



EARNINGS REPORT 1st. quarter 2012
SACI FALABELLA



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Notas:

- All dollar figures are calculated using the observed exchange rate of CLP\$ 487.4 /US\$ on April 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\$1,362,695 (MUS\$2,796), 17.7% greater than the same period of 2011. This growth was mainly due to the high levels of consumption observed in the region, which explains the strong same store sales (SSS) in all the countries and businesses. Another important factor was the 8% sales area growth in comparison with 2011's first quarter. In addition, the credit business still shows strong revenue growth rates in all countries, due to an increasing number of loans.

During the quarter, a provision of MCLP\$20,071 (MUS\$41) was booked. This is reflected in the cost of sales, which generates a consolidated net margin decrease of 1.2 percentage points. This provision was booked by Promotora CMR Falabella S.A. after becoming aware of the unlawful appropriation of funds belonging to Promotora CMR Falabella S.A. by the company Cuentas Punto Com S.A. from payments made by CMR's customers through the website miscuentas.com. Isolating this effect, sales and administrative expenses percentage decreased 0.2 percentage points during the quarter, driven by efficiencies in expenses, especially in banking and international businesses.

The consolidated Ebitda reached MCLP\$151,593 (MUS\$ 311), 11.3% lower than the same period of 2011. Isolating the CMR provision effect, the consolidated Ebitda increased 0.5%.

The consolidated loans portfolio as of March 31 2012, reached MUS\$5,674¹, 25.7% higher than March 2011. This portfolio growth also increases provisions, but despite the fact that provision levels were higher, loan portfolios in all the countries still kept a stable performance in payment terms and debt levels.

The net profit in the quarter decreased 24.6%, reaching MCLP\$72,102 (MUS\$148) mainly due to the provision made by Promotora CMR. Excluding this effect, the cumulative net profit decreased 7.5% when compared to the same period of 2011.

At the end of the quarter, consolidated leverage was 1.32 times. Excluding the liabilities of the banking businesses in the group, the consolidated leverage was 0.84 times, while the net financial leverage was 0.48 times.

During the first quarter seven stores were opened in the Region. Sodimac opened three stores: one in Chile (Puente Alto), one in Colombia (Bogotá Cedritos) and another one in Peru (Chimbote). Falabella opened one store in Peru (Chimbote), while Tottus opened three stores in Peru (Lima, Chincha and Chimbote). In addition to these seven stores, after March 31, Falabella has opened one new store in Barranquilla, Colombia (Villa Country) and Sodimac one new store in Concepcion, Chile (Ribera Norte).

¹ Consolidated Loans converted to USD at the observed exchange rate for March 31, 2012.

II. Consolidated Income Statement as March 31, 2012

Consolidated Income Statement 1Q 2012 (MCLP\$)

| MCLP\$ | 1Q 2011 | % Rev. | 1Q 2012 | % Rev. | Var. 12/11 |
|--|------------------|--------------|------------------|--------------|---------------|
| Revenues of Non-Banking Operations | 1.088.118 | | 1.264.477 | | 16,2% |
| Revenues of Banking Operations | 69.641 | | 98.218 | | 41,0% |
| TOTAL REVENUES | 1.157.759 | | 1.362.696 | | 17,7% |
| COGS of Non-Banking operations | (727.323) | -66,8% | (868.532) | -68,7% | 19,4% |
| COST of Banking Operations | (26.137) | -37,5% | (48.725) | -49,6% | 86,4% |
| GROSS PROFIT | 404.299 | 34,9% | 445.438 | 32,7% | 10,2% |
| SG&A Expenses | (264.088) | -22,8% | (327.688) | -24,0% | 24,1% |
| Operational Income | 140.210 | 12,1% | 117.750 | 8,6% | -16,0% |
| Depreciación+Amortización | 30.680 | 2,6% | 33.843 | 2,5% | 10,3% |
| EBITDA | 170.890 | 14,8% | 151.593 | 11,1% | -11,3% |
| Other Non- Operating Income / (Expenses) | 3.780 | | 279 | | -92,6% |
| Net Financial Income / (Cost) | (20.285) | | (26.430) | | 30,3% |
| Profit / (loss) in Associates | 3.421 | | 6.055 | | 77,0% |
| Exchange rate differences | 1.084 | | 273 | | -74,8% |
| Non- Operating Profit | (12.001) | -1,0% | (19.823) | -1,5% | 65,2% |
| Profit Before Tax Expenses | 128.209 | 11,1% | 97.927 | 7,2% | -23,6% |
| Income Tax | (24.450) | | (15.800) | | -35,4% |
| Minority Interest | (8.075) | | (10.024) | | 24,1% |
| NET PROFIT / (LOSS) | 95.684 | 8,3% | 72.103 | 5,3% | -24,6% |

