

# EARNINGS REPORT 4th. Quarter 2010



## SACI FALABELLA

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## Notes:

- All dollar figures are calculated using the observed exchange rate of CLP 468,01/US\$1 on January 3, 2011.
- Symbols for quarters are: 1Q, 2Q, 3Q and 4Q, as applicable.
- Other symbols for periods in the year are: 1H for first semester and 9M for the first 9 months of the year.
- Currency symbols: CLP\$: Chilean pesos; US\$: U.S. dollars; M: Million.

## I. Executive Summary

Fourth quarter's net profit grew 48.3% compared to the fourth quarter of 2009 reaching MCLP\$169,092 (MUS\$361). This growth is explained for higher Operational Results and the extraordinary profit from the sale of FASA's participation to Casa Saba. The cumulative Net Profit grew 69.1% compared with the same period of 2009 reaching MCLP\$413,347 (MUS\$ 883). This increase is due to a higher Operational Profit and higher sales experienced during the year, a better gross margin and lower Selling, General and Administrative Expenses.

The EBITDA grew 32.2% in 4Q10 compared to the same period last year, to a total of MCLP\$237,897 (MUS\$508). The EBITDA margin of the quarter rose 1.7 percentage points in comparison to the same period in 2009. On a cumulative basis through December 2010, EBITDA grew 35.8% to MCLP\$704,737 (MMUS\$ 1,505).

Revenues in the quarter grew 19.4% reaching MCLP\$1,311,505 (MUS\$2,801). On a cumulative basis through December 31st, consolidated revenues totaled MCLP\$4,430,429 (MUS\$9,467), representing a growth of 16.6% with respect to the same period in 2009.

Selling, General and Administrative Expenses showed a small increase with respect to the same period in 2009. This increase is explained because of extra expenses during the start up of new stores, due to the fact that most of the openings were concentrated in the fourth quarter. The cumulative SG&A through December 31<sup>th</sup> fell 0.7 percentage points over total revenues.

Total loans reached MCLP\$2,072,894 (MUS\$4,429) as of December 31<sup>th</sup>. This amount represents an annual 24.5% increase over total loans. Consolidated provisions over total gross loans reached 3.44% at the end of 2010, 1.03 points less than 2009.

The consolidated leverage was 1.27 times at the end of third quarter. Excluding the liabilities of the bank businesses in the group, the consolidated leverage was 0.90 times.

During the fourth quarter, 16 stores were opened: 5 in Chile, 7 in Peru, 2 in Argentina and 2 in Colombia. Also opened, Mall Aventura Plaza Arequipa, Open Plaza Piura shopping mall and San Felipe Power Center.

## II. Consolidated Income Statement as of December 31, 2010

### Consolidated Income Statement 2010 (MCLP\$)

	2009	% Rev.	2010	% Rev.	Var 10/09
Revenues of Non-Banking Operations	3.575.153		4.179.424		16,9%
Revenues of Banking Operations	223.817		251.005		12,1%
<b>TOTAL REVENUES</b>	<b>3.798.970</b>		<b>4.430.429</b>		<b>16,6%</b>
COGS of Non-Banking operations	(2.383.579)	-67%	(2.725.727)	-65%	14,4%
COST of Banking Operations	(99.299)	-44%	(91.938)	-37%	-7,4%
<b>GROSS PROFIT</b>	<b>1.316.092</b>	<b>34,6%</b>	<b>1.612.764</b>	<b>36,4%</b>	<b>22,5%</b>
SG&A Expenses	(901.061)	-23,7%	(1.017.822)	-23,0%	13,0%
<b>Operational Income</b>	<b>415.031</b>	<b>10,9%</b>	<b>594.942</b>	<b>13,4%</b>	<b>43,3%</b>
<b>EBITDA</b>	<b>519.054</b>	<b>13,7%</b>	<b>704.737</b>	<b>15,9%</b>	<b>35,8%</b>
Other Non- Operating Income / (Expenses)	6.546		21.460		227,8%
Net Financial Income / (Cost)	(114.140)		(61.627)		-46,0%
Share of Profit in Associates	7.583		14.620		92,8%
Exchange rate differences	12.188		1.019		-91,6%
Gain/(Loss) in inflation-index monetary units	21.506		(23.653)		0,0%
<b>Non- Operating Profit</b>	<b>(66.318)</b>	<b>-1,7%</b>	<b>(48.181)</b>	<b>-1,1%</b>	<b>-27,3%</b>
<b>Profit Before Tax Expenses</b>	<b>348.713</b>	<b>9,2%</b>	<b>546.761</b>	<b>12,3%</b>	<b>56,8%</b>
Income Tax	(72.307)		(93.482)		29,3%
Minority Interest	(31.949)		(39.931)		25,0%
<b>NET PROFIT / (LOSS)</b>	<b>244.458</b>	<b>6,4%</b>	<b>413.347</b>	<b>9,3%</b>	<b>69,1%</b>

