



EARNINGS REPORT 4th. quarter 2011
SACI FALABELLA



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Notas:

- All dollar figures are calculated using the observed exchange rate of CLP\$ 519.2 /US\$ on January 2, 2012.
- 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

During the quarter, revenues reached MCLP\$1,514,348 (MUS\$2,917), an 18.3% growth compared to the same period of 2010. This growth is mainly due to a market share increase in the retail businesses and to the high levels of consumption that still exist in the region. It can be also attributed to an increasing number of loans in the credit business. Cumulative revenues, as of December 2011, increased 17.7% compared to the same period of 2010.

The cumulative EBITDA, as of December 2011, grew 10.4% compared to the same period of last year, reaching MCLP\$778,899 (MUS\$1,500). This was mainly due to a strong increase in revenues that balanced the net margin loss, driven by a bigger amount of promotional sales and adjusted spreads in credit business. In the fourth quarter the EBITDA was MCLP\$256,188 (MUS\$493), which meant a growth of 8.0% compared with the same period of last year.

During the fourth quarter, the percentage of sales and administrative expenses decreased 0.7 percentage points, driven by efficiencies in expenses, especially in international businesses. The percentage of sales and administrative expenses over cumulative revenues reached 22.6%, compared with the 22.5% of the previous year.

The cumulative net profit for 2011 grew 2.3%, reaching MCLP\$423,046 (MUSD\$815). Excluding the effects in extraordinary revenues generated from the sale of our participation in FASA on October 2010, the cumulative net profit grew 9.8% over last year results.

As of December 2011, consolidated loans portfolio reached MUS\$5.245¹, 28.1% higher than December 2010. This was mainly due to a correct risk administration in all the countries, which resulted in provisions over consolidated loans of 4.17%.

At the end of the quarter consolidated leverage remained at 1.35 times. Excluding the liabilities of the bank businesses in the group, the consolidated leverage was 0.88 times, while the net financial leverage was 0.50 times.

During the fourth quarter, Sodimac opened three stores in Chile, two in Viña del Mar, one in Santiago and one in Colombia, in the city of Manizales. Falabella opened three stores extensions, Talca and Mall Plaza Trebol in Chile, and Cajamarca in Perú. Finally, Tottus opened five stores in Chile: Viña del Mar, Llo-lleo, Santiago and two stores in Calama.

Fitch Ratings improved Plaza S.A. risk rating, taking it from AA- to AA, this occurred after December 31, 2011.

¹ Consolidated Loans converted to USD at the observed exchange rate for December 31, 2011.

II. Consolidated Income Statement as December 31, 2011

Consolidated Income Statement 4Q 2011 (MCLP\$)

	4Q 2010	% Rev.	4Q 2011	% Rev.	Var. 11/10
Revenues of Non-Banking Operations	1.214.016		1.417.962		16,8%
Revenues of Banking Operations	66.344		96.386		45,3%
TOTAL REVENUES	1.280.359		1.514.348		18,3%
COGS of Non-Banking operations	(754.293)	-62,1%	(906.152)	-63,9%	20,1%
COST of Banking Operations	(24.474)	-36,9%	(49.501)	-51,4%	102,3%
GROSS PROFIT	501.593	39,2%	558.696	36,9%	11,4%
SG&A Expenses	(295.549)	-23,1%	(339.781)	-22,4%	15,0%
Operational Income	206.044	16,1%	218.914	14,5%	6,2%
Depreciación+Amortización	31.100	2,4%	37.274	2,5%	19,9%
EBITDA	237.144	18,5%	256.188	16,9%	8,0%
Other Non- Operating Income / (Expenses)	35.876		3.923		
Net Financial Income / (Cost)	(26.573)		(28.478)		7,2%
Profit / (loss) in Associates	7.736		2.100		
Exchange rate differences	(406)		4.227		0,0%
Non- Operating Profit	16.633	1,3%	(18.228)	-1,2%	-209,6%
Profit Before Tax Expenses	222.677	17,4%	200.686	13,3%	-9,9%
Income Tax	(37.862)		(40.134)		6,0%
Minority Interest	(15.723)		(18.381)		16,9%
NET PROFIT / (LOSS)	169.092	13,2%	142.171	9,4%	-15,9%

Consolidated Income Statement 2011 (MCLP\$)

