

EARNINGS REPORT

2nd Quarter 2008

S.A.C.I. FALABELLA



August 2008



Results – Second Quarter 2008

Table of Contents

I.	EXECUTIVE SUMMARY	3
II.	CONSOLIDATED INCOME STATEMENT AS OF JUNE 30, 2008	4
III.	ANALYSIS OF CONSOLIDATED RESULTS	5
IV.	MAIN EVENTS IN THE PERIOD	7
V.	RETAIL INDICATORS	8
VI.	REVENUES 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 June 30, 2008 and the observed dollar exchange rate for July 1, 2008 (CH\$526.05 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

- Consolidated revenues of S.A.C.I. Falabella grew strongly during 2Q 2008, a real 22.3%, totaling MMCH\$ 904,032 (MMUS\$ 1,718.5). This is mainly due to the significant expansion in operations in Chile (real +10.9%) and particularly, in international operations (real +67%). The cumulative annual total as of June represented a real growth of 16.8%, totaling MMCH\$1,670,772 (MMUS\$3,176.1).
- Operating income in 2Q 2008 grew 14.7%, to MMCH\$95,064 (MMUS\$180.7). The EBITDA in this same period also grew considerably, 16%, to MMCH\$ 115,196 (MMUS\$ 219). On a cumulative basis as of June 2008, operating income rose 12.1%, to MMCH\$168,104 (MMUS\$319.6), and the EBITDA increased 13.2% to MMCH\$ 206,234 (MMUS\$ 392).
- There was a non-operating loss of MMCH\$ 11,319 (MMUS\$ 21.5) during 2Q 2008. In 1S 2008, the non-operating loss was MMCH\$22,378, which compared to a loss of MMCH\$3,521 in 1S 2007. The drop was mainly distorted by extraordinary income earned in 1S 2007 by the Falabella Store at Portal La Dehesa (MMCH\$4,581) and by the effect of the exchange differential on Sodimac Colombia in 1S 2008 (resulting from the application of Bulletin 64, which caused a book loss of MMCH\$4,534).
- When the two above effects are added together, the consolidated profit of Falabella in 2Q 2008 grew 1.9%, to MMCH\$61,896 (MMUS\$117.7). The consolidated profit in 1S 2008 was MMCH\$110,235 (MMUS\$209.6).

Important Note:

The consolidated financial statements presented in this release do not consolidate the operation of Banco Falabella Peru (including the CMR credit card business). This company is shown as an Investment in a Related Company in both 2007 as well as 2008. Nor are Banco Falabella Chile, Sodimac Colombia or Mall Plaza Vespucio consolidated.



II. Consolidated Income Statement as of June 30, 2008

Consolidated Income Statement January – June 2008 (MMCHS)

	1S'08	% Revenues	1S'07	% Revenues	Var. 08/07
Revenues	1.670.772		1.430.110		16,8%
COGS (less)	(1.172.821)	-70,2%	(1.014.633)	-70,9%	15,6%
GROSS MARGIN	497.951	29,8%	415.476	29,1%	19,9%
SG&A (less)	(329.847)	-19,7%	(265.523)	-18,6%	24,2%
OPERATING INCOME	168.104	10,1%	149.953	10,5%	12,1%
Depreciation + Amortization (less)	(38.130)	-2,3%	(32.222)	-2,3%	18,3%
EBITDA	206.234	12,3%	182.175	12,7%	13,2%
Interest Income	5.147		2.947		74,7%
Profit on investment in related companies	18.134		23.771		-23,7%
Other non-operating income	9.637		14.453		-33,3%
Lost on investment in related companies (less)	0		0		n/a
Amortization of goodwill	(8.701)		(8.952)		-2,8%
Interest expenses (less)	(29.741)		(22.338)		33,1%
Other non-operating expenses (less)	(6.274)		(5.558)		12,9%
Price-level restatement	(8.875)		(6.167)		43,9%
Exchange differentials	(1.703)		(1.678)		1,5%
NON-OPERATING PROFIT (LOSS)	(22.378)	-1,3%	(3.521)	-0,2%	535,5%
PROFIT BEFORE INCOME TAX & EXTRAORD. ITEMS	145.726	8,7%	146.432	10,2%	-0,5%
INCOME TAX	(25.108)		(21.168)		18,6%
MINORITY INTEREST	(10.384)		(7.883)		31,7%
NET PROFIT (LOSS)	110.234		117.382		-6,1%
Amortization of negative goodwill	1		2		-40,8%
PROFIT (LOSS) IN THE FISCAL YEAR	110.235	6,6%	117.383	8,2%	-6,1%
Adjusted EBITDA¹	224.368	13,4%	205.947	14,4%	8,9%

Consolidated Income Statement April – June 2008 (MMCHS)

	2Q 2008	% Revenues	2Q 2007	% Revenues	Var. 08/07
Revenues	904.032		739.404		22,3%
COGS (less)	(620.663)	-68,7%	(515.793)	-69,8%	20,3%
GROSS MARGIN	283.369	31,3%	223.610	30,2%	26,7%
SG&A (less)	(188.305)	-20,8%	(140.742)	-19,0%	33,8%
OPERATING INCOME	95.064	10,5%	82.868	11,2%	14,7%
Depreciation + Amortization (less)	(20.132)	-2,2%	(16.453)	-2,2%	22,4%
EBITDA	115.196	12,7%	99.321	13,4%	16,0%
Interest Income	3.030		1.672		81,2%
Profit on investment in related companies	6.705		10.366		-35,3%
Other non-operating income	4.902		4.566		7,3%
Lost on investment in related companies (less)	0		0		n/a
Amortization of goodwill	(4.360)		(4.529)		-3,7%
Interest expenses (less)	(15.599)		(10.706)		45,7%
Other non-operating expenses (less)	(3.582)		(936)		282,7%
Price-level restatement	(6.947)		(5.521)		25,8%
Exchange differentials	4.532		(1.350)		-435,6%
NON-OPERATING PROFIT (LOSS)	(11.319)	-1,3%	(6.437)	-0,9%	75,8%
RESULTADO ANTES DE IMP. A LA RENTA E ITEMS EXT.	83.745	9,3%	76.431	10,3%	9,6%
INCOME TAX	(15.090)		(11.139)		35,5%
MINORITY INTEREST	(6.759)		(4.549)		48,6%
NET PROFIT (LOSS)	61.895		60.744		1,9%
Amortization of negative goodwill	0		1		-85,2%
PROFIT (LOSS) IN THE FISCAL YEAR	61.896	6,8%	60.745	8,2%	1,9%
Adjusted EBITDA¹	121.900	13,5%	109.687	14,8%	11,1%

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



III. Analysis of Consolidated Results

Operating Income

The consolidated operating income for 2Q 2008 rose 14.7%, to MMCH\$ 95,064 (MMUS\$ 180.7). The strong growth was due in particular to the improvement in department store operating income (+33.2%), in Sodimac operating income (+20.6%) and Mall Plaza operating income (+15%) in Chile, as well as the businesses in Peru (+62.6%) and Colombia. Moreover, the consolidated operating income in the 2Q represented 10.5% of sales, 69 basis points below the previous year. This is mainly the result of the business mix and a lower operating margin in Argentina (because of the start-up of Sodimac Argentina), in CMR Chile and the Tottus-San Francisco Supermarkets in Chile.