1. Operating Income

During the quarter, it was still possible to observe high levels of consumption in the region, which combined with the openings of new stores, allowed for a solid growth in net revenues of 17.7% when compared with the same period of 2011. The growth in non-banking business revenues is due to the high demand levels in the Region, which is shown by significant same-store sales growth. On one side, we can continue seeing an important growth in supermarket revenues, both in Chile and Peru, due to an increase in the number of stores and to strong same-store sales of 9.5% in Chile and 15.0% in Peru. On the other side, growth in revenues in the banking business is mainly explained by the increasing number of loans during all 2011.

Sales and administrative expenses over revenues increased 1.2 percentage points when compared to the same period of 2011, due to the extraordinary provision made by Promotora CMR S.A, because of the unlawful fund appropriation made by Cuentas Punto Com S.A. Excluding this effect, the growth in revenues during the quarter has enabled the company to achieve more operating efficiencies, which produced a 0.2 percentage point decrease in sales and administrative expenses over revenues, compared with the same period of 2011. These efficiencies were clearer in the banking and international businesses. In the banking business there was a 6.2 percentage point reduction, and in the international businesses the stores maturation in Falabella Colombia and Sodimac Peru, had increased their revenues keeping expenses under control.

At the end of the quarter, the gross profit grew 10.2% compared with the same period of 2011, due to the strong growth in revenues. However, the consolidated gross margin decreased 2.2 percentage points when compared with 2011 first quarter. This decrease is mainly explained by two reasons, the greater amount of promotional sales in department stores, and adjusted spreads in the banking business.

The quarter operating income reached MCLP\$117,749 (MUS\$242) affected by the extraordinary provision made by CMR. This result reflects a 16.0% drop when compared with the same period of 2011.

2. Non-Operating Income

The quarter's non-operating income reached a loss of MCLP\$19,823 (MUS\$41). The higher non-operating loss compared to last year is explained by two major reasons: lower non-operating revenues and higher financial expenses.

The lower non-operating revenues when compared to first quarter of 2011, are explained on one hand, by the extraordinary non-operating revenues received last year of MCLP\$4,000 (MUS\$8), due to insurance payment for the 2010 earthquake damages. On the other hand, financial expenses grew 30.3% when compared to the same period of 2011. This is mainly due to variations in the financial debt linked to inflation by the UF in Chile. Even though the financial debt denominated in UF did not represent a significant variation, the UF exchange rate grew 1.3% during the quarter, more than double the growth of the same quarter in 2011.

III. Main Events in the Period

- During February 2012, Fitch Ratings published its 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.
- In March, during the eCommerce Awards Latam 2011, Falabella.com won the first place in the category "The eCommerce Leaders", given by the Latin-American Institute of eCommerce (Instituto Latinoamericano de Comercio Electrónico).
- In February 27, CMR was registered in the SVS in Chile (The Chilean Securities and Exchange Commission).
- There were 7 new stores opened during this quarter. This includes the whole region as shown:
 - In March, Sodimac Chile opened in Santiago the Puente Alto store, with 11,217 m² of selling area.
 - During the quarter, Tottus opened three stores in Peru: in January the Chíncha store, with 2,725m²; in February the Campoy store with 918 m²; and in March the Chimbote store with 3,452 m² of selling area.
 - In March, Sodimac Peru opened the Chimbote store, with 5,355 m² of selling area.
 - In March, Saga Falabella opened the Chimbote store in Peru, with 2,824 m² of selling area.
 - Also in March, Sodimac Colombia opened the Sodimac Cedritos store in the city of Bogotá; this store has a selling area of 10,507 m².