	2010	% Rev.	2011	% Rev.	Var 11/10
Revenues of Non-Banking Operations	4.138.268		4.832.818		16,8%
Revenues of Banking Operations	249.973		331.177		32,5%
TOTAL REVENUES	4.388.240		5.163.995		17,7%
COGS of Non-Banking operations	(2.715.905)	-66%	(3.197.811)	-66%	17,7%
COST of Banking Operations	(91.001)	-36%	(147.906)	-45%	62,5%
GROSS PROFIT	1.581.334	36,0%	1.818.278	35,2%	15,0%
SG&A Expenses	(988.748)	-22,5%	(1.168.358)	-22,6%	18,2%
Operational Income	592.586	13,5%	649.920	12,6%	9,7%
Depreciación+Amortización	112.835	2,6%	128.979	2,5%	14,3%
EBITDA	705.421	16,1%	778.899	15,1%	10,4%
Other Non- Operating Income / (Expenses)	25.109		16.455		
Net Financial Income / (Cost)	(62.875)		(62.045)		-1,3%
Profit / (loss) in Associates	14.620		13.087		-10,5%
Exchange rate differences	995		(3.313)		
Gain / (Loss) in inflation-index monetary units	(23.653)		(32.277)		0,0%
Non- Operating Profit	(45.805)	-1,0%	(68.093)	-1,3%	48,7%
Profit Before Tax Expenses	546.782	12,5%	581.827	11,3%	6,4%
Income Tax	(93.503)		(114.155)		22,1%
Minority Interest	(39.931)		(44.626)		11,8%
NET PROFIT / (LOSS)	413.347	9,4%	423.046	8,2%	2,3%

1. Operating Income

As of December 2011, the cumulative operational result reached MCLP\$649,920 (MUS\$1,252), 9.7% greater than the same period in 2010. The consolidated operational result of the fourth quarter grew 6.2%, totaling MCLP\$218,914 (MUS\$422). The higher operational result can be mostly attributed to efficiencies obtained in operational expenses, primarily in international and financial businesses, which permitted to offset the negative effect of promotional sales and smaller spreads in the gross margin.

During the quarter, it was still possible to observe high levels of consumption in the region, which combined with the openings of new stores and the market share increase in the retail businesses, allowed us to obtain a solid growth in net revenues in this business. The revenues growth of the banking businesses was greater than the one from the non-banking businesses. This was mainly due to the increasing number of loans in the credit business during all 2011. In cumulative terms, all businesses in the region, in particular the international businesses, presented a strong same-store sales growth, which has been boosted with the opening of new locations and extensions of existing ones.

Fourth quarter's gross margin decreased in 2.3 percentage points when compared to the same period of last year. On one hand, the strict inventory policy of the company in department stores', generated higher promotional sales compared to last year, which affected the gross margin. On the other hand, credit and banking businesses, trying to be always the most attractive credit alternative, maintained stable all customer rates during the whole year, which together with higher founding costs generated a lower spread. The provisions over loans indicator has remained at similar levels generating higher provisions expenses due to the growth of portfolios.

During the fourth quarter, sales and administrative expenses over total revenues percentage decreased in 0.7 percentage points, mainly due to operational efficiencies shown primarily in lower administration expenses over revenues percentage, especially in the international and financial businesses. As of December 2011, cumulative sales and administration expenses over total revenues increased in 0.1 percentage points. This was due to the growth in past quarters of logistic and marketing expenses.

2. Non-Operating Income

The quarter's non-operating income reached a loss of MCLP\$18,228 (MUS\$35). The higher non-operating loss compared to last year, was due to the extraordinary non-operating revenues, generated from the sale of our participation in FASA, of MCLP\$28,091 (MUS\$54) after-tax, that was recorded in October 2010.

Also contributing to a lower non-operating result, were the smaller profits obtained from associates companies from Sodimac Colombia. The lower result is due to the imposition of a temporary equity tax to repair all the damage caused by climate disasters. By IFRS rules, all of this tax, to be paid in four years, was provisioned for one time in December 2011, affecting only this year's non-operating results.

III. Main Events in the Period

- There were 9 new stores opened and 3 extensions during this quarter, which meant an increase of 108,419 m² in sales area. This includes the whole region as shown:
 - In October, Sodimac Chile opened the Santa Julia store, with 9,219 m² of selling area. It is located in the Santa Julia Open Plaza in Viña del Mar.
 - In December, Sodimac Chile opened 2 stores: Quilicura in Santiago with 8,463 m² and Quinta Vergara in Viña del Mar with 8,892 m².
 - In December, Sodimac opened their twenty-third store in Colombia, in the city of Manizales; this store has 8,845 m² and is the first Sodimac store in this city.
 - In December, Falabella opened in Chile the extension of the Talca store, with 2,544 m² of new sales area. Also in December the first phase of Mall Plaza Trébol extension was opened to public. This extension contemplates three phases and it should be finished by mid-2012.
 - Also in December, Saga Falabella in Peru opened the extension of Cajamarca store. The store has been open since 2007, but through this extension the sales area grew from 998 m² to 4,941 m².
 - During the quarter, Tottus in Chile opened five stores: Santa Julia in Reñaca, with 3,456 m²; two stores in Calama, one next to Mall Plaza with 4,750 m² and the second one in the downtown area with 2,104 m²; Llo-Ileco with 1,859 m² and Huechuraba in Santiago with 2,106 m².
- In October Banco Falabella Chile placed two local bonds in UF, one for 1.5 million, with a maturity of 21 years and rate of 3.9%, and the second one for 1 million, with a maturity of 7 years and rate of 3.45%.
- In December, Banco Falabella Peru placed 2 local bonds for 30 million Soles each, with a maturity of 3 and 5 years, and rates of 5.84% and 6.28%, respectively.

