.060

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	-3.453

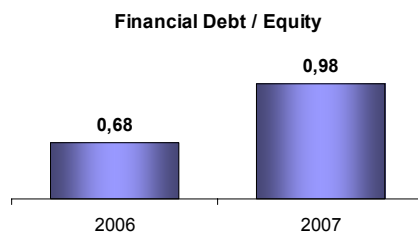
c. Provisions/Loans				
	1Q	2Q	3Q	4Q
2005				0,84%
2006	1,33%	2,52%	3,59%	3,27%
2007	3,23%	3,11%	3,40%	3,83%

d. Cummulative Net Write-offs (Nominal MUS\$)				
	1Q	2Q	3Q	4Q
2005				0
2006	0	0	94	603
2007	506	1.051	1.672	2.312

Note: Write-offs are net of recoveries

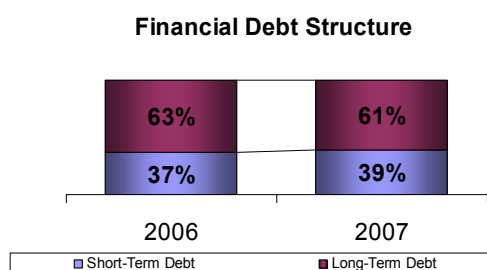
VIII. Financial Structure

1. Financial Debt-to-Equity Ratio as of December 31, 2007

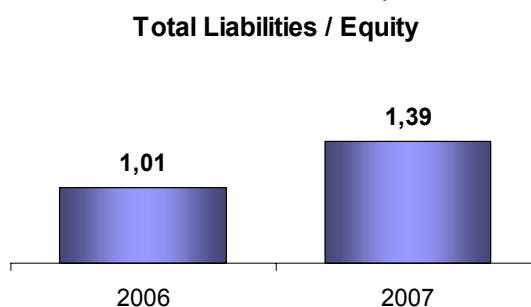


Note: Total Financial Debt as of December 31, 2007 = MMUS\$1,430,597 (MMUS\$2,879.1). It includes the credit business debt. As of 1Q 2007, it also included the financial debt of the Malls Plaza that are consolidated with Falabella.

2. Financial Debt Structure as of December 31, 2007

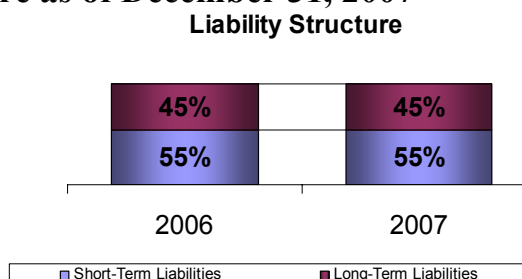


3. Liabilities/Equity Ratio as of December 31, 2007



Note: Liabilities totaled MMCH\$2,034,298 as of December 31, 2007 (MMUS\$4,094.1) 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 December 31, 2007



IX. Stores and Floor Space

1. Chile Department Stores (m² of floor space)

The recount of floor space mainly impacted the Falabella stores in Calama and Alto Las Condes (adding 625 and 404 m², respectively). The Puerto Montt store added a fourth floor in April 2006 (adding 1,396 m²), that was not previously reported.

N°	Store	Selling Space	Opening
1»6	Paseo Ahumada	9.436	Oct-1889
7	Barros Arana	6.051	May-62
8	Parque Arauco	12.190	Oct-83
9	Temuco	5.307	May-86
10	Viña del Mar	5.136	Sep-87
11	Plaza Vespucio	9.027	Aug-90
12	Lyon	7.837	Feb-92
13	Rancagua	5.647	Feb-92
14	Calama	6.179	May-93
15	Alto Las Condes	9.874	Oct-93
16	Plaza Oeste	10.869	Nov-94
17	Plaza del Trébol	6.325	Apr-95
18	Osorno	3.475	Oct-95
19	Chillán	4.659	Sep-96
20	Talca	5.132	May-97
21	Copiapó	3.508	Mar-98
22	Plaza Tobalaba	7.192	Nov-98
23	La Serena	4.963	Nov-98
24	Valparaíso	5.565	Feb-99
25	Curicó	3.905	Sep-00
26	Iquique	5.296	Sep-00
27	Puerto Montt	5.946	Jul-01
28	Quilpué	4.543	Sep-01
29	Plaza Los Angeles	5.158	Mar-03
30	Plaza Norte	5.677	Nov-03
31	Paseo Puente	7.771	Oct-05
32	La Dehesa	7.904	Nov-05
33	Antofagasta Mall	9.164	Oct-06
34	La Calera	4.907	Nov-06
35	Valdivia	4.534	Jun-07
36	Melipilla	3.723	Jun-07
37	Punta Arenas	5.349	Nov-07