RECENT EVENTS

- Falabella reported the early redemption of the bond series B (BFALAB-B), issued in December 2001 for UF 2 million, and with expiration date December 1, 2020. The rescues will be held from June 1, 2012, and will be for the entire outstanding amount, which corresponds to UF 1.42 million, considering the unpaid capital and accrued interests.
- In April 26, Falabella Colombia opened the Villa Country store, located in Barranquilla, with more than 7,000 m² of selling area.
- In May 25, Sodimac opened the Ribera Norte store, located in Concepción, Chile.

IV. Retail Indicators

1. Retail Business Revenues

Retail Revenues 1Q 2012² (MUS\$)
 (Nominal Chilean Pesos, converted to USD at the observed Exchange rate of April 2, 2012)

| RETAIL REVENUES | 1Q2011 | 1Q2012 | Var. 12/11 | Var. Local Currency |
|-------------------|--------|--------|------------|---------------------|
| CHILE | | | | |
| Department Stores | 445,0 | 500,8 | 12,5% | 12,5% |
| Home Improvement | 737,4 | 831,9 | 12,8% | 12,8% |
| Supermarkets | 181,9 | 215,0 | 18,2% | 18,2% |
| PERU | | | | |
| Department Stores | 150,9 | 178,5 | 18,3% | 12,1% |
| Home Improvement | 91,0 | 122,0 | 34,1% | 27,0% |
| Supermarkets | 141,3 | 184,6 | 30,6% | 23,8% |
| ARGENTINA | | | | |
| Department Stores | 109,5 | 124,0 | 13,3% | 20,6% |
| Home Improvement | 40,8 | 49,0 | 19,9% | 27,7% |
| COLOMBIA | | | | |
| Department Stores | 83,7 | 106,5 | 27,3% | 19,7% |
| Home Improvement | 241,5 | 309,0 | 27,9% | 20,9% |

Same Store Sales (SSS) Growth

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

| SAME STORE SALES | 2011 | | | | 2011 | 2012 1Q |
|--|-------|-------|-------|-------|-------|------------|
| | 1Q | 2Q | 3Q | 4Q | | |
| Chile | | | | | | |
| Department Stores Chile | 20,9% | 3,7% | 9,1% | 5,6% | 8,8% | 9,2% |
| Home Improvement Chile | 18,3% | 7,0% | 8,8% | 13,6% | 12,0% | 10,6% |
| Supermarkets Chile | 4,9% | 3,7% | 4,0% | 8,0% | 5,3% | 9,5% |
| Perú | | | | | | |
| Retail - Perú (Saga, Sodimac, Tottus) | 11,3% | 10,3% | 11,6% | 11,9% | 11,3% | 13,7% |
| Department Stores Peru | 9,2% | 6,7% | 10,9% | 11,8% | 9,8% | 11,3% |
| Home Improvement Peru | 19,5% | 19,3% | 17,6% | 11,8% | 16,7% | 15,7% |
| Supermarkets Peru | 9,0% | 10,6% | 8,9% | 12,2% | 10,3% | 15,0% |
| Argentina | | | | | | |
| Retail - Argentina (Falabella & Sodimac) | 30,5% | 15,7% | 27,5% | 25,2% | 24,3% | 21,0% |
| Department Stores Argentina | 32,2% | 14,6% | 28,9% | 23,9% | 24,1% | 18,4% |
| Home Improvement Argentina | 25,6% | 19,7% | 24,0% | 29,0% | 25,0% | 27,4% |
| Colombia | | | | | | |
| Retail- Colombia (Falabella y Sodimac) | 18,0% | 23,3% | 16,2% | 16,3% | 18,1% | 11,1% |
| Department Stores Colombia | 19,3% | 32,9% | 22,2% | 31,2% | 27,5% | 18,2% |
| Home Improvement Colombia | 18,2% | 19,2% | 14,7% | 8,7% | 14,7% | 8,8% |

² Financial businesses incomes are not included.