In 1S 2008, operating income rose 12.1%, to 10.1% of revenues. Like in 2Q, this growth mainly came from the progress in department stores, Sodimac and Mall Plaza in Chile as well as the businesses in Peru and Colombia.

Revenues

Revenues rose 22.3% in 2Q 2008, to MMCH\$ 904,032 (MMUS\$ 1,718.5). The cumulative revenues was MMCH\$1,670,772 as of June 30, 2008 (MMUS\$3,176.1), meaning a 16.8% growth above the previous year. This revenues was driven in particular by the growth in the international businesses (+46.4%), as well as in Sodimac (+13.1%) and Tottus-San Francisco (+24%) in Chile. Moreover, the increase came from a 19.0% expansion in floor space in the past year and a consolidated SSS growth of an approximate real 4.2%.

Gross Margin

The gross margin rose 110 basis points in 2Q 2008 as a percentage of sales, totaling MMCH\$ 283,369 (MMUS\$ 538.7), 26.7% higher than the 2Q of the previous year. On a cumulative basis through June, the gross margin rose 75 basis points as a percentage of income, to 29.8% on sales or MMCH\$497.951 (MMUS\$946.6). This increase is largely due to the improvement in the operating margin of the Chile Department Stores, mainly the product of an optimized stock planning.

Selling, General and Administrative Expenses (SGA)

During 2Q 2008, expenses rose 179 basis points to MMCH\$ 188,305 (MMUS\$358.0) or 20.8% as a percentage of sales. Accumulated to June, SGA rose 118 basis points as a percentage of sales, to total 19.7% on income or MMCH\$329,847 (MMUS\$627.0). This increase is mainly the result of the rise in SGA as a percentage of sales in Argentina (due to the start-up of Sodimac in that country) and in Tottus-San Francisco because of the strong store-opening plan now under way.



Non-Operating Profit (Loss)

During 2Q 2008, there was a non-operating loss of MMCH\$ 11,319 (MMCH\$ 4,882 worse than the previous year). As accumulated through June, this loss totaled MMCH\$22,378 (MMUS\$42.5) compared to a loss of MMCH\$3,521 (MMUS\$6.7) in the same period in 2007. The increase in the loss in 1S 2008 can be explained as follows:

- Interest Expense: These expenses rose MMCH\$7,403, 33.1% higher than 1S 2007. The rise is due mainly to an increase in interest-bearing debt in international operations and Mall Plaza Chile, because of the increase in the investment plan.
- During 1S 2008, the profit in investments in related companies fell by MMCH\$5,638, a drop of 23.7%. This effect can be explained mainly by the following related investments:
 - Banco Falabella Chile: It decreased 56.4% to MMCH\$4,958 in 1S 2008.
 - FASA: The recognized profit fell by MMCH\$ 766 in 1S 2008, to MMCH\$204.
 - Sodimac Colombia: The recognized profit dropped MMCH\$555, or 49%, to MMCH\$585. This was the result of the application of Bulletin 64 to recognize the profits of Sodimac Colombia in the income of S.A.C.I. Falabella. If the impact on the exchange differential is excluded (as per Bulletin 64), the net profit of Sodimac Colombia grew a real 14%.
 - Banco Falabella Peru (including CMR Peru): The recognized profit in this operation raised 38.4%, to MMCH\$8,796.
- Other Non-Operating Income and Expenses: Non-Operating Income plus Expenses totaled MMCH\$3,362 in 1S 2008, or MMCH\$5,533 below that of 1S 2007. The decrease was due mainly to extraordinary income earned in 1S 2007 by the Falabella Store in Mall La Dehesa (MMCH\$4,581).
- Price-Level Restatement: The loss on price-level restatement rose by MMCH\$2,708 in 1S 2008, 43.9% higher than the same period in the previous year. This loss was due to the high rate of inflation recorded in the last 12 months in Chile (the adjustment index for price-level restatement was 8.9% compared to 2.9% for the same period in the previous year) and this had a direct impact on the appraisal of equity and non-monetary liabilities. This loss does not represent cash flow.



IV. Main Events in the Period

2Q 2008

- Openings in 2Q 2008:
 - Argentina: The second Sodimac store was inaugurated in Buenos Aires (April-08) as well as the Alto Avellaneda Falabella Store (April-08).
 - Santiago: Mall Plaza Alameda was opened (April 2008), including a Falabella Store (May 2008). This store was built under the U.S. Green Building prototype. The Huechuraba Imperial Store was also inaugurated in Santiago (April 2008). The enlargement of the Downtown Concepcion Falabella Store was also inaugurated (April 2008).
 - Colombia: The Hayuelos Falabella Store was opened in Bogota (April 2008).

Other Recent Events in 2008

- Openings: the Tottus store in Mall Plaza Alameda was inaugurated on July 16, 2008.
- On July 30, 2008, S.A.C.I. Falabella modified its share ownership in Plaza S.A., resulting in a 59.278% in that company. As a consequence, S.A.C.I. Falabella will consolidate its balance sheets with the companies in the Plaza Group starting in the 3Q 2008, including Plaza Vespucio S.A., which was not consolidated to this date.



V. Retail Indicators

1. Revenues from the Retail Businesses

Cumulative Retail Revenues 1S 2008 (MUSS)²

(Adjusted Chilean pesos converted to USD at the observed e/r for July 1, 2008)

	1S 2008	1S 2007	Var. 08/07
Department Stores - Chile	685.189	687.939	-0,4%
Home Improvement - Chile ³	1.068.256	944.137	13,1%
Supermarkets - Chile	286.276	230.803	24,0%
Retail - Peru (Saga, Sodimac & Tottus)	495.443	345.440	43,4%
Retail - Argentina (Falabella & Sodimac)	158.241	119.150	32,8%
Retail - Colombia (Falabella & Sodimac)	373.540	267.927	39,4%

Cumulative Retail Revenues 2Q 2008 (MUSS)

(Adjusted Chilean pesos converted to USD at the observed e/r for July 1, 2008)

	2Q 2008	2Q 2007	Var. 08/07
Department Stores - Chile	357.902	358.545	-0,2%
Home Improvement - Chile ³	520.275	471.383	10,4%
Supermarkets - Chile	149.524	118.833	25,8%
Retail - Peru (Saga, Sodimac & Tottus)	303.729	186.395	62,9%
Retail - Argentina (Falabella & Sodimac)	102.654	66.779	53,7%
Retail - Colombia (Falabella & Sodimac)	223.030	142.142	56,9%

Same-Store Sales (SSS) Growth⁴

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

	1S 2007	9M 2007	2007	1Q 2008	1S 2008
Department Stores - Chile	5,6%	3,1%	1,2%	-2,2%	-2,9%
Home Improvement - Chile ⁵	8,2%	6,4%	6,1%	2,9%	4,6%
Supermarkets - Chile	1,4%	-0,1%	-2,0%	5,6%	4,3%
Retail - Peru (Saga, Sodimac & Tottus)	8,6%	7,7%	7,4%	7,9%	7,1%
Retail - Argentina (Falabella & Sodimac)	9,2%	9,8%	9,3%	18,5%	8,8%

Chile Department Stores

Operating income during 2Q 2008 totaled MMCH\$188,274 (MMUS\$357.9), a drop of 0.2% compared to the previous year. The decrease is explained by: i) a more restrictive handling of inventory in view of an expected moderation in consumption, which improved margin but to the detriment of a higher growth in sales; and ii) a drop of 2.9% in SSS. The decrease in 1S 2008 was 0.4%.