TOTAL	202.249
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- Other minor stores:

1	Expo Arica	132
2	Expo San Fernando	440
3	Expo Pucón	1.584
3	Expo Castro	176
4	Bodega Rosas, Stgo.	4.456

TOTAL	6.788
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2. Tiendas Sodimac Chile (m² of floor space)

The floor space varied in few stores after the recount at year-end. The greatest changes were for: Co Antofagasta (+2,101 m²), HC Osorno (+ 704 m²), and HC Chillan (+ 334 m²), due mainly to remodeling not previously recorded.

N°	Store	Selling Space	Opening
1	HC Valdivia	8.288	Jan-82
2	HC Temuco	8.654	Jan-82
3	HC Talca	7.908	Jan-82
4	HC Pto.Montt	9.514	Jan-82
5	HC Los Angeles	4.698	Jan-82
6	HC La Serena	12.545	Jan-82
7	HC Copiapó	5.494	Jan-82
8	HC Calama	6.705	Jan-82
9	HC Arica	8.747	Jan-82
10	Co Viña del Mar	4.517	Jan-82
11	Co Valparaíso	668	Jan-82
12	Co Vallenar	3.621	Jan-82
13	Co Talcahuano	1.813	Jan-82
14	Co Rancagua	1.783	Jan-82
15	Co Maipú	4.306	Jan-82
16	Co Castro	335	Jan-82
17	HC Concepción	4.669	Jun-87
18	HC Las Condes	8.761	Mar-88
19	Co Vic. Mackenna	2.949	Jan-92
20	Co Antofagasta	9.056	Jan-92
21	HC Viña del Mar	7.318	Oct-92
22	Co Cantagallo	5.870	Jan-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 Maipu	14.044	Jul-98
30	HC Plaza Vespucio	11.433	Aug-98
31	HC El Trébol	14.456	Nov-98
32	HC Plaza Oeste	14.696	Dec-98
33	Co Reñaca Alto	7.656	Dec-98
34	HC Parque Arauco	10.777	Oct-99
35	HC Plaza Concepción	11.343	Dec-99
36	HC La Reina	13.207	Apr-02
37	HC Ñuble	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	Apr-03
41	HC Huechuraba	11.630	Nov-03
42	HC Villarrica	6.530	Feb-04
43	HC Osorno	8.545	Jul-05
44	HC Angol	4.214	Sep-05
45	HC Chillan	8.781	Dec-05
46	HC Coyhaique	5.740	Jan-06
47	HC Curico	8.012	Mar-06
48	HC Coquimbo	5.882	Mar-06
49	HC La Calera	8.030	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	Apr-07
54	HC Punta Arenas	8.192	Aug-07
55	HC Linares	7.040	Nov-07

TOTAL	454.533
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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
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2 San Francisco Supermarkets - Chile (m² of floor 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	3.926	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	Dec-05
12	Tottus Nataniel	4.296	Mar-06
13	Tottus La Calera	3.511	Jul-06
14	Tottus Fontova	4.591	Sep-06
15	Tottus Mall Antofagasta	5.180	Sep-06
16	Tottus Plaza Oeste	5.149	Dec-06
17	Tottus Puente Alto II	4.580	Jan-07
18	Tottus La Florida	4.971	Mar-07
19	Tottus Megacenter	7.200	Jul-07
20	Tottus Antofagasta Centro	5.584	Sep-07
21	Tottus Colina	4.818	Oct-07

TOTAL	86.747
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3. Peru¹⁵

i) Department Stores (m² of floor 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	5.009	Oct-05
11	Megaplaza	9.096	Oct-06
12	Cajamarca	998	Mar-07
13	Ica	660	May-07
14	Trujillo Mall	7.000	Nov-07