### Consolidated Income Statement 4Q 2010 (MCLP\$)

	4Q 2009	% Rev.	4Q 2010	% Rev.	Var 10/09
Revenues of Non-Banking Operations	1.038.635		1.244.067		19,8%
Revenues of Banking Operations	59.399		66.938		12,7%
<b>TOTAL REVENUES</b>	<b>1.098.035</b>		<b>1.311.005</b>		<b>19,4%</b>
COGS of Non-Banking operations	(672.438)	-65%	(764.230)	-61%	13,7%
COST of Banking Operations	(24.396)	-41%	(25.317)	-38%	3,8%
<b>GROSS PROFIT</b>	<b>401.200</b>	<b>36,5%</b>	<b>521.458</b>	<b>39,8%</b>	<b>30,0%</b>
SG&A Expenses	(245.322)	-22,3%	(312.812)	-23,9%	27,5%
<b>Operational Income</b>	<b>155.878</b>	<b>14,2%</b>	<b>208.646</b>	<b>15,9%</b>	<b>33,9%</b>
<b>EBITDA</b>	<b>179.979</b>	<b>16,4%</b>	<b>237.897</b>	<b>18,1%</b>	<b>32,2%</b>
Other Non- Operating Income / (Expenses)	(97)		31.052		-32156,8%
Net Financial Income / (Cost)	(11.234)		(18.951)		68,7%
Share of Profit in Associates	10.646		7.736		-27,3%
Exchange rate differences	8.810		(355)		-104,0%
Gain/(Loss) in inflation-index monetary units	(7.257)		(5.456)		-24,8%
<b>Non- Operating Profit</b>	<b>868</b>	<b>0,1%</b>	<b>14.026</b>	<b>1,1%</b>	<b>1515,6%</b>
<b>Profit Before Tax Expenses</b>	<b>156.746</b>	<b>14,3%</b>	<b>222.672</b>	<b>17,0%</b>	<b>42,1%</b>
Income Tax	(29.984)		(37.856)		26,3%
Minority Interest	(12.732)		(15.723)		23,5%
<b>NET PROFIT / (LOSS)</b>	<b>114.031</b>	<b>10,4%</b>	<b>169.092</b>	<b>12,9%</b>	<b>48,3%</b>

## 1. Operational Income

Operational income grew 33.9% in the fourth quarter compared to the same period in 2009. It totaled MCLP\$208,646 (MUS\$446). Operational margin in the quarter was 15.9%, which means 1.7 percentage points more than in the fourth quarter of the previous year. The cumulative 2010 operational margin totaled MCLP\$594,492 (MUS\$1,271), which represents a 43.3% increase respect to 2009. Operational result increased due to a higher gross margin, product of the higher consume observed in the region.

Consolidated revenues rose 19.4% in the fourth quarter. This growth has been seen in Bank and non-Banking businesses. Revenues from banking operations grew 12.7% and Non-banking operations ones grew 19.8%. On a cumulative basis, as of December 31<sup>th</sup>, the total revenues grew 16.6% in comparison to the same period in the previous year. This growth was driven mainly for the better consumption levels observed in the region due to the higher level in consumer confidence. This has a straight impact in all the group businesses, since they are all directly connected to retail trading. Other element that also contributed to this growth was the selling area. The 27 stores opened in 2010 where in line with the optimism showed in the region, same as the stores opened in 2008 and 2009 that couldn't reach the expected sales levels.

The consolidated gross margin grew 3.3 percentage points in the quarter and 1.8 percentage points on a cumulative basis as of December with respect to the same period in 2009. This improvement has been driven by financial businesses and also by stores. In the first one, reduction in risk levels reflected lower provisions. Retail businesses had their inventory levels very tight, which together with the higher levels of consumption had a positive effect in full sales over discount sales.

Selling, general and administrative expenses grew 1.6 percentage points as a proportion of total revenues in the quarter and fell 0.7 percentage points on a cumulative basis as of December. The higher levels of expenses in the fourth quarter are consequence of the concentration of openings in this period. 16 stores and 3 shopping malls opened in the fourth quarter, what means higher costs due to the start up of the stores.

## 2. Non-Operating Income

The non operating profit of the fourth quarter reached M\$ 14,026 (MUS\$30). This positive profit is mainly driven by the extraordinary sale of Farmacias Ahumada. On the other hand, during the quarter there was a higher loss in exchange rate differences due to the high appreciation of the Chilean peso against the US dollar in comparison to the local currencies of Peru, Argentina and Colombia.

As of December, the non operating loss was M\$48,181 (MUS\$103) which represents a reduction of 27.5% of non operating loss compared with the same period of 2009. This result, as in the quarter, is mainly due to lower financial expenses, higher profits in associates and the already mentioned extraordinary profit from the Farmacias Ahumada operation. Regarding 2010 Loss in inflation-index monetary units, this was due to positive inflation in the period, because this result shows the growth of the financial debt indexed to the inflation in Chile.

### **III. Main Events in the Period**

#### **OCTOBER**

- The sale of 30 million shares of Farmacias Ahumada, corresponding to 20% of the property to Casa Saba. The price per share was \$1.642.
- SACI Falabella prepaid its whole E series corporate bonds for UF 4.5 millions.
- Sodimac prepaid its whole C series corporate bonds for UF 1.1 millions.
- Plaza S.A issued 2 series corporate bonds for UF 5 millions. The series were issued to 21 years and qualified AA- and AA by Fitch ratings and Humphreys respectively.
- Sodimac opened Bucaramanga store in Colombia.

#### **NOVEMBER**

- San Felipe, Chile, opened a Falabella store and a Tottus Hypermarket.
- Falabella and Sodimac stores were opened in the Tortugas Open Mall in Buenos Aires, Argentina.

#### **DECEMBER**

- Shopping Malls Open Plaza Piura and Aventura Plaza Arequipa opened in Peru. In each of them a Saga Falabella, Sodimac and Tottus stores were opened.
- Tottus Chile opened a store in Talca and two in Santiago: Peñalolen and Catedral.
- Tottus Peru opened in December a store in Cayma, Arequipa, next to the Saga Falabella store already in business.
- Falabella opened a store in the city of Pereira, Colombia.