Chile Home Improvement

² Excludes revenues from the credit business.

³ Includes Imperial Stores.

⁴ 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.

⁵ Sodimac SSS does not include the Imperial stores.



The growth in revenues in 2Q 2008 was 10.4%, totaling MMCH\$ 273,691 (MMUS\$520.3). On a cumulative basis, it was 13.1% as of 1S 2008. The main reason for this growth was the consolidation of Imperial starting in May 2007 and an increase of 4.6% in SSS revenues.

Chile Supermarkets

Revenues rose 25.8% during 2Q 2008, totaling MMCH\$ 78,657 (MMUS\$ 149.5), and 24.0% on a cumulative basis in 1S 2008. This increase was mainly the result of a strong real 4.3% increase in SSS and the opening of 3 stores and two enlargements in the last 12 months, which raised floor space by 25%.

Peru

The revenues from the retail business in Peru include Saga Falabella, Sodimac and Tottus. During 2Q 2008, the growth in revenues was 62.9% and 43.4% in 1S 2008. The increase was driven mainly by the growth of 45.1% in floor space (the opening of 10 new stores in the last 12 months) and an increase of 7.1% in SSS.

Argentina

Retail revenues in 2Q 2008 rose 54.4% and 33.1% in 1S 2008, mainly because: i) two Sodimac stores began operation in 2008; ii) two Falabella stores were opened; and iii) SSS grew a real 8.8%.

Colombia

The revenues of Sodimac and Falabella Colombia rose 39.4% in the aggregate during 1S 2008. This growth came from opening 4 stores in the last 12 months (2 Sodimac stores and two Falabella stores), increasing floor space by 25.4%.

2. Number of Stores and Floor Space ⁷

Sales Area	1S 2008		1S 2007	
	Area (m ²)	Stores	Area (m ²)	Stores
Department Stores - Chile	216.624	39	193.534	36
Home Improvement - Chile ⁶	493.699	63	471.644	61
Supermarkets - Chile	88.111	21	68.069	18
Department Stores - Peru	76.847	13	67.781	13
Home Improvement - Peru	67.217	8	38.757	4
Supermarkets - Peru	54.601	9	30.335	4
Department Stores - Argentina	50.445	9	39.817	7
Home Improvement - Argentina	25.353	2	0	0
Department Stores - Colombia	35.835	4	18864,88	2
Home Improvement - Colombia	155.548	15	133.707	13
Total	1.264.636	184	1.062.509	158

⁶ Includes Imperial stores.

⁷ At the close of 2007, the square meters of floor space were re-measured by country for all businesses in the Falabella Group. There may, therefore, be differences compared to previous reports.



Chile Department Stores

3 new stores were opened in Chile in the twelve months since June 2007 and approximately 23,090 square meters of net floor space were added. This came from the opening of the stores in Punta Arenas (5,349 m², Nov 2007), on Manquehue Street (6,125 m², March 2008), and the Falabella Estacion Central store (6,839 m², May 2008). At the end of 2007, the remodeling and relocation of the Downtown Santiago store (measuring 9,436 m²) and the enlargement of the Falabella Concepcion store (2,351 m², April 2007) concluded.

Chile Home Improvement

2 Sodimac stores were opened in Chile in the 12 months elapsing since March 2007 and 1 Imperial Store. The net floor space rose by 22,055 m². This increase includes the Homecenter stores opened in Punta Arenas (8,192 m², Aug-07, in replacement of the old store of 3,313 m²), Linares (7,040 m², Nov 2007) and the Imperial Huechuraba store (3,007 m², April 2008). Homecenter Valdivia was also enlarged (to 8,288 m²) as was the Homecenter Villarrica (to 6,530 m²).

San Francisco-Tottus Supermarkets

3 new San Francisco and Tottus supermarkets were opened in the 12-month period since June 2007 and the net floor space rose by approximately 20,042 m²: Tottus Megacenter (7,200 m², Jul-07), Tottus Downtown Antofagasta (5,584 m², Sept-07) and Tottus Colina (4,818 m², Oct-07). The San Francisco supermarkets in Peñaflor (+1,076 m², Dec-07) and in Buin (+1,364 m², Feb-08) were also enlarged.

Peru

10 new stores were opened in Peru in the 12 months elapsing since June 2007 while the floor space rose by approximately 61,792 m². This was due mainly to the opening of 1 SAGA Falabella store (increase of 9,066 m² of floor space, but closed Chiclayo Centro with 356 m²), 4 Sodimac stores (increase of 28,460 m² of floor space) and 5 Tottus hypermarkets (increase of 24,266 m² of floor space).

Argentina

In Argentina, 4 new stores were inaugurated in Buenos Aires in the 12-month period since June 2007, two Falabella Stores and two Sodimac Stores. The floor space increased by approximately 35,981 m². The new stores are: Falabella Florida III (+2,478 m², Nov-07), Falabella Alto Avellaneda (8,150 m², Apr-08), Sodimac San Martin (12,714 m², Feb-08), and Sodimac Malvinas Argentinas (12,639 m², Apr-08).

Colombia

In Colombia, 4 new stores were opened in the twelve months since June 2007 and the floor space rose by approximately 38,811 m². The new department stores were Falabella San Diego in Medellin (9,000 m², Nov-07) and Falabella Hayuelos in Bogota (7,970 m², Apr-08). The new Sodimac stores were: HC Ibague (10,010 m², Jul-07) and HC Cartagena (8,062 m², Nov-07).



3. Inventories⁸

	Days in Inventory				
	1S 2007	9M 2007	2007	1Q 2008	1S 2008
Department Stores - Chile	76	74	78	86	77
Home Improvement - Chile	75	81	76	65	75
Supermarkets - Chile	32	34	33	29	31
Department Stores - Peru	85	89	88	102	83
Home Improvement - Peru	107	118	158	108	119
Supermarkets - Peru	37	43	56	39	35
Retail - Argentina (Falabella & Sodimac)	94	130	128	148	160

The days in inventory have remained relatively constant for the three businesses in Chile when comparing 1S 2008 to 1S 2007.

For international operations, the days in inventory have increased 23% in the 12 months since June 2007. This is mainly the result of the heavy store-opening plan that requires purchasing inventory in advance.

Moreover, the increase of 70% for Argentina was basically the result of the inclusion of Sodimac's inventory in that country. Two Sodimac stores were recently opened, in February and April 2008.

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



VI. Revenues by Business Unit

1. Chile Department Stores

Department store operating income recorded a growth of 33.2% in 2Q 2008, to MMUS\$ 22.2. The Gross Margin in 2Q was 32.3% as a percentage of sales, 242 basis points above the same period in 2007, due mainly to better commercial planning of inventories and product prices. Moreover, operating income grew 44.8% as of June 2008 when compared to the same period in the previous year, to MMUS\$30.9. The increase in SG&A was mainly the result of an increase in salaries in stores and on a corporate level (the holding company's expenses are included in these financial statements) and of an increase in advertising expenses.