RECENT EVENTS

- During the 2012, Tottus has opened two new stores in Peru: Chíncha with 2,451 m² and Campoy with 919 m².
- During February 2012, Fitch Ratings published their decision of improving Plaza S.A. risk rating, taking it from AA- to AA. Thus, Plaza S.A. has an AA rating from both, Fitch and Humphreys.

IV. Retail Indicators

1. Retail Business Revenues

Retail Revenues 4Q 2011² (MUS\$)
(Nominal Chilean Pesos, converted to USD at the observed Exchange rate for January 2, 2012)

RETAIL REVENUES	4Q2010	4Q2011	Var. 11/10	Var. Local Currency
CHILE				
Department Stores	587	620	5,6%	5,6%
Home Improvement	650	734	12,9%	12,9%
Supermarkets	191	224	17,0%	17,0%
PERU				
Department Stores	199	248	24,8%	19,2%
Home Improvement	77	111	45,0%	39,1%
Supermarkets	146	199	36,0%	30,2%
ARGENTINA				
Department Stores	137	165	20,5%	31,4%
Home Improvement	44	54	24,1%	35,5%
COLOMBIA				
Department Stores	126	168	32,9%	32,7%
Home Improvement	245	289	18,0%	18,3%

Retail Revenues 2011 (MUS\$)³
(Nominal Chilean Pesos, converted to USD at the observed Exchange rate for January 2, 2012)

RETAIL REVENUES	2010	2011	Var. 11/10	Var. Local Currency ³
CHILE				
Department Stores	1.791	1.973	10,1%	10,1%
Home Improvement	2.390	2.684	12,3%	12,3%
Supermarkets	669	768	14,9%	14,9%
PERU				
Department Stores	635	740	16,4%	20,2%
Home Improvement	263	372	41,2%	46,3%
Supermarkets	472	615	30,2%	34,6%
ARGENTINA				
Department Stores	426	511	19,8%	37,4%
Home Improvement	134	171	27,3%	45,7%
COLOMBIA				
Department Stores	325	441	35,9%	37,9%
Home Improvement	831	1.011	21,7%	24,3%

² Financial businesses incomes are not included.

³ The variation of sales in local currency provides insulation against the effects of the exchange rate in the translation of the financial statements.

Same Store Sales (SSS) Growth
 (All growth is nominal and has been calculated in the local currency of each country)

SAME STORE SALES	2010				2011				2010	2011
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Chile										
Department Stores Chile	5,6%	26,2%	15,6%	18,9%	20,9%	3,7%	9,1%	5,6%	17,1%	8,8%
Home Improvement Chile	8,1%	21,9%	20,5%	16,3%	18,3%	7,0%	8,8%	13,6%	16,5%	12,0%
Supermarkets Chile	4,9%	6,6%	7,9%	5,1%	4,9%	3,7%	4,0%	8,0%	6,1%	5,3%
Perú										
Department Stores Peru	11,5%	17,6%	8,6%	9,1%	9,2%	6,7%	10,9%	11,8%	12,7%	9,8%
Home Improvement Peru	6,1%	11,7%	15,3%	14,7%	19,5%	19,3%	17,6%	11,8%	11,0%	16,7%
Supermarkets Peru	12,5%	18,1%	13,7%	13,2%	9,0%	10,6%	8,9%	12,2%	14,8%	10,3%
Argentina										
Department Stores Argentina	36,6%	38,5%	27,7%	27,4%	32,2%	14,6%	28,9%	23,9%	37,7%	24,1%
Home Improvement Argentina	31,6%	40,0%	41,0%	36,7%	25,6%	19,7%	22,5%	22,2%	37,6%	22,4%
Colombia										
Department Stores Colombia	13,5%	4,0%	3,1%	14,7%	19,3%	32,9%	22,2%	31,2%	6,4%	27,5%
Home Improvement Colombia	14,7%	10,3%	15,6%	17,8%	18,2%	19,2%	14,7%	8,7%	13,6%	14,7%

2. Number of Sotores and Net Selling Area⁴

Sales Area	December 2010		December 2011	
	Area (m ²)	Stores	Area (m ²)	Stores
Chile				
Department Stores - Chile	234.984	36	242.806	36
Expos Falabella Retail - Chile	5.444	4	5.045	4
Home Improvement - Chile	553.183	67	581.264	70
Supermarkets - Chile	111.910	31	135.115	37
Peru				
Department Stores - Peru	113.694	17	117.647	17
Home Improvement - Peru	123.125	16	131.567	17
Supermarkets - Peru	107.597	24	116.158	27
Argentina				
Department Stores - Argentina	59.652	11	59.652	11
Home Improvement - Argentina	65.185	6	65.185	6
Colombia				
Department Stores - Colombia	70.519	11	68.183	11
Home Improvement - Colombia	202.475	20	236.200	23
Total Stores	1.647.768	243	1.758.823	259
Real Estate				
Mall Plaza - Chile	854.962	11	885.000	11
Soc. Rentas Falabella - Chile	134.076	6	151.399	7
Aventura Plaza - Perú	165.888	3	176.000	3
Malls Perú - Perú	191.378	7	191.378	7
Total Real Estate	1.346.304	27	1.403.777	28

⁴ Sociedad de Rentas includes Power Centers (locations where there are two Falabella formats as anchor stores, in addition to minor stores) and Shopping Centers (locations with three or more Falabella format as anchor stores, in addition to minor stores) different from those operated by Mall Plaza.