## IV. Retail Indicators

### 1. Retail Business Revenues

#### Cumulative Retail Revenues in 2010<sup>1</sup> (MUS\$)

(Nominal Chilean pesos converted to USD at the observed exchange rate for January 3, 2011)

	2009	2010	Var. 10/09	Var. Local Currency <sup>2</sup>
<b>Chile</b>				
Department Stores	1.681	1.987	18%	18%
Home Improvement	2.281	2.652	16%	16%
Supermarkets	680	741	9%	9%
<b>Peru</b>				
Department Stores	629	705	12%	13%
Home Improvement	255	292	15%	16%
Supermarkets	438	524	20%	21%
<b>Argentina</b>				
Department Stores	376	473	26%	38%
Home Improvement	92	149	61%	80%
<b>Colombia</b>				
Department Stores	206	360	75%	58%
Home Improvement	771	922	20%	17%

#### Retail Revenues 4Q 2010<sup>2</sup> (MUS\$)

(Nominal Chilean pesos converted to USD at the observed exchange rate for January 3, 2011)

	4Q 2009	4Q 2010	Var. 10/09	Var. Local Currency <sup>2</sup>
<b>Chile</b>				
Department Stores	536	652	22%	22%
Home Improvement	617	721	17%	17%
Supermarkets	190	212	12%	12%
<b>Peru</b>				
Department Stores	189	220	17%	15%
Home Improvement	65	85	31%	29%
Supermarkets	123	162	32%	30%
<b>Argentina</b>				
Department Stores	117	152	30%	34%
Home Improvement	25	48	96%	101%
<b>Colombia</b>				
Department Stores	70	140	99%	66%
Home Improvement	216	272	26%	23%

#### Same Store Sales (SSS)<sup>3</sup> Growth

(All growth is nominal and has been calculated in the local currency of each country)

	2009				2010				2009	2010
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Chile</b>										
Department Stores Chile	-5,6%	-2,5%	7,2%	10,5%	5,6%	26,2%	15,6%	18,9%	3,0%	17,1%
Home Improvement Chile	-5,9%	-10,7%	-9,1%	10,5%	8,1%	21,9%	20,5%	16,3%	-3,4%	16,5%
Supermarkets Chile	3,5%	-1,0%	-2,1%	1,8%	4,9%	6,6%	7,9%	5,1%	0,5%	6,1%
<b>Perú</b>										
Department Stores Peru	-2,2%	-2,1%	-2,2%	4,9%	11,5%	17,6%	8,6%	9,1%	-0,1%	11,6%
Home Improvement Peru	-9,0%	-11,3%	-9,8%	-8,6%	6,1%	11,7%	15,3%	14,7%	-9,5%	12,0%
Supermarkets Peru	-9,2%	-14,0%	-7,1%	-6,1%	12,5%	18,1%	13,7%	13,2%	-10,3%	14,3%
<b>Argentina</b>										
Department Stores Argentina	-9,8%	8,6%	13,7%	22,6%	36,6%	38,5%	27,7%	27,4%	10,3%	31,8%
Home Improvement Argentina	-16,4%	-8,2%	8,3%	22,2%	31,6%	40,0%	41,0%	36,7%	9,0%	37,3%
<b>Colombia</b>										
Tiendas por Depto. - Colombia	5,5%	-0,4%	11,3%	11,0%	13,5%	4,0%	3,1%	14,7%	7,5%	9,8%
Mejoramiento del Hogar - Colombia	-0,2%	1,3%	3,0%	9,6%	14,7%	10,3%	15,6%	17,8%	0,0%	14,8%

<sup>1</sup> Does not include financial businesses' income.

<sup>2</sup> The variation of sales in local currency provides insulation against the effects of the exchange rate in the translation of the financial statements.

<sup>3</sup> SSS Colombia include Ex Casa Estrella stores only in december.

## 2. Number of Stores and Net Selling Area<sup>4</sup>

Sales Area	December 2009		December 2010	
	Area (m <sup>2</sup> )	Stores	Area (m <sup>2</sup> )	Stores
<b>Chile</b>				
Department Stores - Chile	232.561	35	234.984	36
Expos Falabella Retail - Chile	5.576	4	5.444	4
Home Improvement - Chile	537.745	66	553.183	67
Supermarkets - Chile	98.726	26	111.910	31
<b>Peru</b>				
Department Stores - Peru	90.023	14	111.078	17
Home Improvement - Peru	98.219	13	123.805	16
Supermarkets - Peru	85.507	17	107.597	24
<b>Argentina</b>				
Department Stores - Argentina	59.569	10	66.337	11
Home Improvement - Argentina	46.168	4	65.185	6
<b>Colombia</b>				
Department Stores - Colombia	55.878	9	73.530	11
Home Improvement - Colombia	190.616	19	202.475	20
<b>Total Stores</b>	<b>1.500.588</b>	<b>217</b>	<b>1.655.528</b>	<b>243</b>
Mall Plaza - Chile	830.000	11	830.000	11
Soc. Rentas Falabella - Chile	126.898	5	134.076	6
Aventura Plaza - Perú	109.077	2	111.000	3
Malls Perú - Perú	117.300	5	191.378	7
<b>Total Real Estate</b>	<b>1.183.274</b>	<b>23</b>	<b>1.346.303</b>	<b>27</b>

During the fourth quarter, four Tottus stores opened in Chile, Talca, Peñalolen, San Felipe y Catedral, with a total of 11,709m<sup>2</sup> of extra surface. Also Falabella San Felipe store was opened with 2,423m<sup>2</sup> of selling surface. Sodimac Chile made 3 store enlargements.