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

	2Q'08	2Q'07	Var.%	1S 2008	1S 2007	Var.%
Revenues	357,9	358,5	-0,2%	685,2	687,9	-0,4%
Costs	-67,7%	-70,1%	-3,6%	-68,7%	-71,4%	-4,2%
Gross Margin	32,3%	29,9%	7,9%	31,3%	28,6%	9,1%
SGA w/o depreciation	-23,9%	-23,4%	2,1%	-24,6%	-23,5%	4,2%
EBITDA	8,4%	6,5%	28,7%	6,7%	5,1%	32,1%
Depreciation + Amortization	-2,2%	-1,9%	17,7%	-2,2%	-2,0%	12,0%
Operating Profit (Loss)	6,2%	4,6%	33,2%	4,5%	3,1%	44,8%

2. Chile Home Improvement⁹

Sodimac Chile's operating income was MMUS\$ 37.3 during 2Q 2008, 20.6% higher than the same period in the previous year. The reason was mainly the growth of 10.4% in revenues and an improvement in the operating efficiency, which has meant a drop of approximately 50 basis points in SG&A as percent of revenues. On a cumulative basis through June 30, 2008, revenues totaled MMUS\$72.8, 18.8% better than in 1S 2007. This is mainly the effect of a growth of 13.1% in total revenues. Approximately 6 percentage points come from the consolidation of Imperial since May 2007 and the rest to a real SSS increase of 4.6% in Sodimac.

Chile Home Improvement (MMUS\$ and percentage of sales)

	2Q'08	2Q'07	Var.%	1S 2008	1S 2007	Var.%
Revenues	520,3	471,4	10,4%	1.068,3	944,1	13,1%
Costs	-72,6%	-72,7%	10,2%	-73,3%	-73,2%	13,4%
Gross Margin	27,4%	27,3%	10,9%	26,7%	26,8%	12,4%
SGA w/o depreciation	-18,8%	-19,3%	7,6%	-18,4%	-19,0%	9,8%
EBITDA	8,6%	8,0%	18,9%	8,2%	7,8%	18,5%
Depreciation + Amortization	-1,5%	-1,5%	11,0%	-1,4%	-1,4%	17,0%
Operating Profit (Loss)	7,2%	6,6%	20,6%	6,8%	6,5%	18,8%

⁹ Includes Imperial stores starting May 1, 2007.



3. Chile Supermarkets

The operating income of San Francisco and Tottus Supermarkets fell MMUS\$0.8 in 2Q 2008, to MMUS\$(0.4), despite the 25.8% increase in revenues. On a cumulative basis through June 2008, there was an operating loss of MMUS\$1.7. Revenues increased by 24% in 1S 2008 due to the opening of nine stores recently as well as a 4.3% SSS. Moreover, the aggressive store-opening plan had an adverse impact on operating expenses, which increased 318 basis points thus far this year.

Chile Supermarkets (MMUS\$ and percentage of sales)

	2Q'08	2Q'07	Var.%	1S 2008	1S 2007	Var.%
Revenues	149,5	118,8	25,8%	286,3	230,8	24,0%
Costs	-75,6%	-81,0%	17,4%	-77,8%	-80,2%	20,2%
Gross Margin	24,4%	19,0%	61,8%	22,2%	19,8%	39,5%
SGA w/o depreciation	-22,0%	-16,2%	70,4%	-20,0%	-16,9%	47,4%
EBITDA	2,4%	2,8%	11,3%	2,2%	2,9%	-6,3%
Depreciation + Amortization	-2,7%	-2,4%	40,5%	-2,8%	-2,4%	46,5%
Operating Profit (Loss)	-0,3%	0,3%	-194,8%	-0,6%	0,6%	-232,9%



4. International Operations

During 2Q 2008, operating income of the international businesses that are consolidated (Argentina, Peru and Colombia)¹⁰ totaled MMUS\$ 29.9, which meant a growth of 51.7% compared to the same period in the previous year. International businesses that are consolidated thus accounted for 16.5% of the consolidated operating income of SACI Falabella for 2Q 2008.

During 1S 2008, operating income from the international businesses accounted for 11.6% of the consolidated income of S.A.C.I. Falabella, totaling MMUS\$37.2, 56.7% higher than the same period in the previous year.

Peru¹¹

Consolidated operating income from Peru amounted to MMUS\$26.9 in 2Q 2008, a growth of 62.6%. This significant increase came mainly from the opening of 10 new stores in the past twelve months, from a SSS growth of 7.1% and from lower expenses of 39 basis points, without depreciation, because of the continuing maturation of the recently opened stores, particularly Sodimac. The operating income as of June 2008 totaled MMUS\$38.9, 62.8% higher than the previous year.

Peru Consolidated (MMUS\$ and percentage of income)

	2Q'08	2Q'07	Var.%	1S 2008	1S 2007	Var.%
Revenues	313,0	192,9	62,2%	511,0	358,5	42,5%
Costs	-72,1%	-71,3%	64,1%	-72,9%	-72,2%	43,8%
Gross Margin	27,9%	28,7%	57,7%	27,1%	27,8%	39,2%
SGA w/o depreciation	-17,6%	-18,0%	58,7%	-17,7%	-18,7%	34,9%
EBITDA	10,3%	10,7%	56,0%	9,5%	9,1%	47,9%
Depreciation + Amortization	-1,8%	-2,2%	30,1%	-1,9%	-2,5%	7,3%
Operating Profit (Loss)	8,6%	8,6%	62,6%	7,6%	6,7%	62,8%

Argentina

The operating income of Argentina was MMUS\$1.5 in 2Q 2008, a drop of MMUS\$3.2 compared to the same quarter in the previous year. The fall is due to a rise of more than 700 basis points in SGA expenses, without depreciation, because of the start-up of Sodimac Argentina operations (the Sodimac San Martin store opened in February 2008, and the Sodimac Falkland Islands store in April 2008). This effect is offset by the rise of 185 basis points in the gross margin.

Argentina Consolidated (MMUS\$ and percentage of income)

¹⁰ Excluding Banco Falabella Peru and Sodimac Colombia.

¹¹ The revenues provided in this section exclude the operations of Banco Falabella Peru in all periods. The revenues of this bank are shown as a profit on the investment in related companies.



	2Q'08	2Q'07	Var. %	1S 2008	1S 2007	Var. %
Revenues	110,0	71,2	54,4%	170,1	127,8	33,1%
Costs	-62,6%	-64,4%	50,0%	-64,1%	-66,1%	29,1%
Gross Margin	37,4%	35,6%	62,5%	35,9%	33,9%	41,0%
SGA w/o depreciation	-34,0%	-26,9%	94,8%	-34,6%	-28,2%	63,6%
EBITDA	3,4%	8,6%	-38,7%	1,3%	5,7%	-70,5%
Depreciation + Amortization	-2,1%	-2,1%	53,9%	-2,2%	-2,3%	26,7%
Operating Profit (Loss)	1,3%	6,5%	-68,1%	-0,9%	3,4%	-135,3%

5. Mall Plaza (considers only companies that consolidate)

Operating income totaled MMUS\$ 24.4 in 2Q 2008, 15.0% higher than the past year. For 1S 2008, operating income was MMUS\$47.9, 17.1% higher than the previous year. This result is mainly the product of the rise of 19.5% in revenues because of the increase in rented floor space, the enlargements of Mall Plaza El Trebol and Mall Plaza Antofagasta, and the opening of Mall Plaza Alameda.