³ The variation of sales in local currency does not reflect the effects of the exchange rate in the translation of the financial statements.

2. Number of Stores and Net Selling Area⁴

| Sales Area | March 2011 | | March 2012 | |
|------------------------|------------------------|------------|------------------------|------------|
| | Area (m ²) | Stores | Area (m ²) | Stores |
| Chile | | | | |
| Department Stores | 234.984 | 36 | 242.806 | 36 |
| Expos Falabella Retail | 5.444 | 4 | 5.045 | 4 |
| Home Improvement | 553.183 | 67 | 592.481 | 71 |
| Supermarkets | 111.910 | 31 | 135.115 | 37 |
| Peru | | | | |
| Department Stores | 111.078 | 17 | 120.471 | 18 |
| Home Improvement | 123.805 | 16 | 136.922 | 18 |
| Supermarkets | 107.597 | 24 | 123.253 | 30 |
| Argentina | | | | |
| Department Stores | 66.337 | 11 | 59.652 | 11 |
| Home Improvement | 65.185 | 6 | 65.185 | 6 |
| Colombia | | | | |
| Department Stores | 73.530 | 11 | 68.183 | 11 |
| Home Improvement | 214.080 | 20 | 248.497 | 24 |
| Total Stores | 1.667.133 | 243 | 1.797.611 | 266 |