V. Credit Indicators

1. Loans and Provisions⁵

CREDIT INFORMATION			4Q'09	1Q'10	2Q'10	3Q'10	4Q'10	1Q'11	2Q'11	3Q'11	4Q'11
CHILE CMR (Card)	TOTAL LOANS	M CLP	741.850	731.807	767.896	798.759	888.209	894.885	922.479	942.105	1.043.718
	PROVISIONS	M CLP	-32.532	-34.542	-30.815	-28.543	-29.074	-31.174	-32.880	-36.476	-40.634
	WRITE-OFFS	M CLP	72.396	13.740	26.773	36.933	43.382	7.919	14.048	21.765	33.106
	OPEN ACCOUNTS (with balance)	#	1.886.215	1.823.003	1.810.306	1.803.626	1.885.750	1.917.602	1.986.343	2.008.651	2.084.522
	AVERAGE DURATION	DAYS	176	163	159	155	160	163	153	150	164
	AVERAGE LOAN	CLP	393.301	401.429	424.180	442.863	471.011	466.669	464.411	469.024	500.699
PERU BANK (Card)	TOTAL LOANS	M SOL	1.194	1.227	1.346	1.328	1.442	1.503	1.731	1.734	1.863
	PROVISIONS	M SOL	-90	-82	-87	-83	-84	-93	-104	-111	-130
	WRITE-OFFS	M SOL	100	19	38	58	74	22	34	47	63
	OPEN ACCOUNTS (with balance)	#	736.788	749.454	766.401	776.374	817.253	831.003	860.095	871.702	891.609
	CONSUMER FINANCE LOANS	M SOL	1.159	1.190	1.312	1.295	1.409	1.469	1.696	1.719	1.850
	AVERAGE DURATION	DAYS	107	121	127	125	111	119	124	127	129
AVERAGE LOAN	SOL	1.573	1.588	1.711	1.668	1.724	1.768	1.971	1.972	2.090	
COLOMBIA BANK (Card)	TOTAL LOANS	M COP	283.721	299.014	334.900	395.559	519.854	610.638	702.197	804.858	932.702
	PROVISIONS	M COP	-17.137	-15.922	-16.739	-18.434	-21.418	-25.218	-32.691	-41.511	-54.871
	WRITE-OFFS	M COP	17.426	3.745	6.547	8.267	10.201	2.179	3.823	5.534	16.428
	OPEN ACCOUNTS (with balance)	#	315.022	330.900	363.435	422.291	500.043	529.413	573.869	614.237	655.326
	CONSUMER FINANCE LOANS	M COP	283.721	299.014	334.900	395.559	519.854	610.638	702.197	804.858	932.702
	AVERAGE DURATION	DAYS	183	169	161	160	174	172	168	168	174
AVERAGE LOAN	COP	900.638	903.639	921.485	936.698	1.039.881	1.153.425	1.223.619	1.310.338	1.423.264	
CMR ARGENTINA (Card)	TOTAL LOANS	M ARG	333,9	370,8	521,4	575,3	752,0	793,2	899,8	915,9	1.034,0
	PROVISIONS	M ARG	-4,34	-4,43	-4,69	-4,18	-4,77	-6,33	-7,87	-10,79	-18,24
	WRITE-OFFS	M ARG	7,12	2,05	3,05	3,81	4,53	0,94	2,83	5,81	8,73
	OPEN ACCOUNTS (with balance)	#	351.499	353.806	382.901	398.524	444.642	449.849	471.559	491.858	525.546
	AVERAGE DURATION	DAYS	149	111	165	164	184	175	184	176	185
	AVERAGE LOAN	ARG	950	1.048	1.362	1.444	1.691	1.763	1.908	1.862	1.968
CHILE BANK	TOTAL LOANS	M CLP	627.941	646.328	668.997	709.442	729.971	774.286	824.033	868.724	945.767
	PROVISIONS	M CLP	-22.599	-23.271	-22.921	-22.571	-21.094	-22.900	-24.805	-27.173	-31.000
	WRITE-OFFS	M CLP	30.822	7.943	13.456	18.038	22.358	4.683	9.555	15.312	21.875