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

	2Q'08	2Q'07	Var. %	1S 2008	1S 2007	Var. %
Revenues	43,8	34,9	25,4%	83,5	69,9	19,5%
Costs	-24,7%	-23,4%	32,1%	-25,4%	-23,9%	26,7%
Gross Margin	75,3%	76,6%	23,4%	74,6%	76,1%	17,2%
SGA	-19,7%	-15,9%	55,0%	-17,3%	-17,6%	17,6%
Operating Profit (Loss)	55,6%	60,6%	15,0%	57,4%	58,5%	17,1%
EBITDA	61,5%	67,2%	14,9%	64,3%	64,8%	18,5%

Note: Depreciation is recorded in the cost line.

6. Sociedad de Rentas Falabella (SRF)

During 2Q 2008, operating income totaled MMUS\$ 8.6, a 6.8% rise as compared to the 2Q in the previous year. For 1S 2008, operating income amounted to MMUS\$17.2, a 10.8% increase compared to the past year.



VII. Credit Indicators

1. CMR Card Sales

Cumulative Percentage of Sales using CMR¹²

	1S 2007	9M 2007	2007	1Q 2008	1S 2008
Department Stores - Chile	65,0%	65,4%	65,3%	62,4%	63,5%
Home Improvement - Chile	30,3%	30,4%	30,3%	29,4%	29,4%
Supermarkets - Chile	15,6%	16,4%	16,9%	16,5%	18,0%
Department Stores - Peru	67,8%	67,7%	67,4%	64,7%	65,4%
Home Improvement - Peru	39,8%	38,8%	37,1%	33,5%	33,9%
Supermarkets - Peru	54,0%	53,8%	52,4%	47,2%	47,7%
Department Stores - Argentina	41,6%	42,9%	42,5%	43,7%	41,2%

The CMR card began to be used in Colombia in October 2005. By June 2008, there were 372,466 active CMR cards in Colombia. The percentage of card sales in the Sodimac stores totaled 12% and it was already 33.4% in the four Falabella stores inaugurated in November 2006, April 2007, November 2007 and April 2008.

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
2008	723.483	741.764		

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
2008	-30.824	-33.518		

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%
2008	4,26%	4,52%		

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
2008	11.226	20.328		

Note: Write-offs are net of recoveries

¹² 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 34.05% in 1S 2008.



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
2008	547.407	581.780		

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
2008	-18.221	-18.992		

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%
2008	3,33%	3,26%		

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
2008	5.113	9.829		

Note: Write-offs are net of recoveries

4. Banco Falabella Peru

Note: Banco Falabella 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
2008	410.904	408.435		

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
2008	-26.351	-25.726		

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%
2008	6,41%	6,30%		

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
2008	3.490	7.278		

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 2.0%.

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
2008	73.232	83.570		

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
2008	-2.221	-2.523		

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%	3,02%
2008	3,03%	3,02%		

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	-60
2008	82	171		

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
2008	109.122	110.912		

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
2008	-4.889	-6.179		

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%
2008	4,48%	5,57%		

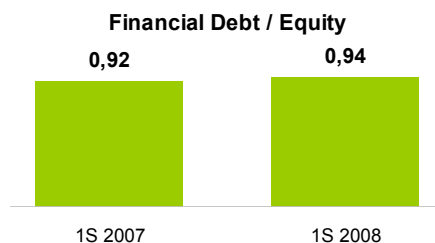
d. Cumulative Net Write-offs (Nominal MUS\$)				
	1Q	2Q	3Q	4Q
2005				0
2006	0	0	94	603
2007	506	1.051	1.672	2.312
2008	1.193	2.573		

Note: Write-offs are net of recoveries



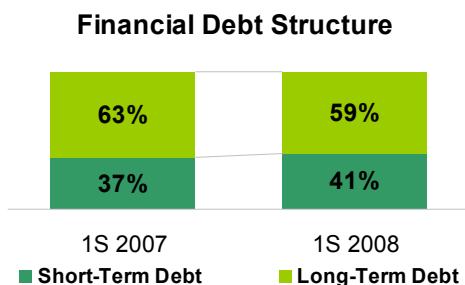
VIII. Financial Structure

1. Financial Debt-to-Equity Ratio as of June 30, 2008

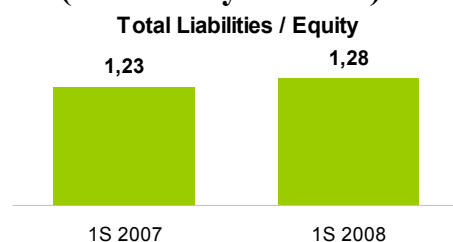


Note: Total Financial Debt as of June 30, 2008 = MMUS\$1,542,922 (MMUS\$2,933.0). It includes the credit business debt (excluding Banco Falabella in Peru and Chile). As of 1Q 2007, it also included the financial debt of the Malls Plaza that are consolidated with Falabella, except for Plaza Vespucio that will be consolidated as of July 2008.

2. Financial Debt Structure as of June 30, 2008

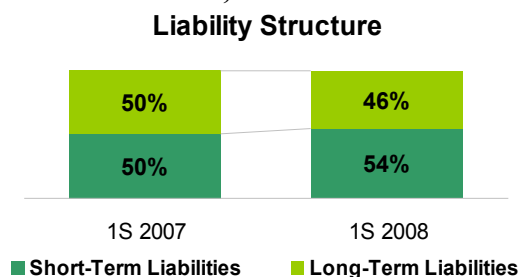


3. Liabilities/Equity Ratio (+ Minority Interest) as of June 30, 2008



Note: Liabilities totaled MMCH\$2,119,131 as of June 30, 2008 (MMUS\$4,028.4) and they included the credit business debt (excluding Banco Falabella in Peru and Chile). As of 1Q 2007, they also included the liabilities of the Malls Plaza that are consolidated with Falabella, except for Plaza Vespucio that will be consolidated as of July 2008.

4. Liability Structure as of June 30, 2008





IX. Stores and Floor Space

1. Chile Department Stores (net m² of floor space)

N°	Store	Selling Space	Opening
1»6	Paseo Ahumada	9.436	Oct-1889
7	Barros Arana	8.402	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	8.087	ago-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	abr-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
38	Manquehue	6.125	mar-08
39	Estación Central	6.839	may-08
TOTAL		216.624	

- **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.	3.244
TOTAL		5.576

Note: Rosas Warehouse reduced its floor space by 1,212 m².