| | | | | |
|-------------------------------|------------------|-----------|------------------|-----------|
| Mall Plaza - Chile | 854.962 | 11 | 885.000 | 11 |
| Soc. Rentas Falabella - Chile | 134.076 | 6 | 151.399 | 7 |
| Aventura Plaza - Peru | 165.888 | 3 | 176.000 | 3 |
| Open Plaza - Peru | 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 with 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'10 | 1Q'11 | 2Q'11 | 3Q'11 | 4Q'11 | 1Q'12 |
|----------------------|------------------------------|-------|-----------|-----------|-----------|-----------|-----------|-----------|
| CHILE CMR (Card) | TOTAL LOANS | M CLP | 888.209 | 894.885 | 922.479 | 942.105 | 1.043.718 | 1.062.622 |
| | PROVISIONS | M CLP | -29.074 | -31.174 | -32.880 | -36.476 | -40.634 | -45.582 |
| | WRITE-OFFS | M CLP | 43.382 | 7.919 | 14.048 | 21.765 | 33.106 | 16.040 |
| | OPEN ACCOUNTS (with balance) | # | 1.885.750 | 1.917.602 | 1.986.343 | 2.008.651 | 2.084.522 | 2.075.779 |
| | AVERAGE DURATION | DAYS | 160 | 163 | 153 | 150 | 164 | 159 |
| | AVERAGE LOAN | CLP | 471.011 | 466.669 | 464.411 | 469.024 | 500.699 | 511.626 |
| PERU BANK (Card) | TOTAL LOANS | M SOL | 1.442 | 1.503 | 1.731 | 1.734 | 1.863 | 1.868 |
| | PROVISIONS | M SOL | -84 | -93 | -104 | -111 | -130 | -138 |
| | WRITE-OFFS | M SOL | 74 | 22 | 34 | 47 | 63 | 23 |
| | OPEN ACCOUNTS (with balance) | # | 817.253 | 831.003 | 860.095 | 871.702 | 891.609 | 913.705 |
| | CONSUMER FINANCE LOANS | M SOL | 1.409 | 1.469 | 1.696 | 1.719 | 1.850 | 1.855 |
| | AVERAGE DURATION | DAYS | 111 | 119 | 124 | 127 | 129 | 125 |
| COLOMBIA BANK (Card) | TOTAL LOANS | M COP | 519.854 | 610.638 | 702.197 | 804.858 | 932.702 | 990.669 |
| | PROVISIONS | M COP | -21.418 | -25.218 | -32.691 | -41.511 | -54.871 | -62.941 |
| | WRITE-OFFS | M COP | 10.201 | 2.179 | 3.823 | 5.534 | 16.428 | 9.573 |
| | OPEN ACCOUNTS (with balance) | # | 500.043 | 529.413 | 573.869 | 614.237 | 655.326 | 627.528 |
| | CONSUMER FINANCE LOANS | M COP | 519.854 | 610.638 | 702.197 | 804.858 | 932.702 | 990.669 |
| | AVERAGE DURATION | DAYS | 174 | 172 | 168 | 168 | 174 | 167 |
| CMR ARGENTINA (Card) | TOTAL LOANS | M ARG | 752,0 | 793,2 | 899,8 | 915,9 | 1.034,0 | 1.020,1 |
| | PROVISIONS | M ARG | -4,77 | -6,33 | -7,87 | -10,79 | -18,24 | -23,71 |
| | WRITE-OFFS | M ARG | 4,53 | 0,94 | 2,83 | 5,81 | 8,73 | 5,69 |
| | OPEN ACCOUNTS (with balance) | # | 444.642 | 449.849 | 471.559 | 491.858 | 525.546 | 524.596 |
| | AVERAGE DURATION | DAYS | 184 | 175 | 184 | 176 | 185 | 168 |
| | AVERAGE LOAN | ARG | 1.691 | 1.763 | 1.908 | 1.862 | 1.968 | 1.945 |
| CHILE BANK | TOTAL LOANS | M CLP | 729.971 | 774.286 | 824.033 | 868.724 | 945.767 | 976.831 |
| | PROVISIONS | M CLP | -21.094 | -22.900 | -24.805 | -27.173 | -31.000 | -31.811 |
| | WRITE-OFFS | M CLP | 22.358 | 4.683 | 9.555 | 15.312 | 21.875 | 9.984 |

2. CMR Card Sales⁶

| | 1Q 2011 | 1H 2011 | 9M 2011 | 2011 | 1Q 2012 |
|--|---------|---------|---------|-------|---------|
| Department Stores Chile | 58,4% | 60,4% | 60,0% | 59,8% | 56,6% |
| Home Improvement Chile | 30,6% | 31,5% | 31,5% | 31,9% | 31,0% |
| Supermarkets Chile | 19,1% | 19,7% | 20,2% | 20,6% | 18,8% |
| Retail Peru (Saga, Sodimac & Tottus) | 45,7% | 48,3% | 47,8% | 48,5% | 44,8% |
| Retail Argentina (Falabella & Sodimac) | 44,3% | 40,3% | 39,9% | 39,6% | 38,6% |
| Retail Colombia (Falabella & Sodimac) | 31,0% | 30,1% | 29,5% | 29,7% | 25,1% |

⁵ a. Chile total loans consider remaining stock of automotive loans. These 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.

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

The first quarter of 2012 continued to show growth in revenues across all businesses. In department stores, an increase of 12.5% in sales was observed during the period, driven mainly by higher sales in the apparel division. Despite this growth, during the quarter there was a decrease of 3.5 percentage points in the EBITDA margin explained by a decrease in gross margin of 3.3 percentage points compared to the same period last year. This drawback is observed deeper in the electronics and apparel divisions, and is caused by several reasons. In electronics, the high competition trend observed together with the goal of keeping convenient prices, affected margins. On the other hand, apparel has seen a great quantity of promotional sales, which has pressured gross margins.