TOTAL	76.081
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ii) Home Improvement (m² of floor space)

N°	Store	Selling Space	Opening
1	Sodimac San Miguel	11.728	2004
2	Sodimac Megaplaza	9.998	May-05
3	Sodimac Atocongo	8.300	Apr-06
4	Sodimac Javier Prado	8.257	Mar-07
5	Sodimac Chiclayo	7.626	Nov-07
6	Sodimac Trujillo Mall	7.724	Nov-07
7	Sodimac Ica Constructor	5.189	Nov-07

TOTAL	58.821
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iii) Supermarkets (m² in floor 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	Apr-06
5	Tottus Chorrillos	5.300	Nov-07
6	Tottus Chiclayo	5.800	Nov-07
7	Tottus Trujillo Mall	6.700	Nov-07
8	Tottus Quilca	4.350	Dec-07

TOTAL	52.485
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¹⁵ The downtown Lima store includes the Lima La Merced store (just household appliances).

4. Argentina Department Stores (m² of floor space)

N°	Store	Selling Space	Opening
1	Mendoza	5.456	Mar-93
2	Rosario	5.905	Dec-94
3	Córdoba	6.219	May-97
4	San Juan	2.640	Oct-97
5	Buenos Aires (Unicenter)	10.597	Mar-99
6»8	Buenos Aires (Florida)	11.478	Nov-07
TOTAL		42.295	

5. Colombia

i) Department Stores (m² of floor space)

N°	Store	Selling Space	Opening
1	Santa Fe	10.268	Nov-06
2	Suba	8.597	Apr-07
3	San Diego	9.000	Nov-07
TOTAL		27.865	

ii) Home Improvement (m² of floor 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
15	HC Cartagena	13.000	Nov-07
TOTAL		156.207	



X. 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 December 31 2007

	2007	2006
ASSETS		
Current Assets	1.466.016	1.281.410
Cash	62.637	48.264
Time deposits	7.952	6.562
Marketeable securities	7.942	39.279
Trade receivables	805.420	691.123
Notes receivables	41.546	29.915
Other receivables	37.163	33.697
Notes and accounts receivable from related parties	27.167	34.984
Inventories	390.324	343.149
Recoverable taxes	42.317	28.473
Prepaid expenses	22.789	11.611
Deferred income taxes	16.444	11.303
Other current assets	4.315	3.051
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	1.293.235	756.416
Land	297.298	184.209
Buildings and infrastructure	614.561	328.849
Machinery and equipment	163.084	138.329
Other property, plant and equipment	584.862	409.261
Technical reappraisal of property, plant and equipment	1.866	1.864
Accumulated depreciation	(368.437)	(306.096)
Other Assets	737.121	715.375
Investments in related companies	174.610	206.680
Investments in other societies	2.790	3.479
Goodwill	265.444	255.509
Negative goodwill	(5)	(9)
Long Term receivables	113.601	85.598
Notes and accounts receivable from relates parties	1.227	2.583
Deferred income taxes	40.293	31.375
Intangibles assets	187.090	162.385
Amortization	(20.832)	(14.811)
Other long-term assets	13.196	13.960
Long-term leasing	0	0
Total Assets	3.496.372	2.753.201

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

Expressed in Millions of Chilean Pesos as of December 31 2007

	<u>2007</u>	<u>2006</u>
LIABILITIES		
Current Liabilities	1.109.128	755.361
Short-term bank borrowings	455.931	296.371
Current portion of long-term bank borrowings	69.585	30.085
Obligations with the public (promissory notes)	6.366	0
Current portion of bonds payable	24.362	16.938
Current portion of long-term borrowings	0	0
Dividends to be paid	44.406	200
Trade account payables	376.385	307.292
Documents payable	11.731	9.305
Sundry creditors	24.851	12.075
Notes and accounts payable to related companies	20.485	23.859
Accruals	33.219	29.461
Withholdings	27.927	20.597
Income tax	5.661	3.685
Unearned income	7.691	5.446
Deferred taxes	16.444	11.303
Other short-term liabilities	528	47
Total long-term liabilities	925.170	628.639
Long-term bank borrowings	435.154	144.729
Bonds payable	439.199	447.695
Documents payable - long-term	0	0
Sundry creditors	190	0
Notes and accounts payable to related companies	20.485	23.859
Accruals	1.875	1.837
Deferred taxes	40.293	31.375
Other long-term liabilities	8.458	1.718
Minority interest	89.102	31.793
Shareholder's Equity	1.372.972	1.337.408
Paid-in capital	488.793	486.684
Capital revaluation reserve	0	0
Additional paid-in capital	2.215	1.929
Other reserves	(31.698)	(14.390)
Retained earnings	913.662	863.186
Reserve for future dividends	0	0
Accumulated profits	807.110	682.119
Accumulated loss	0	0
Net income (loss)	217.090	211.739
Interim dividends	(110.538)	(30.672)
Deficit from development period	0	0
Total Liabilities	3.496.372	2.753.201