2. Chile Home Improvement Stores (net m² of floor space)

N°	Store	Selling Space	Opening
1	HC Temuco	8.654	ene-82
2	HC Copiapó	5.494	ene-82
3	Co Viña del Mar	4.517	ene-82
4	Co Valparaíso	668	ene-82
5	Co Talcahuano	1.813	ene-82
6	Co Rancagua	1.783	ene-82
7	Co Maipú	4.306	ene-82
8	Co Castro	335	ene-82
9	HC Concepción	4.669	jun-87
10	HC Las Condes	8.761	mar-88
11	Co Vic. Mackenna	2.949	ene-92
12	Co Antofagasta	9.056	jul-92
13	HC Los Angeles	4.698	1992
14	HC Viña del Mar	7.318	ene-93
15	Co Cantagallo	5.870	ene-93
16	HC La Florida	6.683	jul-93
17	HC Ñuñoa	4.838	sep-93
18	HC Rancagua	10.724	nov-95
19	HC Puente Alto	16.893	oct-96
20	HC Quilpue	8.129	nov-96
21	Co La Florida	6.934	mar-97
22	HC Maipú	14.044	jul-98
23	HC El Trébol	14.456	nov-98
24	HC La Serena	12.545	dic-98
25	Co Reñaca Alto	7.656	dic-98
26	HC Parque Arauco	10.777	oct-99
27	HC Talca	7.908	dic-00
28	HC Calama	6.705	nov-01
29	HC San Miguel	13.061	nov-01
30	HC La Reina	13.207	abr-02
31	Co Vallenar	3.621	may-02
32	HC Ñuble	10.935	jun-02
33	HC Valdivia	8.288	sep-02
34	HC Nueva La Florida	18.461	nov-02
35	HC SS Temuco	13.370	abr-03
36	HC Huechuraba	11.630	nov-03
37	HC Villarrica	6.530	feb-04
38	HC Osorno	8.545	jul-05
39	HC Angol	4.214	sep-05
40	HC Chillan	8.781	dic-05
41	HC Coyhaique	5.740	ene-06
42	HC Curico	8.012	mar-06
43	HC Coquimbo	5.882	mar-06
44	HC Plaza Oeste	14.696	may-06
45	HC La Calera	8.030	jul-06
46	HC Pto.Montt	9.514	ago-06
47	HC Plaza Vespucio	11.433	sep-06
48	Co Fontova	6.720	sep-06
49	HC San Felipe	8.685	nov-06
50	HC Arica	8.747	dic-06
51	HC Iquique	9.955	feb-07
52	HC Antofagasta	10.718	abr-07
53	HC Plaza Concepción	11.343	jun-07
54	HC Punta Arenas	8.192	ago-07
55	HC Linares	7.040	nov-07
TOTAL		454.533	

N°	Store	Selling Space	Opening
1	Imperial Santa Rosa	9.442	1974
2	Imperial Mapocho	10.803	1999
3	Imperial Maipú	3.790	2001
4	Imperial Peñalolén	1.802	2001
5	Imperial La Florida	974	2002
6	Imperial Valparaíso	1.567	2003
7	Imperial Concepción	7.781	2007
8	Imperial Huechuraba	3.007	Abr-08

Sub Total Imperial	39.166
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TOTAL SODIMAC	493.699
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3. San Francisco Supermarkets - Chile (net 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	5.389	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	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
21	Tottus Colina	4.818	oct-07
TOTAL		88.111	



3. Peru¹³

i) Department Stores (net 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	5.571	1998
5	Trujillo	569	2001
6	Piura	2.485	2001
7	Arequipa	4.915	2002
8	Miraflores	7.074	oct-05
9	Chiclayo Mall	6.130	oct-05
10	Megaplaza	9.096	oct-06
11	Cajamarca	998	mar-07
12	Ica	660	may-07
13	Trujillo Mall	5.995	nov-07
TOTAL		76.847	

ii) Home Improvement (net 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	Abr-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
8	Sodimac Centro de Lima	8.396	Feb-08
TOTAL		67.217	

iii) Supermarkets (net m² of 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	Abr-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	Dic-07
9	Tottus Saenz Peña	2.116	Feb-08
TOTAL		54.601	

¹³ The downtown Lima store includes the Lima La Merced store (just household appliances).



4. Argentina

i) Department Stores (net m² of floor 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»8	Buenos Aires (Florida)	11.478	nov-07
9	Alto Avellaneda	8.150	abr-08

TOTAL	50.445
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ii) Home Improvement Stores (net m² of floor space)

N°	Store	Selling Space	Opening
1	Sodimac San Martín	12.714	feb-08
2	Sodimac Malvinas Argentinas	12.639	abr-08

TOTAL	25.353
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5. Colombia

i) Department Stores (net m² of floor space)

N°	Store	Selling Space	Opening
1	Santa Fe	10.268	Nov-06
2	Suba	8.597	Abr-07
3	San Diego	9.000	Nov-07
4	Hayuelos	7.970	Abr-08

TOTAL	35.835
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ii) Home Improvement (net m² of floor space)

N°	Store	Selling Space	Opening
1	HC Las Américas	2.017	1994
2	HC Calle 80	12.746	1997
3	HC Sur	10.465	1998
4	HC Norte	12.841	1999
5	HC Medellín	8.626	2002
6	HC Cali Sur	12.544	2003
7	HC Barranquilla	13.115	2004
8	HC Pereira	13.241	Jul-05
9	HC El Dorado	11.326	Nov-05
10	HC Medellín San Juan	13.718	Jul-06
11	HC Cali Norte	13.306	Feb-07
12	HC Suba	6.256	Mar-07
13	HC Soacha	7.275	Jun-07
14	HC Ibagué	10.010	Jul-07
15	HC Cartagena	8.062	Nov-07

TOTAL	155.548
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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 June 30 2008

ASSETS	2008	2007
Current Assets	1.549.212	1.386.804
Cash	66.886	54.821
Time deposits	2.053	275
Marketeable securities	14.446	13.781
Trade receivables	814.776	765.160
Notes receivables	43.347	37.614
Other receivables	46.065	36.433
Notes and accounts receivable from related parties	24.352	32.833
Inventories	446.457	375.494
Recoverable taxes	44.085	38.784
Prepaid expenses	19.436	15.802
Deferred income taxes	18.344	11.334
Other current assets	8.964	4.471
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	1.462.554	1.179.052
Land	328.592	276.399
Buildings and infrastructure	703.032	561.807
Machinery and equipment	181.271	160.571
Other property, plant and equipment	656.848	545.368
Technical reappraisal of property, plant and equipment	1.926	1.927
Accumulated depreciation	(409.115)	(367.019)
Other Assets	756.279	761.320
Investments in related companies	183.562	170.563
Investments in other societies	2.963	2.930
Goodwill	265.458	309.260
Negative goodwill	(4)	(243)
Long Term receivables	120.163	109.718
Notes and accounts receivable from relates parties	1.135	1.569
Deferred income taxes	39.819	41.216
Intangibles assets	181.900	163.962
Amortization	(13.148)	(11.392)
Other long-term assets	14.250	14.953
Long-term leasing	0	0
Total Assets	3.768.045	3.327.176



S.A.C.I. FALABELLA
CONSOLIDATED BALANCE SHEETS
 Expressed in Millions of Chilean Pesos as of June 30 2008