2. CMR Card Sales⁶

	1Q 2010	1H 2010	9M 2010	2010	1Q 2011	1H 2011	9M 2011	2011
Department Stores Chile	58,7%	60,2%	61,1%	60,9%	58,4%	60,4%	60,0%	59,8%
Home Improvement Chile	27,5%	30,5%	29,6%	30,0%	30,6%	31,5%	31,5%	31,9%
Supermarkets Chile	17,7%	19,1%	20,1%	20,2%	19,1%	19,7%	20,2%	20,6%
Retail Perú (Saga, Sodimac & Tottus)	47,7%	49,7%	49,0%	48,9%	45,9%	48,3%	47,8%	48,5%
Retail Argentina (Falabella & Sodimac)	39,5%	43,1%	41,6%	41,6%	43,8%	40,3%	39,9%	39,6%
Retail Colombia (Falabella & Sodimac)	21,1%	23,3%	24,7%	27,3%	30,9%	30,1%	29,5%	29,7%

⁵ a. Chile total loans consider remaining stock of automotive loans. This new loans are part of Banco Falabella loans.
b. Banco Falabella Chile includes additional provisions suggested by SBIF and are presented as liabilities.
c. Average length and debt are calculated over consumption loans and not over total loans like last quarter, the change is retroactive in order to show comparable figures.

⁶ Percentage of sales using CMR : sales using the card as compared to all sales in each business.

VI. Operating Business Results by Unit

1. Chile

Continuing previous 2011 quarters trends, during the fourth quarter it was possible to observe a dynamic growth in operating income of all businesses. High levels of consumption were boosted with the opening and extension of new stores during the quarter, which allowed us to capture the peaks of demand for the summer season and Christmas. In department stores, even though there was an important growth of units sold, there was a strong downward trend in some prices that led to lower revenues than expected. The Audio and Video categories grew 9% and 7% on units sold, but their average ticket decreased in 18% and 13%, respectively. The first months of the quarter promotional sales, already mentioned in previous quarters, continued to negatively impact gross margin for the quarter, although to a lesser extent compared to the third quarter. Sales and administrative expenses over total revenues percentage increased primarily due to higher wage expenses. This increase is explained by a higher customers flow in shops, which requires more employees to maintain the quality of customer service.

In home improvement revenues increased 12.9% in the quarter. This growth was driven, as in Falabella, by strong consumption levels and the strong activity seen in the construction sector, reason that also allowed an increase in sales' volume. Sales and administrative expenses as a percentage of revenues increased in 0.4 percentage points primarily due to higher transportation costs because of the rise in fuel prices. Cumulative EBITDA as of December 2011 grew 6.2% compared to the same period 2010.

Supermarket's revenues grew 17.0% during the quarter. This performance is mostly a consequence of higher sales area, shown by a 20% growth in the number of stores in Chile. Most of 2011 new openings occurred during the fourth quarter, slightly increasing sales and administrative expenses over revenues percentage.

CMR loans portfolio has been showing a sustained growth since mid-2010, which has meant higher revenues in the quarter and in cumulative terms. During the quarter, we observed a lower gross margin as a product of the adjusted spreads. This was mainly due to higher founding costs and that CMR, trying to be always the most attractive credit alternative, maintained his low interest proposal.

Although provision over loans percentage has been stable during the year, the portfolio growth has caused a higher expense in provisions, which produced a decline in the gross margin. This decrease in gross margin has been offset somehow by the decrease in the percentage of expenses over revenues, mainly due to CMR ability to maintain the efficiency of expenditures, even with higher revenues.

Mall Plaza revenues grew in line with the retail business during the fourth quarter. The revenues growth causes a higher gross margin for the quarter, due to the invariant costs structure of Mall Plaza. Also because the revenues growth, there are lower expenses as a percentage of sales, this is explained because most of Mall Plaza's expenses are fixed and do not grow during periods of higher flow of people into Malls.

Operating Results 4Q 2011 (MUS\$)

MUS\$ & % Revenues	Department Stores			Home Improvement			Supermarkets		
	4Q '10	4Q '11	Var %	4Q '10	4Q '11	Var %	4Q '10	4Q '11	Var %
Revenues	587,4	620,3	5,6%	650,4	734,0	12,9%	191,4	223,9	17,0%
Gross Margin	32,7%	30,8%	-0,5%	31,2%	31,1%	12,6%	23,9%	23,5%	15,1%
SGA w/o Depreciation	-19,3%	-20,7%	13,5%	-19,4%	-19,8%	15,3%	-20,2%	-20,7%	20,0%
EBITDA	13,5%	10,1%	-20,5%	11,8%	11,3%	8,2%	3,7%	2,8%	-11,7%
Operating Profit (Loss)	12,4%	9,1%	-22,4%	9,4%	9,1%	8,7%	1,3%	0,4%	-64,8%

MUS\$ & % Revenues	CMR			Plaza S.A.		
	4Q '10	4Q '11	Var %	4Q '10	4Q '11	Var %
Revenues	134,1	155,0	15,6%	79,4	91,9	15,8%
Gross Margin	56,9%	41,8%	-15,0%	86,9%	88,8%	18,3%
SGA w/o Depreciation	-10,2%	-7,7%	-12,7%	-14,5%	-11,3%	-9,3%
EBITDA	46,7%	34,1%	-15,5%	81,1%	85,8%	22,5%
Operating Profit (Loss)	46,7%	34,1%	-15,5%	72,4%	77,5%	23,8%

Operating Results 2011 (MUS\$)