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

Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
Operating Income	303.090	235.180
Gross Margin	827.408	683.472
Revenues	2.835.390	2.446.779
Cost of sales	(2.007.982)	(1.763.308)
Selling , general and administrative expenses	(524.318)	(448.291)
Non-operating Income	(35.225)	14.760
Financial income	8.437	8.077
Profit on investments in related companies	41.570	61.891
Other non-operating income	22.361	10.656
Loss on investment in related companies	0	0
Amortization of goodwill	(16.840)	(15.616)
Financial expenses	(43.947)	(32.695)
Other non-operating expenses	(10.405)	(7.444)
Price-level restatement	(35.030)	(7.748)
Exchange differentials	(1.370)	(2.360)
Profit Before Income Tax & Extraordinary Items	267.866	249.940
Income Tax	5.661	3.685
Extraordinary Items	0	0
Profit (loss) before minority interest	236.760	214.977
Minority interest	89.102	31.793
Net profit (loss)	217.087	211.736
Amortization of negative goodwill	3	3
Profit (loss) in the fiscal year	217.090	211.739

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

Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
Cash Flows From Operating Activities	222.795	146.827
Collection of trade receivables	2.944.926	2.614.128
Financial income received	15.069	9.962
Dividends received	25.769	25.952
Other income received	29.800	33.710
Payments to suppliers and personnel	(2.623.615)	(2.405.316)
Interest paid	(41.637)	(34.221)
Income tax payments	(34.439)	(16.617)
Other expenses	(15.689)	(18.459)
VAT and other taxes paid	(77.389)	(62.313)
Cash Flows From Financing Activities	122.938	119.941
Proceeds from issuance of common stock	8.208	6.002
Borrowings from banks	837.953	296.328
Proceeds from issuance of bonds	21.501	204.241
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	731	89
Payment of dividends	(130.986)	(78.302)
Distribution of capita	(9)	(10)
Payment of loans	(580.865)	(278.234)
Payment of public liabilities incurred	(15.428)	(15.242)
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	(18.168)	(14.471)
Other payments	0	(460)
Cash Flows From Investing Activities	(361.553)	(224.651)
Proceeds from sales of property, plant and equipment	7.057	636
Proceeds from sales of long-term investments	0	0
Proceeds from sales of other investments	97	0
Collection of loans to related companies	0	0
Collections of other loans to related companies	0	0
Other investment income	4.277	631
Additions to property, plant and equipment	(286.678)	(210.004)
Payment of interest capitalized	(1.998)	(505)
Purchase of permanent investments	(47.047)	(4.178)
Investments in financial instruments	(2.568)	(465)
Loans to related companies	0	0
Other payments to related companies	(29.047)	(752)
Other payments of investments	(5.647)	(10.013)
Net Cash Flow	(15.821)	42.116
	(4.175)	(3.447)
Price-level Restatements of Cash and Cash Equivalents	(19.995)	38.669
Net Increase (Decrease) in Cash and Cash Equivalents	98.526	55.436
Cash and Cash Equivalents at Beginning of Period	78.531	94.105
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 December 31 2007