	2008	2007
LIABILITIES		
Current Liabilities	1.152.250	922.167
Short-term bank borrowings	502.021	427.956
Current portion of long-term bank borrowings	77.702	47.998
Obligations with the public (promissory notes)	16.562	10.458
Current portion of bonds payable	30.657	25.741
Current portion of long-term borrowings	0	0
Dividends to be paid	207	262
Trade account payables	373.378	283.252
Documents payable	35.268	23.484
Sundry creditors	15.700	12.712
Notes and accounts payable to related companies	25.428	30.245
Accruals	41.338	31.577
Withholdings	19.324	18.856
Income tax	5.489	2.725
Unearned income	8.313	6.785
Deferred taxes	18.344	11.334
Other short-term liabilities	862	114
Total long-term liabilities	966.710	910.713
Long-term bank borrowings	433.717	400.554
Bonds payable	482.263	458.410
Documents payable - long-term	0	0
Sundry creditors	205	345
Notes and accounts payable to related companies	25.428	30.245
Accruals	1.788	1.880
Deferred taxes	39.819	41.216
Other long-term liabilities	8.918	8.307
Minority interest	113.583	80.521
Shareholder's Equity	1.535.502	1.413.775
Paid-in capital	488.968	495.437
Capital revaluation reserve	15.644	9.413
Additional paid-in capital	3.412	0
Other reserves	(25.652)	(18.840)
Retained earnings	1.053.131	927.765
Reserve for future dividends	0	0
Accumulated profits	942.896	833.941
Accumulated loss	0	0
Net income (loss)	110.235	117.383
Interim dividends	0	(23.559)
Deficit from development period	0	0
Total Liabilities	3.768.045	3.327.176



S.A.C.I. FALABELLA
CONSOLIDATED INCOME STATEMENT
 Expressed in Millions of Chilean Pesos as of June 30 2008

	2008	2007
Operating Income	168.104	149.953
Gross Margin	497.951	415.476
Revenues	1.670.772	1.430.110
Cost of sales	(1.172.821)	(1.014.633)
Selling , general and administrative expenses	(329.847)	(265.523)
Non-operating Income	(22.378)	(3.521)
Financial income	5.147	2.947
Profit on investments in related companies	18.134	23.771
Other non-operating income	9.637	14.453
Loss on investment in related companies	0	0
Amortization of goodwill	(8.701)	(8.952)
Financial expenses	(29.741)	(22.338)
Other non-operating expenses	(6.274)	(5.558)
Price-level restatement	(8.875)	(6.167)
Exchange differentials	(1.703)	(1.678)
Profit Before Income Tax & Extraordinary Items	145.726	146.432
Income Tax	5.489	2.725
Extraordinary Items	0	0
Profit (loss) before minority interest	120.618	125.265
Minority interest	(10.384)	(7.883)
Net profit (loss)	110.234	117.382
Amortization of negative goodwill	1	2
Profit (loss) in the fiscal year	110.235	117.383



S.A.C.I. FALABELLA
CONSOLIDATED STATEMENT OF CASH FLOWS
 Expressed in Millions of Chilean Pesos as of June 30 2008

	2008	2007
Cash Flows From Operating Activities	194.870	142.646
Collection of trade receivables	2.056.793	1.720.342
Financial income received	4.131	2.953
Dividends received	15.013	5.456
Other income received	14.599	28.290
Payments to suppliers and personnel	(1.761.045)	(1.498.914)
Interest paid	(29.949)	(22.902)
Income tax payments	(27.444)	(16.938)
Other expenses	(16.320)	(36.026)
VAT and other taxes paid	(60.907)	(39.614)
Cash Flows From Financing Activities	14.368	25.207
Proceeds from issuance of common stock	10.055	19.916
Borrowings from banks	494.811	437.801
Proceeds from issuance of bonds	49.089	12.974
Borrowings from related companies	0	0
Other borrowings from related companies	0	0
Other sources of financing	1.378	502
Payment of dividends	(50.691)	(86.797)
Distribution of capita	0	0
Payment of loans	(463.487)	(342.883)
Payment of public liabilities incurred	(15.947)	(6.787)
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	(9.880)	(9.520)
Other payments	(959)	0
Cash Flows From Investing Activities	(204.990)	(198.777)
Proceeds from sales of property, plant and equipment	13.388	1.403
Proceeds from sales of long-term investments	1	0
Proceeds from sales of other investments	1	0
Collection of loans to related companies	0	0
Collections of other loans to related companies	0	0
Other investment income	2.707	0
Additions to property, plant and equipment	(206.267)	(106.254)
Payment of interest capitalized	(1.261)	0
Purchase of permanent investments	(4.728)	(66.440)
Investments in financial instruments	0	0
Loans to related companies	0	0
Other payments to related companies	(8.831)	(27.486)
Other payments of investments	0	0
Net Cash Flow	4.248	(30.924)
Price-level Restatements of Cash and Cash Equivalents	(2.448)	(1.184)
Net Increase (Decrease) in Cash and Cash Equivalents	1.800	(32.108)
Cash and Cash Equivalents at Beginning of Period	81.585	100.986
Cash and Cash Equivalents at End of Period	83.385	68.878



S.A.C.I. FALABELLA
CONSOLIDATED RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
 Expressed in Millions of Chilean Pesos as of June 30 2008

	2008	2007
Income on sale of assets	386	(38)
Gain on sales of property, plant and equipment	386	(38)
Gain on sales of investments	0	0
Loss on sales of investments	0	0
Gain (loss) on sales of other assets	0	0
Other Debits (Credits) to income that do not represent cash flows	105.881	48.306
Depreciation	36.867	31.559
Amortization of Intangibles	3.240	2.420
Write-offs and provisions	63.891	15.423
Equity in gains of unconsolidated affiliates	(18.134)	(23.771)
Equity in losses of unconsolidated affiliates	0	0
Amortization of goodwill	8.701	8.952
Amortization of negative goodwill	(1)	(2)
Price-level restatement	(8.875)	(6.167)
Exchange differentials	1.703	1.678
Other credits to income that do not represent cash flows	(2.439)	(8.174)
Other debits to income that do not represent cash flows	3.177	14.054
Changes in operating assets	(91.129)	(24.963)
Receivables	(27.605)	(56.111)
Inventories	(53.375)	(32.353)
Other current assets	(10.148)	63.501
Changes in operating liabilities	59.112	(5.925)
Trade accounts payable and notes payables relating to operating activities	61.586	(8.815)
Taxes to be paid	929	(1.632)
Net income tax	(6.417)	(3.164)
Other trade accounts payable relating to operating activities	7.880	5.846
VAT and other taxes	(4.867)	1.841
Income attributable to minority interest	10.384	7.883
Net cash provided by operating activities	194.870	142.646



S.A.C.I. FALABELLA
INDIVIDUAL BALANCE SHEETS
 Expressed in Millions of Chilean Pesos as of June 30 2008