In Peru, Saga Falabella, Sodimac and Tottus opened stores in Mall Aventura Arequipa and in Open Plaza Piura shopping mall. With these openings, Saga Falabella has an extra 12,055m<sup>2</sup> of selling area and Sodimac 17,209m<sup>2</sup>. Also, Tottus opened a second store in Arequipa with 1,051m<sup>2</sup> completing a total of 11,205m<sup>2</sup> of new selling area.

On the other hand, Colombia opened Falabella Pereira store with 5,206m<sup>2</sup> of selling area, and Sodimac Bucaramanga with 10,954m<sup>2</sup>.

In Argentina, Sodimac and Falabella stores were opened in Tortugas Open Mall. The selling surface are 8,853m<sup>2</sup> and 6,768m<sup>2</sup> respectively.

Also, Mall Aventura Plaza Arequipa with 55,811m<sup>2</sup> of rent surface opened in Peru, and Open Plaza Piura shopping mall with 32,156m<sup>2</sup> of rent surface. Both shopping malls have Saga Falabella, Sodimac and Tottus stores. In Chile, San Felipe Power Center opened with 7,178m<sup>2</sup> of rent surface.

During 2010, Expo Falabella Arica and Bima store in Colombia were closed with 132m<sup>2</sup> and 2,336m<sup>2</sup> respectively.

Mall Plaza increases its surface, mainly because of Mall Plaza Norte enlargement.

<sup>4</sup>Expo Retail considers Pucón from 2010.

Soc. Rentas includes only Power Centers. These are locations where there are two or more of Falabella formats, in addition to minor stores. Home Improvement considers Homy for 2009 and 2010. Tottus Chile & Mall Plaza Chile made a surface recount for proper comparison.



## V. Revenues by Business Unit

### 1. Chile

Increase in Chilean economics made possible a growth in revenues in all the group businesses, so much in the quarter as in the accumulated.

In terms of gross margin, retail and real estate business didn't show relevant changes in 2010 compared to the same period in 2009. On the other hand, CMR presents a notorious increase due to a lower provisions level during the year.

#### Operating Results 4Q 2010 (MUS\$)

MUS\$ & % Revenues	Department Stores			Home Improvement			Supermarkets		
	4Q 09	4Q 10	Var %	4Q 09	4Q 10	Var %	4Q 09	4Q 10	Var %
Revenues	535,6	651,6	21,7%	617,5	721,5	16,8%	189,7	212,8	12,2%
COGS	-67,0%	-67,3%	22,2%	-70,3%	-68,8%	14,3%	-75,2%	-75,9%	13,2%
Gross Margin	33,0%	32,7%	20,6%	29,7%	31,2%	22,9%	24,8%	24,1%	9,0%
SGA w/o Depreciation	-18,8%	-18,7%	20,5%	-20,4%	-20,2%	15,5%	-20,0%	-20,4%	14,2%
EBITDA	14,2%	14,1%	20,8%	9,3%	11,0%	39,3%	4,8%	3,7%	-13,0%
Operating Profit (Loss)	12,7%	13,0%	24,0%	7,2%	9,4%	51,8%	2,1%	1,2%	-35,5%

MUS\$ & % Revenues	Promotora CMR			Plaza S.A.		
	4Q 09	4Q 10	Var %	4Q 09	4Q 10	Var %
Revenues	133,7	148,8	11,3%	77,7	86,0	10,6%
COGS	-49,2%	-43,1%	-2,6%	-16,5%	-11,7%	-21,5%
Gross Margin	50,8%	56,9%	24,7%	83,5%	88,3%	17,0%
SGA w/o Depreciation	-9,5%	-10,2%	19,9%	-10,1%	-13,4%	47,3%
EBITDA	41,3%	46,7%	25,8%	83,3%	84,2%	11,8%
Operating Profit (Loss)	41,3%	46,7%	25,8%	73,4%	74,9%	12,9%

#### Cumulative Operating Results 2010 (MUS\$)

MUS\$ & % Revenues	Department Stores			Home Improvement			Supermarkets		
	2009	2010	Var %	2009	2010	Var %	2009	2010	Var %
Revenues	1.681,2	1.987,2	18,2%	2.280,9	2.651,7	16,3%	680,1	742,1	9,1%
COGS	-70,8%	-69,1%	15,2%	-72,1%	-71,0%	14,5%	-76,3%	-76,7%	9,7%
Gross Margin	29,2%	30,9%	25,5%	27,9%	29,0%	20,8%	23,7%	23,3%	7,2%
SGA w/o Depreciation	-22,7%	-20,9%	8,6%	-20,7%	-19,4%	8,9%	-20,3%	-19,6%	5,7%
EBITDA	6,4%	10,1%	85,1%	7,1%	9,5%	55,4%	3,5%	3,7%	16,3%
Operating Profit (Loss)	4,6%	8,6%	121,0%	5,3%	8,0%	75,6%	0,5%	0,8%	90,1%

MUS\$ & % Revenues	Promotora CMR			Plaza S.A.		
	2009	2010	Var %	2009	2010	Var %
Revenues	557,5	551,2	-1,1%	244,1	268,8	10,1%
COGS	-55,2%	-45,5%	-18,5%	-18,1%	-16,5%	0,3%
Gross Margin	44,8%	54,5%	20,2%	81,9%	83,5%	12,3%
SGA w/o Depreciation	-8,7%	-9,6%	8,9%	-9,4%	-10,5%	22,2%
EBITDA	36,1%	44,9%	22,9%	84,5%	84,7%	10,3%
Operating Profit (Loss)	36,1%	44,9%	22,9%	72,5%	73,1%	11,0%

## 2. International Operations

During the quarter there was an important growth in revenues, compared to 2009. Colombia even duplicated last year revenues due to 2009 start up of ex-Casa Estrella stores and 2010 maturity process and also the incorporation of 3 new stores. In Peru, growth levels are mainly driven by a more dynamic economy and the opening of 13 stores. Also, due to the economic recovery, there is a late maturity of 2008 openings, striking directly in a higher performance in the 2010 period.