	<u>2007</u>	<u>2006</u>
Income on sale of assets	1.118	(269)
Gain on sales of property, plant and equipment	1.168	(268)
Gain on sales of investments	(50)	(1)
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	166.873	114.485
Depreciation	59.841	48.907
Amortization of Intangibles	5.019	3.904
Write-offs and provisions	101.500	81.413
Equity in gains of unconsolidated affiliates	(41.570)	(61.891)
Equity in losses of unconsolidated affiliates	0	0
Amortization of goodwill	16.840	15.616
Amortization of negative goodwill	(3)	(3)
Price-level restatement	(35.030)	(7.748)
Exchange differentials	1.370	2.360
Other credits to income that do not represent cash flows	(16.572)	(6.725)
Other debits to income that do not represent cash flows	5.417	23.155
Changes in operating assets	(265.278)	(215.263)
Receivables	(150.694)	(152.689)
Inventories	(81.954)	(62.807)
Other current assets	(32.630)	234
Changes in operating liabilities	83.318	32.893
Trade accounts payable and notes payables relating to operating activities	62.232	3.795
Taxes to be paid	(1.026)	256
Net income tax	827	15.754
Other trade accounts payable relating to operating activities	18.174	15.176
VAT and other taxes	3.111	(2.088)
Income attributable to minority interest	19.673	3.241
Net cash provided by operating activities	222.795	146.827



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

Expressed in Millions of Chilean Pesos as of December 31 2007

ASSETS	2007	2006
Current Assets	402.528	387.423
Cash	20.465	19.515
Time deposits	0	2.099
Marketeable securities	0	26.654
Trade receivables	4.940	4.454
Notes receivables	8.396	7.870
Other receivables	3.389	3.336
Notes and accounts receivable from related parties	237.094	198.340
Inventories	112.560	113.876
Recoverable taxes	556	602
Prepaid expenses	8.968	4.946
Deferred income taxes	1.767	920
Other current assets	4.394	4.810
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	95.454	75.399
Land	0	0
Buildings and infrastructure	0	0
Machinery and equipment	15.186	14.967
Other property, plant and equipment	167.019	136.530
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(86.751)	(76.099)
Other Assets	1.554.426	1.483.346
Investments in related companies	1.529.386	1.452.610
Investments in other societies	0	0
Goodwill	9.563	10.404
Negative goodwill	0	0
Long Term receivables	105	104
Notes and accounts receivable from relates parties	2.534	2.916
Deferred income taxes	3.738	933
Intangibles assets	581	224
Amortization	(131)	(86)
Other long-term assets	12.388	17.174
Long-term leasing	0	0
Total Assets	2.052.408	1.946.167

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

Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
LIABILITIES		
Current Liabilities	259.570	148.647
Short-term bank borrowings	35.996	3.629
Current portion of long-term bank borrowings	0	3.157
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	6.164	6.199
Current portion of long-term borrowings	0	0
Dividends to be paid	44.353	128
Trade account payables	78.414	80.560
Documents payable	1.120	1.755
Sundry creditors	828	908
Notes and accounts payable to related companies	81.927	44.256
Accruals	2.414	3.078
Withholdings	3.418	1.726
Income tax	166	0
Unearned income	4.707	3.251
Deferred taxes	1.767	920
Other short-term liabilities	65	0
Total long-term liabilities	419.866	460.112
Long-term bank borrowings	0	0
Bonds payable	397.359	401.250
Documents payable - long-term	0	0
Sundry creditors	0	0
Notes and accounts payable to related companies	81.927	44.256
Accruals	742	764
Deferred taxes	3.738	933
Other long-term liabilities	0	1.556
Minority interest	0	0
Shareholder's Equity	1.372.972	1.337.408
Paid-in capital	488.793	486.684
Capital revaluation reserve	0	0
Additional paid-in capital	2.215	1.929
Other reserves	(31.698)	(14.390)
Retained earnings	913.662	863.186
Reserve for future dividends	0	0
Accumulated profits	807.110	682.119
Accumulated loss	0	0
Net income (loss)	217.090	211.739
Interim dividends	(110.538)	(30.672)
Deficit from development period	0	0
Total Liabilities	2.052.408	1.946.167