MUS\$ & % Revenues	Department Stores			Home Improvement			Supermarkets		
	2010	2011	Var %	2010	2011	Var %	2010	2011	Var %
Revenues	1.791,3	1.972,5	10,1%	2.390,2	2.684,4	12,3%	669,0	768,5	14,9%
Gross Margin	30,9%	29,1%	3,5%	29,0%	28,8%	11,7%	23,3%	23,5%	16,0%
SGA w/o Depreciation	-21,2%	-22,2%	15,1%	-19,2%	-19,6%	14,5%	-19,8%	-21,0%	22,2%
EBITDA	9,7%	6,9%	-21,9%	9,8%	9,2%	6,2%	3,5%	2,5%	-18,4%
Operating Profit (Loss)	8,2%	5,6%	-25,8%	8,0%	7,5%	4,8%	0,8%	-0,2%	-122,2%

MUS\$ & % Revenues	CMR			Plaza S.A.		
	2010	2011	Var %	2010	2011	Var %
Revenues	496,9	591,7	19,1%	244,4	282,5	15,6%
Gross Margin	54,5%	48,3%	5,5%	85,1%	86,0%	16,8%
SGA w/o Depreciation	-9,6%	-8,6%	6,7%	-12,7%	-11,8%	7,9%
EBITDA	44,9%	39,7%	5,3%	83,9%	84,6%	16,5%
Operating Profit (Loss)	44,9%	39,7%	5,3%	72,4%	74,1%	18,3%

2. International Operations

PERU

The fourth quarter operational result in Peru grew 23.4% driven mainly by lower operating expenses product of efficiencies generated by the larger scale of the business. In the fourth quarter sales and administrative expenses as a percentage of revenues decreased in 2.1 percentage points. The lower expenses offset somehow the lower gross margin obtained by the effect of higher promotional sales in the retail business and narrower spreads in the financial business.

During the year, the good performance of new stores, the maturation of stores opened last year and the solid consumption levels in Peru produced an important revenues growth in all businesses, increasing Falabella's market share in this country. In relation with the banking business, during the whole year we have seen an important growth of loans portfolio, which produced higher revenues.

ARGENTINA

Argentina's operational result grew 34.8% in 2011. The good consumption level in Argentina boosted revenues, reaching MUS\$736. Another element contributing to revenues growth is the maturity of Sodimac stores opened during 2010, that have showed a strong sales level, which has allowed Sodimac increase its market share in the Argentinean market. CMR penetration in retail business has decrease in comparison with last year, because of aggressive promotions of bank cards during Christmas and New Year holidays.

COLOMBIA

Revenues from Colombia increased 45.4% thanks to the maturity shown by the stores opened in previous years, while department store format has been gaining acceptance among Colombian consumers. The scale achieved in this country allowed some operational efficiency, that reduced the percentage of sales and administrative expenses over revenues by 1.6 percentage points in 2011, and also allowed operating margin increased 0.4 percentage points.

Banco Falabella Colombia increased their loans 79% compared with December 2010. Notably, the growth of the loan portfolio has been accompanied, during the year, by stable levels of average payment term and average debt, by customer. This growth and the expansion of the customer's portfolio (active accounts grew 31% YoY) have helped increasing CMR penetration, as payment method in Falabella and Sodimac, compared to 2010.

Operating Results 4Q 2011 (MUS\$)⁷

MUS\$ & % Revenues	Peru			Argentina			Colombia		
	4Q '10	4Q '11	Var %	4Q '10	4Q '11	Var %	4Q '10	4Q '11	Var %
Revenues	475,5	625,8	31,6%	188,1	232,2	23,4%	146,4	212,7	45,4%
Gross Margin	34,9%	32,3%	21,8%	40,2%	40,1%	23,2%	40,6%	37,8%	35,2%
SGA w/o Depreciation	-19,8%	-17,7%	17,6%	-28,9%	-30,0%	27,8%	-24,0%	-22,4%	35,9%
EBITDA	15,1%	14,6%	27,4%	11,2%	10,1%	11,1%	16,7%	15,4%	34,3%
Operating Profit (Loss)	12,9%	12,1%	23,4%	9,4%	8,6%	12,9%	14,8%	13,0%	28,2%

Operating Results 2011 (MUS\$)