Increase of SG&A expenses due to new stores start up, were offset by higher revenues in this markets.

### Operating Results 4Q 2010 (MUS\$)<sup>5</sup>

MUS\$ & % Revenues	Perú			Argentina			Colombia		
	4Q 09	4Q 10	Var %	4Q 09	4Q 10	Var %	4Q 09	4Q 10	Var %
<b>Revenues</b>	422,4	534,6	26,6%	150,7	212,3	40,9%	82,0	163,9	100,0%
<b>COGS</b>	-66,6%	-65,6%	24,6%	-62,3%	-58,9%	33,0%	-51,3%	-58,4%	127,7%
<b>Gross Margin</b>	33,4%	34,4%	30,6%	37,7%	41,1%	53,9%	48,7%	41,6%	70,7%
<b>SGA w/o Depreciation</b>	-20,6%	-20,1%	23,6%	-36,0%	-32,3%	26,5%	-25,8%	-25,9%	100,4%
<b>EBITDA</b>	12,8%	14,3%	41,7%	1,7%	8,9%		22,9%	15,7%	37,2%
<b>Operating Profit (Loss)</b>	11,6%	12,3%	34,2%	0,0%	7,1%		21,6%	14,3%	32,1%

### Operating Results 2010 (MUS\$)

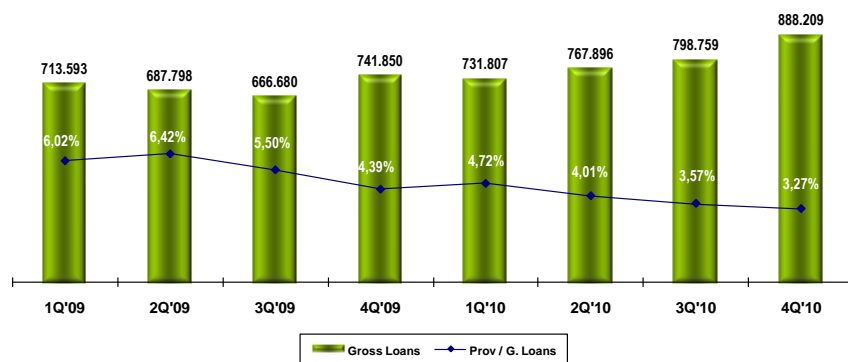
MUS\$ & % Revenues	Perú			Argentina			Colombia		
	2009	2010	Var %	2009	2010	Var %	2009	2010	Var %
<b>Revenues</b>	1.549,2	1.773,0	14,4%	506,0	660,5	30,5%	260,5	439,7	68,8%
<b>COGS</b>	-68,3%	-66,3%	11,0%	-65,0%	-60,9%	22,2%	-60,9%	-61,0%	69,0%
<b>Gross Margin</b>	31,7%	33,7%	21,9%	35,0%	39,1%	46,0%	39,1%	39,0%	68,5%
<b>SGA w/o Depreciation</b>	-20,1%	-20,2%	14,6%	-35,7%	-33,2%	21,2%	-32,8%	-29,6%	52,2%
<b>EBITDA</b>	11,5%	13,6%	34,6%	-0,8%	5,9%		6,3%	9,4%	153,1%
<b>Operating Profit (Loss)</b>	9,0%	11,1%	40,5%	-3,1%	4,1%		3,0%	6,5%	265,7%

<sup>5</sup> Operational Results include financial businesses in Peru and Colombia

## VI. Credit Indicators

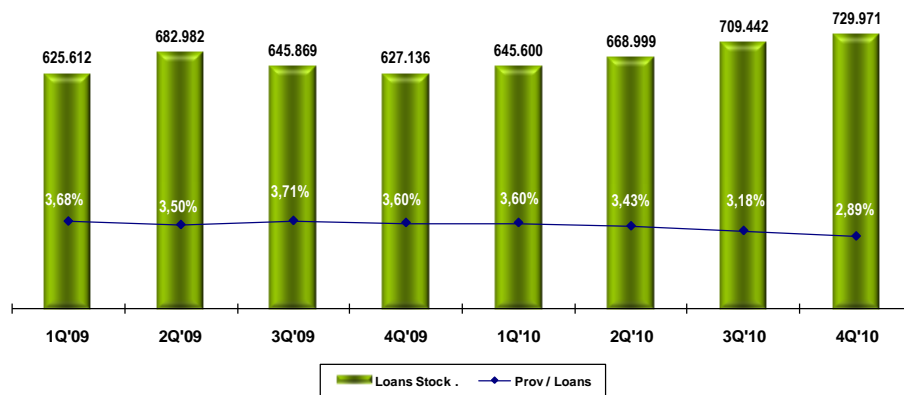
### 1. Loans and Provisions

#### CMR Chile



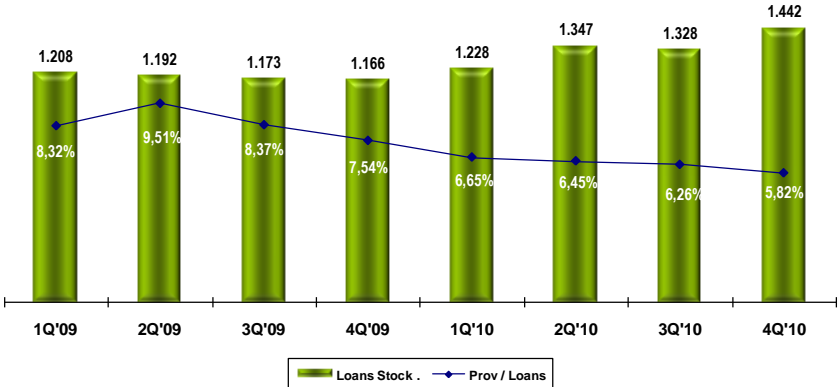
Note: Loans in MCLP\$ of each period.