ASSETS	2008	2007
Current Assets	346.185	349.898
Cash	8.343	16.619
Time deposits	0	0
Marketeable securities	0	7.626
Trade receivables	2.539	4.509
Notes receivables	7.011	6.855
Other receivables	3.596	3.430
Notes and accounts receivable from related parties	203.307	189.647
Inventories	106.676	110.532
Recoverable taxes	714	1.007
Prepaid expenses	7.869	2.834
Deferred income taxes	2.246	1.961
Other current assets	3.885	4.877
Leasing agreements	0	0
Leasing assets	0	0
Property, Plant and Equipment	107.343	88.979
Land	0	0
Buildings and infrastructure	0	0
Machinery and equipment	15.829	15.859
Other property, plant and equipment	206.911	158.053
Technical reappraisal of property, plant and equipment	0	0
Accumulated depreciation	(115.396)	(84.932)
Other Assets	1.698.602	1.579.281
Investments in related companies	1.674.994	1.550.520
Investments in other societies	0	0
Goodwill	9.435	10.315
Negative goodwill	0	0
Long Term receivables	109	51
Notes and accounts receivable from relates parties	2.683	2.926
Deferred income taxes	5.645	2.441
Intangibles assets	623	544
Amortization	(163)	(105)
Other long-term assets	10.922	15.031
Long-term leasing	0	0
Total Assets	2.152.131	2.018.159



S.A.C.I. FALABELLA
INDIVIDUAL BALANCE SHEETS
 Expressed in Millions of Chilean Pesos as of June 30 2008

	2008	2007
LIABILITIES		
Current Liabilities	182.665	141.840
Short-term bank borrowings	6.186	4.222
Current portion of long-term bank borrowings	0	1.641
Obligations with the public (promissory notes)	0	0
Current portion of bonds payable	6.355	6.377
Current portion of long-term borrowings	0	0
Dividends to be paid	144	141
Trade account payables	57.393	59.670
Documents payable	3.399	2.131
Sundry creditors	1.084	475
Notes and accounts payable to related companies	98.320	59.076
Accruals	2.237	1.754
Withholdings	1.983	3.091
Income tax	0	0
Unearned income	5.564	3.196
Deferred taxes	2.246	1.961
Other short-term liabilities	0	66
Total long-term liabilities	433.964	462.543
Long-term bank borrowings	0	0
Bonds payable	408.852	411.972
Documents payable - long-term	0	0
Sundry creditors	0	0
Notes and accounts payable to related companies	98.320	59.076
Accruals	682	774
Deferred taxes	5.645	2.441
Other long-term liabilities	64	0
Minority interest	0	0
Shareholder's Equity	1.535.502	1.413.775
Paid-in capital	488.968	495.437
Capital revaluation reserve	15.644	9.413
Additional paid-in capital	3.412	0
Other reserves	(25.652)	(18.840)
Retained earnings	1.053.131	927.765
Reserve for future dividends	0	0
Accumulated profits	942.896	833.941
Accumulated loss	0	0
Net income (loss)	110.235	117.383
Interim dividends	0	(23.559)
Deficit from development period	0	0
Total Liabilities	2.152.131	2.018.159



S.A.C.I. FALABELLA
INDIVIDUAL INCOME STATEMENT
 Expressed in Millions of Chilean Pesos as of June 30 2008

	2008	2007
Operating Income	12.869	11.216
Gross Margin	112.840	103.384
Revenues	360.444	361.890
Cost of sales	(247.604)	(258.506)
Selling , general and administrative expenses	(99.970)	(92.168)
Non-operating Income	97.829	106.695
Financial income	1.052	1.325
Profit on investments in related companies	113.639	115.619
Other non-operating income	3.808	7.237
Loss on investment in related companies	(1.078)	(713)
Amortization of goodwill	(434)	(434)
Financial expenses	(11.974)	(11.553)
Other non-operating expenses	(1.314)	(892)
Price-level restatement	(6.074)	(2.081)
Exchange differentials	205	(1.812)
Profit Before Income Tax & Extraordinary Items	110.699	117.911
Income Tax	0	0
Extraordinary Items	0	0
Profit (loss) before minority interest	110.235	117.383
Minority interest	0	0
Net profit (loss)	110.235	117.383
Amortization of negative goodwill	0	0
Profit (loss) in the fiscal year	110.235	117.383



S.A.C.I. FALABELLA
INDIVIDUAL STATEMENT OF CASH FLOWS
 Expressed in Millions of Chilean Pesos as of June 30 2008

	2008	2007
Cash Flows From Operating Activities	150.022	129.245
Collection of trade receivables	470.834	476.386
Financial income received	60	354
Dividends received	18.077	60.619
Other income received	7.571	22.679
Payments to suppliers and personnel	(327.382)	(387.810)
Interest paid	(2.780)	(3.439)
Income tax payments	(1.413)	(1.089)
Other expenses	0	0
VAT and other taxes paid	(8.262)	(3.360)
Cash Flows From Financing Activities	(111.209)	(102.602)
Proceeds from issuance of common stock	1.287	15.740
Borrowings from banks	27.704	0
Proceeds from issuance of bonds	0	0
Borrowings from related companies	8.648	0
Other borrowings from related companies	20.261	125
Other sources of financing	0	0
Payment of dividends	(45.171)	(80.664)
Distribution of capita	0	0
Payment of loans	(58.142)	(16.709)
Payment of public liabilities incurred	(1.254)	0
Payment of related companies loans	(15.145)	0
Payment of other related companies loans	(40.331)	(11.861)
Payment of common stock issuance costs	0	0
Payment of bond issuance costs	(9.067)	(9.233)
Other payments	0	0
Cash Flows From Investing Activities	(51.469)	(51.714)
Proceeds from sales of property, plant and equipment	50	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	308	28.336
Other investment income	329	34
Additions to property, plant and equipment	(21.465)	(23.583)
Payment of interest capitalized	0	0
Purchase of permanent investments	(11.337)	(10.266)
Investments in financial instruments	0	0
Loans to related companies	0	0
Other payments to related companies	(19.158)	(45.625)
Other payments of investments	(196)	(609)
Net Cash Flow	(12.656)	(25.071)
Price-level Restatements of Cash and Cash Equivalents	(120)	(556)
Net Increase (Decrease) in Cash and Cash Equivalents	(12.777)	(25.627)
Cash and Cash Equivalents at Beginning of Period	21.120	49.872
Cash and Cash Equivalents at End of Period	8.343	24.245



S.A.C.I. FALABELLA
INDIVIDUAL RECONCILIATION BETWEEN NET INCOME AND CASH FLOWS
 Expressed in Millions of Chilean Pesos as of June 30 2008

	2008	2007
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	(94.474)	(100.299)
Depreciation	7.940	7.093
Amortization of Intangibles	27	20
Write-offs and provisions	4.052	3.719
Equity in gains of unconsolidated affiliates	(113.639)	(115.619)
Equity in losses of unconsolidated affiliates	1.078	713
Amortization of goodwill	434	434
Amortization of negative goodwill	0	0
Price-level restatement	(6.074)	(2.081)
Exchange differentials	(205)	1.812
Other credits to income that do not represent cash flows	(358)	(663)
Other debits to income that do not represent cash flows	122	111
Changes in operating assets	64.698	126.240
Receivables	42.362	46.273
Inventories	757	935
Other current assets	21.580	79.032
Changes in operating liabilities	69.563	(14.079)
Trade accounts payable and notes payables relating to operating activities	65.627	9.904
Taxes to be paid	27	(1.206)
Net income tax	(262)	121
Other trade accounts payable relating to operating activities	3.474	(27.313)
VAT and other taxes	697	4.416
Income attributable to minority interest	0	0
Net cash provided by operating activities	150.022	129.245



www.falabella.com

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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.