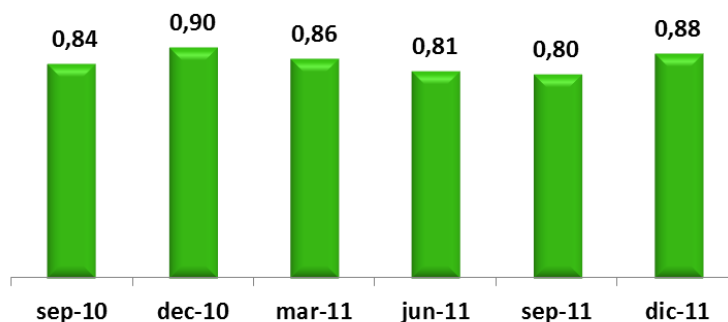
MUS\$ & % Revenues	Peru			Argentina			Colombia		
	2010	2011	Var %	2010	2011	Var %	2010	2011	Var %
Revenues	1.581,8	1.959,4	23,9%	592,6	736,4	24,3%	396,4	576,4	45,4%
Gross Margin	34,3%	32,2%	16,3%	38,3%	39,3%	27,6%	38,8%	37,3%	39,9%
SGA w/o Depreciation	-20,2%	-19,1%	17,2%	-31,7%	-32,3%	26,8%	-29,0%	-27,4%	37,2%
EBITDA	14,0%	13,0%	15,0%	6,6%	7,0%	31,6%	9,8%	9,9%	47,8%
Operating Profit (Loss)	11,5%	10,3%	11,7%	4,8%	5,2%	34,8%	6,7%	7,1%	54,1%

⁷ Operational Results include the financial businesses in Peru, Colombia, and Argentina.

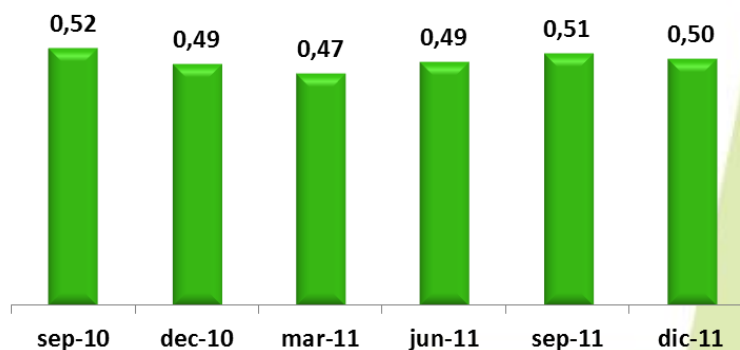
VII. Financial Structure

Liabilities as of December 31, 2011, totaled MCLP\$4,465,203 (MUS\$8,600). This means a leverage⁸ of 1.35 times. Total liabilities include Banco Falabella Chile, Banco Falabella Peru and CMR Colombia. Excluding these companies engaged in the banking business the consolidated Leverage is 0.88 times. Excluding these same companies, net financial Leverage as of December 31, 2011, was 0.50 times.

Leverage



Net Financial Leverage



⁸ Leverage = Total liabilities over total shareholders' equity. Graphics don't include financial business' companies.

VIII. Financial Statement of S.A.C.I. Falabella according to IFRS

Income Statement	Cumulative January - December 2011 M\$	Cumulative January - December 2010 M\$
Non- Banking Operations		
Revenues	4.832.818.173	4.138.267.610
Costs of sales	-3.197.811.407	-2.715.904.901
Gross Margin	1.635.006.766	1.422.362.709
Distribution Costs	-64.798.253	-49.127.013
Administrative Expenses	-807.831.161	-713.009.149
Other Operating Expenses	-171.220.273	-124.288.725
Other Non-Operating income / (Expenses)	16.454.555	25.108.686
Financial Income	6.729.127	8.532.522
Finance costs	-68.773.708	-71.407.724
Share of Profit in Associates	12.588.030	14.315.955
Exchange rate differences	-3.312.886	994.898
Gain (Loss) in inflation-index monetary units	-32.277.422	-23.653.446
Profit before tax income	522.564.775	489.828.713
Income taxes	-99.267.857	-79.336.892
Net Profit of Continuing Operations	423.296.918	410.491.821
Gain /(Loss) of Non - Continuing Operations	0	0
Net Profit of Non - Banking Operations	423.296.918	410.491.821
Banking Operations		
Revenues from interest	259.195.714	191.054.423
Expenses for Interests	-84.270.957	-49.841.350
Net Profit of Continuing Operations	174.924.757	141.213.073
Revenues of Commissions	66.029.944	53.017.222
Cost of commissions	-11.804.232	-8.076.729
Net Revenues of Commissions	54.225.712	44.940.493
Net income of financial Operations	11.199.446	3.159.295
Gain / (Loss) from exchange Operations	-2.645.504	2.303.573
Other Operational Income	5.951.505	5.900.873
Provisions	-60.384.587	-38.545.519
Total Net Operational Revenues	183.271.329	158.971.788
Salaries and personnel expenses	-50.084.804	-40.738.397
SG&A Expenses	-61.938.335	-47.179.104
Depreciation and Amortization	-8.048.566	-8.447.375
Other Operational Expenses	-4.436.228	-5.958.328
Total Operational Expenses	-124.507.933	-102.323.204
Operational Income	58.763.396	56.648.584
Gain / (Loss) of Investment in Associates	498.997	304.329
Net Profit Before Tax Expenses	59.262.393	56.952.913
Tax Expenses	-14.886.894	-14.166.560
Net Profit of Continuing Operations	44.375.499	42.786.353
Gain /(Loss) of Non - Continuing Operations, after taxes		
Net Profit of Banking Operations	44.375.499	42.786.353
Net Income / (Loss)	467.672.417	453.278.174
Net Profit attributable to:	0	0
Net Profit attributable to equity holders of the parent	423.046.166	413.346.824
Net Profit attributable to non-controlling interest	44.626.251	39.931.350
Net Income / (Loss)	467.672.417	453.278.174