#### Banco Falabella Chile



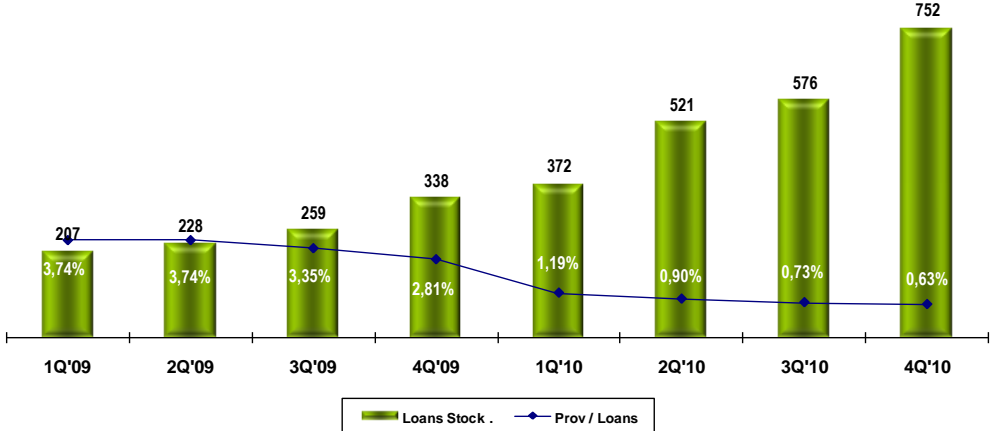
Note: Loans in MCLP\$ of each period

# Banco Falabella Peru (Ex CMR Peru)<sup>6</sup>



Note: Loans in M Soles of each period

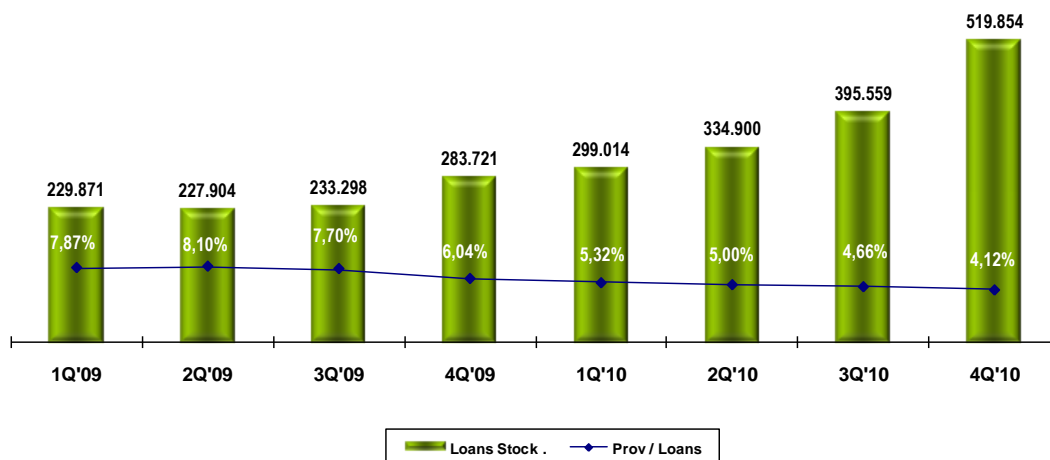
# CMR Argentina



Note: Loans in M Pesos (Arg) of each period

<sup>6</sup> **Note:** Banco Falabella Peru uses the provisions calendar issued by the Peruvian Banking and Insurance Commission. It has also maintained additional provisions required some time ago, even though the pro-cyclical rule is no longer in effect.

## Financiera CMR Colombia



Note: Loans in M Cop of each period.

## 2. CMR Card Sales

### Percentage of Sales using CMR<sup>7</sup>

	9M 2009	2009	1Q 2010	1H 2010	9M 2010	2010
Department Stores Chile	62,0%	61,8%	58,7%	60,2%	61,1%	60,9%
Home Improvement Chile	31,8%	28,7%	27,5%	30,5%	29,6%	30,0%
Supermarkets Chile	19,3%	19,5%	17,7%	19,1%	20,1%	20,2%
Retail Perú (Saga, Sodimac & Tottus)	48,5%	49,6%	47,7%	49,7%	49,0%	48,9%
Retail Argentina (Falabella & Sodimac)	32,1%	32,9%	39,5%	43,1%	41,6%	41,6%
Retail Colombia (Falabella & Sodimac)	15,4%	17,8%	21,1%	23,3%	24,7%	27,3%

As of December of 2010, the total active accounts of CMR per country were as follows: Chile 2.2 millions of accounts, Peru 1 million of accounts, Argentina 591 thousand accounts and Colombia 715 thousand of accounts.