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

Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
Operating Income	34.934	33.729
Gross Margin	215.274	199.978
Revenues	736.037	708.636
Cost of sales	(520.762)	(508.658)
Selling , general and administrative expenses	(180.340)	(166.249)
Non-operating Income	185.127	181.691
Financial income	2.839	4.195
Profit on investments in related companies	212.597	199.771
Other non-operating income	12.605	4.048
Loss on investment in related companies	(1.789)	(1.027)
Amortization of goodwill	(841)	(876)
Financial expenses	(21.358)	(19.276)
Other non-operating expenses	(2.124)	(1.735)
Price-level restatement	(15.783)	(2.594)
Exchange differentials	(1.018)	(815)
Profit Before Income Tax & Extraordinary Items	220.062	215.419
Income Tax	166	0
Extraordinary Items	0	0
Profit (loss) before minority interest	217.090	211.739
Minority interest	0	0
Net profit (loss)	217.090	211.739
Amortization of negative goodwill	0	0
Profit (loss) in the fiscal year	217.090	211.739

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

Expressed in Millions of Chilean Pesos as of December 31 2007

	2007	2006
Cash Flows From Operating Activities	160.792	129.986
Collection of trade receivables	882.731	836.726
Financial income received	709	2.460
Dividends received	106.430	114.304
Other income received	17.728	9.633
Payments to suppliers and personnel	(816.674)	(805.307)
Interest paid	(2.962)	(2.552)
Income tax payments	(789)	(1.194)
Other expenses	(18.475)	(16.283)
VAT and other taxes paid	(7.904)	(7.801)
Cash Flows From Financing Activities	(79.854)	66.840
Proceeds from issuance of common stock	2.429	0
Borrowings from banks	42.070	3.653
Proceeds from issuance of bonds	0	180.990
Borrowings from related companies	6.530	0
Other borrowings from related companies	20.650	0
Other sources of financing	0	0
Payment of dividends	(119.837)	(77.770)
Distribution of capita	0	0
Payment of loans	(12.834)	(14.754)
Payment of public liabilities incurred	(1.218)	(9.759)
Payment of related companies loans	0	0
Payment of other related companies loans	0	(1.300)
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	(17.644)	(14.220)
Other payments	0	0
Cash Flows From Investing Activities	(106.148)	(161.405)
Proceeds from sales of property, plant and equipment	243	0
Proceeds from sales of long-term investments	8.064	61.079
Proceeds from sales of other investments	0	0
Collection of loans to related companies	0	0
Collections of other loans to related companies	185	0
Other investment income	61	65
Additions to property, plant and equipment	(40.401)	(39.477)
Payment of interest capitalized	(414)	0
Purchase of permanent investments	(18.647)	(107.276)
Investments in financial instruments	0	0
Loans to related companies	0	0
Other payments to related companies	(54.579)	(75.779)
Other payments of investments	(660)	(16)
Net Cash Flow	(25.210)	35.421
	(2.593)	(628)
Price-level Restatements of Cash and Cash Equivalents	(27.803)	34.794
Net Increase (Decrease) in Cash and Cash Equivalents	48.268	13.475
Cash and Cash Equivalents at Beginning of Period	20.465	48.268
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 December 31 2007

	<u>2007</u>	<u>2006</u>
Income on sale of assets	39	(1)
Gain on sales of property, plant and equipment	39	(1)
Gain on sales of investments	0	0
Loss on sales of investments	0	0
Gain (loss) on sales of other assets	0	0
Other Debits (Credits) to income that do not represent cash flows	(172.035)	(174.435)
Depreciation	13.442	11.728
Amortization of Intangibles	45	22
Write-offs and provisions	8.041	6.345
Equity in gains of unconsolidated affiliates	(212.597)	(199.771)
Equity in losses of unconsolidated affiliates	1.789	1.027
Amortization of goodwill	841	876
Amortization of negative goodwill	0	0
Price-level restatement	(15.783)	(2.594)
Exchange differentials	1.018	815
Other credits to income that do not represent cash flows	(617)	(156)
Other debits to income that do not represent cash flows	220	2.085
Changes in operating assets	100.975	90.467
Receivables	12.450	(12.976)
Inventories	(17.499)	(9.574)
Other current assets	106.024	113.017
Changes in operating liabilities	14.724	2.216
Trade accounts payable and notes payables relating to operating activities	2.360	(3.007)
Taxes to be paid	(1.103)	(248)
Net income tax	1.965	2.993
Other trade accounts payable relating to operating activities	3.690	2.966
VAT and other taxes	7.812	(488)
Income attributable to minority interest	0	0
Net cash provided by operating activities	160.792	129.986



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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.