	SACI Falabella 31-dic-11 M\$	SACI Falabella 31-dic-10 M\$
Assets		
Non-Banking Operations		
Current Assets		
Cash and cash equivalents	125.543.206	114.800.373
Other current Financial Assets	17.019.655	16.662.779
Other current Assets, non Financial	45.217.175	35.443.557
Current trade and other receivables	1.163.061.234	980.117.687
Notes and accounts receivable from related parties	903.846	606.311
Inventories	680.472.204	575.557.090
Recoverable taxes	38.351.506	20.106.146
Assets classified as not kept to be sold or to be distributed to owners	2.070.568.826	1.743.293.943
Asset classified as kept to be sold	-	-
Total Current Assets	2.070.568.826	1.743.293.943
Non- Current Assets		
Other non-current financial assets	7.730.201	4.592.613
Other non- current assets	21.109.901	12.382.245
Non-current trade and other receivables	214.512.011	209.193.908
Non-current notes and accounts receivable from related parties	375.638	570.338
Investments in other societies	110.061.027	80.967.256
Net Intangibles Assets	157.605.013	149.653.924
Goodwill	260.273.967	260.273.967
Property, Plant and Equipment	1.360.179.417	1.257.343.369
Investment Property	1.601.517.448	1.506.616.647
Deferred tax assets	41.542.773	36.625.644
Total non - current assets	3.774.907.396	3.518.219.911
Total Non Banking Operations Assets	5.845.476.222	5.261.513.854
Assets from Banking Operations		
Cash and bank deposits	178.105.226	105.302.236
Near Cash Items	7.848.591	4.513.437
Short term investments	161.773.489	105.457.392
Financial Derivatives	17.022.941	11.341.108
Other banks Receivables	15.996.505	-
Loans and Receivables	1.467.337.177	1.043.391.549
Investment securities available for sale	1.903.868	-
Investments in other societies	2.018.986	1.543.659
Intangibles Assets	10.994.416	8.783.780
Fixed Assets	27.339.685	18.738.344
Current taxes	4.046.574	-
Deferred taxes	8.765.431	7.727.713
Other Assets	15.466.428	8.069.413
Total Assets of Banking operations	1.918.619.317	1.314.868.631
Total Assets	7.764.095.539	6.576.382.485

	SACI Falabella 31-dic-11 M\$	SACI Falabella 31-dic-10 M\$
Net Equity and Total Liabilities		
Non Banking Operations		
Current Liabilities		
Other current financial liabilities	435.741.245	399.990.087
Current trade and other current accounts payable	669.632.529	668.590.237
Current notes and accounts payable to related companies	2.507.454	2.138.222
Other Current Provisions	6.605.674	4.783.653
Current tax payable	27.132.988	25.904.255
Employee Benefit Liabilities	70.884.376	58.746.217
Other current liabilities	97.871.496	66.114.635
Total Current Liabilities	1.310.375.762	1.226.267.306
Non- Current Liabilities		
Other non-current financial liabilities	1.344.407.041	1.143.260.804
Other non-current liabilities	4.410.861	1.140.334
Accounts payable to related companies, Non-Current	-	-
Long term Provisions	556.284	635.225
Deferred tax liabilities	208.849.852	210.995.160
Non-current employee benefit liabilities	11.690.576	9.700.581
Other Non-current Liabilities	20.680.349	21.511.584
Total Non-current Liabilities	1.590.594.963	1.387.243.688
Total Non banking Operations Liabilities	2.900.970.725	2.613.510.994
Liabilities from banking Operations		
Deposits and others	99.254.859	64.041.784
Near cash Liabilities	6.288.617	3.394.564
Repurchase agreements and securities lending	3.799.092	-
Deposit taken	834.014.060	545.650.021
Financial Derivatives	14.218.180	12.584.496
Liabilities with other banks	81.290.305	37.254.461
Debt instruments issued	268.120.441	157.889.469
Other Financial Liabilities	218.974.382	208.742.171
Current tax payable	708.633	6.263.997
Deferred tax liabilities	5.000.124	3.053.735
Provisions	2.490.277	2.261.849
Other Liabilities	30.073.369	26.004.764
Total liabilities from banking Operations	1.564.232.339	1.067.141.311
Total Liabilities	4.465.203.064	3.680.652.305
Shareholder's Equity		
Paid-in Capital	527.253.518	526.798.286
Retained earnings	2.179.075.464	1.903.236.665
Premium account	26.572.387	20.984.541
Other Reserves	(13.924.990)	(73.571.352)
Equity attributable to equity holders of the parent	2.718.976.379	2.377.448.140
Non-controlling interest	579.916.096	518.282.040
Total Shareholder's Equity	3.298.892.475	2.895.730.180
Total Shareholder's Equity and Total Liabilities	7.764.095.539	6.576.382.485



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