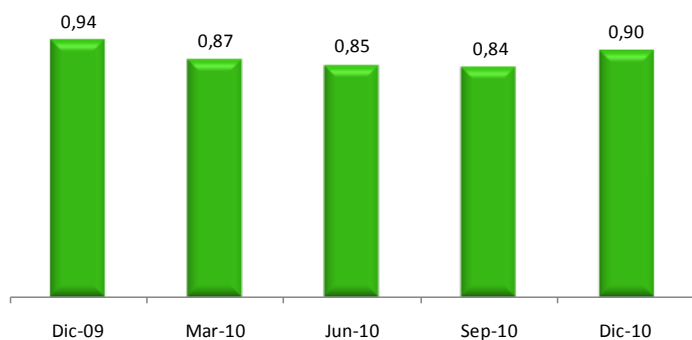
<sup>7</sup> Percentage of sales using CMR: sales using the card as compared to all sales in each business.

## VI. Financial Structure

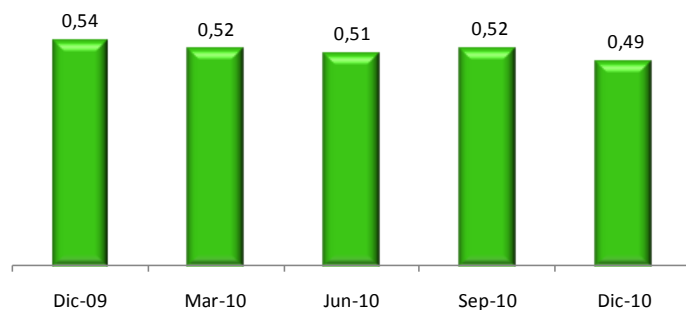
Liabilities as of December 31, 2010 totaled MCLP\$ 3.687.747 (MMUS\$ 7.879). This means that there was a leverage of 1.27 times.<sup>8</sup>

Total liabilities include Banco Falabella Chile, Banco Falabella Peru and CMR Colombia. Excluding these companies engaged in the banking business the consolidated Leverage is 0.90 times. Excluding these same companies, net financial Leverage as of December 31 was 0.49 times.

### Leverage<sup>9</sup>



### Net Financial Leverage<sup>9</sup>



<sup>8</sup> Leverage= total liabilities divided by total shareholder's equity.

<sup>9</sup> Figures does not include Bank's liabilities or Financial debt neither cash or Equivalents.

## VII. Financials Statements of S.A.C.I. Falabella according to IFRS

Income Statement	Cumulative January - December 2010 M\$	Cumulative January - December 2009 M\$
<b>Non- Banking Operations</b>		
Revenues	4.179.424.420	3.575.152.755
Costs of sales	-2.725.726.989	-2.383.579.268
<b>Gross Margin</b>	<b>1.453.697.431</b>	<b>1.191.573.487</b>
Distribution Costs	-46.771.346	-43.315.519
Administrative Expenses	-756.332.042	-677.931.935
Other Operating Expenses	-112.300.911	-88.988.453
Other Non-Operating income / (Expenses)	21.460.066	6.545.785
Financial Income	9.584.197	10.867.746
Finance costs	-71.211.405	-125.007.552
Share of Profit in Associates	14.315.955	7.249.782
Exchange rate differences	1.019.096	12.187.603
Gain (Loss) in inflation-index monetary units	-23.653.442	21.506.241
<b>Profit before tax income</b>	<b>489.807.599</b>	<b>314.687.185</b>
Income taxes	-79.315.778	-62.074.427
<b>Net Profit of Continuing Operations</b>	<b>410.491.821</b>	<b>252.612.758</b>
Gain /(Loss) of Non - Continuing Operations		
<b>Net Profit of Non - Banking Operations</b>	<b>410.491.821</b>	<b>252.612.758</b>
<b>Banking Operations</b>		
Revenues from interest	191.042.355	167.408.823
Expenses for Interests	-49.828.431	-46.503.976
<b>Net Profit of Continuing Operations</b>	<b>141.213.924</b>	<b>120.904.847</b>
Revenues of Commissions	53.836.755	46.874.764
Cost of commissions	-7.457.444	-4.568.789
<b>Net Revenues of Commissions</b>	<b>46.379.311</b>	<b>42.305.975</b>
Net income of financial Operations	3.159.295	3.914.535
Gain / (Loss) from exchange Operations	2.102.809	1.998.899
Other Operational Income	6.125.615	9.533.837
Provisions	-39.914.357	-54.140.015
<b>Total Net Operational Revenues</b>	<b>159.066.597</b>	<b>124.518.078</b>
Salaries and personnel expenses	-41.188.618	-32.922.706
SG&A Expenses	-46.884.230	-47.465.773
Depreciation and Amortization	-8.206.721	-5.362.476
Other Operational Expenses	-6.138.444	-5.073.893
<b>Total Operational Expenses</b>	<b>-102.418.013</b>	<b>-90.824.848</b>
<b>Operational Income</b>	<b>56.648.584</b>	<b>33.693.230</b>
Gain / (Loss) of Investment in Associates	304.329	332.821
<b>Net Profit Before Tax Expenses</b>	<b>56.952.913</b>	<b>34.026.051</b>
Tax Expenses	-14.166.560	-10.232.490
<b>Net Profit of Banking Operations</b>	<b>42.786.353</b>	<b>23.793.561</b>
<b>Net Income / (Loss)</b>	<b>453.278.174</b>	<b>276.406.319</b>
<b>Net Profit attributable to:</b>		
Net Profit attributable to equity holders of the parent	413.346.824	244.457.776
Net Profit attributable to non-controlling interest	39.931.350	31.948.543
<b>Net Income / (Loss)</b>	<b>453.278.174</b>	<b>276.406.319</b>

<b>Income Statement</b>	<b>SACI Falabella 31-Dic-10 M\$</b>	<b>SACI Falabella 31-Dic-09 M\$</b>
<b>Assets</b>		
<b>Non-Banking Operations</b>		
<b>Current Assets</b>		
Cash and cash equivalents	114.739.404	118.129.321
Other current Financial Assets	16.452.808	33.901.973
Other current Assets, non Financial	16.208.066	15.358.098
Current trade and other receivables	980.604.331	827.719.408
Notes and accounts receivable from related parties	606.311	2.667.559
Inventories	575.557.091	437.170.854
Recoverable taxes	48.335.258	35.871.055
<b>Assets classified as not kept to be sold or to be distributed to owners</b>	<b>1.752.503.269</b>	<b>1.470.818.268</b>
Asset classified as kept to be sold		
<b>Total Current Assets</b>	<b>1.752.503.269</b>	<b>1.470.818.268</b>
<b>Non- Current Assets</b>		
Other non-current financial assets	3.215	3.215
Other non- current assets	14.817.507	11.528.927
Non-current trade and other receivables	210.163.277	125.156.924
Non-current notes and accounts receivable from related parties	570.338	821.641
Investments in other societies	80.967.256	89.292.131
Net Intangibles Assets	149.454.845	147.108.042
Goodwill	260.273.967	260.273.967
Property, Plant and Equipment	1.253.477.688	1.186.000.057
Investment Property	1.511.159.864	1.484.746.563
Deferred tax assets	34.199.100	31.761.974
<b>Total non - current assets</b>	<b>3.515.087.057</b>	<b>3.336.693.441</b>
<b>Total Non Banking Operations Assets</b>	<b>5.267.590.326</b>	<b>4.807.511.709</b>
<b>Assets from Banking Operations</b>		
Cash and bank deposits	105.506.057	70.950.075
Near Cash Items	4.309.616	4.896.256
Short term investments	105.457.392	89.160.143
Financial Derivatives	11.341.108	18.285.266
Other banks Receivables	-	-
Loans and Receivables	1.043.391.549	846.678.194
Investments in other societies	1.543.659	1.552.404
Intangibles Assets	8.783.780	9.087.135
Fixed Assets	18.738.344	18.617.642
Current taxes	436.744	1.802.408
Deferred taxes	7.727.713	5.591.334
Other Assets	8.651.169	8.547.309
<b>Total Assets of Banking operations</b>	<b>1.315.887.131</b>	<b>1.075.168.166</b>
<b>Total Assets</b>	<b>6.583.477.457</b>	<b>5.882.679.875</b>



<b>Income Statement</b>	<b>SACI Falabella 31-Dic-10 M\$</b>	<b>SACI Falabella 31-Dic-09 M\$</b>
<b>Net Equity and Total Liabilities</b>		
<b>Non Banking Operations</b>		
<b>Current Liabilities</b>		
Other current financial liabilities	399.996.823	372.334.570
Current trade and other current accounts payable	670.178.920	507.998.489
Current notes and accounts payable to related companies	2.138.222	3.754.314
Other Current Provisions	4.796.041	5.998.478
Current tax payable	61.864.428	31.746.633
Employee Benefit Liabilities	55.155.525	42.570.358
Other current liabilities	38.167.111	34.533.406
<b>Total Current Liabilities</b>	<b>1.232.297.070</b>	<b>998.936.248</b>
<b>Non- Current Liabilities</b>		
Other non-current financial liabilities	1.136.568.195	1.164.888.318
Other non-current liabilities	2.002	63.190
Accounts payable to related companies, Non-Current	-	-
Long term Provisions	635.225	416.787
Deferred tax liabilities	208.523.568	205.673.212
Non-current employee benefit liabilities	9.700.475	8.174.606
Other Non-current Liabilities	28.478.930	19.235.863
<b>Total Non-current Liabilities</b>	<b>1.383.908.395</b>	<b>1.398.451.976</b>
<b>Total Non banking Operations Liabilities</b>	<b>2.616.205.465</b>	<b>2.397.388.224</b>
<b>Liabilities from banking Operations</b>	-	-
Deposits and others	64.041.784	35.558.649
Near cash Liabilities	3.394.564	2.677.658
Deposit taken	545.650.022	504.013.630
Financial Derivatives	12.584.496	19.484.707
Liabilities with other banks	37.254.461	19.501.638
Debt instruments issued	157.889.468	72.419.905
Other Financial Liabilities	208.742.171	200.081.834
Current tax payable	6.814.178	693.974
Deferred tax liabilities	3.053.735	3.610.260
Provisions	2.261.848	146.479
Other Liabilities	29.855.085	20.730.933
<b>Total liabilities from banking Operations</b>	<b>1.071.541.812</b>	<b>878.919.667</b>
<b>Total Liabilities</b>	<b>3.687.747.277</b>	<b>3.276.307.891</b>
<b>Shareholder's Equity</b>	<b>0</b>	<b>0</b>
Paid-in Capital	526.798.286	524.989.547
Retained earnings	1.903.236.665	1.633.478.446
Primas de emisión	20.984.541	7.673.890
Other Reserves	(73.571.352)	(50.028.574)
<b>Equity attributable to equity holders of the parent</b>	<b>2.377.448.140</b>	<b>2.116.113.309</b>
Non-controlling interest	518.282.040	490.258.675
<b>Total Shareholder's Equity</b>	<b>2.895.730.180</b>	<b>2.606.371.984</b>
<b>Total Shareholder's Equity and Total Liabilities</b>	<b>6.583.477.457</b>	<b>5.882.679.875</b>



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The information in this report was prepared on the basis of the Consolidated Financial Statements reported to the Securities and Insurance Commission (SVS).

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