Revenues in the home improvement business expanded 12.8% during the quarter, driven by the high demand in construction materials, which helped the wholesale division grow its revenues at a rate close to 20% during the period. The retail division continued to be boosted by the solid growth levels in consumption, and where the larger retail surface allowed to capture the increase in demand. The higher share of the wholesale business compared to the same period of 2011 resulted in a lower gross margin, because of the characteristics of this business. Despite the smaller gross margin, the leap in revenues allowed an increase of 7.0% in operating income.

The supermarket business in Chile showed a surge in revenues of 18.2%. This growth, as in previous quarters, is endorsed largely to a greater number of stores compared to the same period of the previous year. However, existing stores produced a growth in same-store-sales of 9.5% in the quarter. The greater number of stores has increased the operating expenses mainly due to the higher expenses in leases and store operations. Since several of these stores were opened on the second half of 2011, they are still in a maturing phase, thus expenses as a percentage of revenues has increased compared to the first quarter of 2011. Nevertheless, a greater gross margin helped diminish this effect in the operating margin.

The financial retail business has observed a growth in revenues of CMR Chile of 16.0% over the previous year, as a result of the continued growth of the loans portfolio during 2011. In spite of this, the operating results decreased 37.9 percentage points compared to the same period of 2011, caused by an extraordinary provision due to the unlawful appropriation of funds by the company Cuentas Punto Com S.A., which resulted in an important expenses growth. Isolating this effect, CMR shows a 2.4 percentage points decrease in expenses as a percentage of revenues, as a result of the efficiencies that CMR has achieved with greater revenues. The main reductions in expenses have been observed in payrolls and advertisement. The loans portfolio growth has also generated a greater expense in provisions and higher delinquency levels, which are in line with business expectations. This is also helped by the elimination of the debtor registry that has raised the delinquency rates in the first months of the current year. The levels of provisions reached 4.3% of gross loans, which meant an increase of 0.8 percentage points compared to the same period of the previous year. Despite this growth having a significant effect in the gross margin, the risk levels of the loans portfolio is still within the historic range in which CMR operates. At the end of the quarter, the up-to-date debt, as a percentage of the loans portfolio, in money weighted terms, reaches 92.3%, considering the loans with delays of less than 30 days.

The Mall Plaza revenues grew according to the consumption increase observed during the quarter. The strict operating expenses control allowed Mall Plaza achieve lower expenses as a percentage of revenues, resulting in an increase of 1.8 percentage points in the operating margin.

Operating Results 1Q 2012 (MUS\$)

| MUS\$ & % Revenues | Department Stores | | | Home Improvement | | | Supermarkets | | |
|-------------------------|-------------------|--------|--------|------------------|--------|-------|--------------|--------|-------|
| | 1Q '11 | 1Q '12 | Var % | 1Q '11 | 1Q '12 | Var % | 1Q '11 | 1Q '12 | Var % |
| Revenues | 445,0 | 500,8 | 12,5% | 737,4 | 831,9 | 12,8% | 181,9 | 215,0 | 18,2% |
| Gross Margin | 28,7% | 25,4% | -0,5% | 28,1% | 27,5% | 10,5% | 22,9% | 23,8% | 23,1% |
| SGA w/o Depreciation | -23,3% | -23,6% | 13,8% | -17,9% | -17,9% | 12,9% | -20,3% | -21,5% | 25,2% |
| EBITDA | 5,3% | 1,8% | -62,6% | 10,2% | 9,6% | 6,3% | 2,6% | 2,3% | 6,5% |
| Operating Profit (Loss) | 3,8% | 0,4% | -88,3% | 8,5% | 8,1% | 7,0% | -0,3% | -0,5% | 91,9% |

| MUS\$ & % Revenues | Promotora CMR | | | Plaza S.A. | | |
|-------------------------|---------------|--------|--------|------------|--------|-------|
| | 1Q '11 | 1Q '12 | Var % | 1Q '11 | 1Q '12 | Var % |
| Revenues | 135,4 | 157,0 | 16,0% | 64,2 | 75,2 | 17,1% |
| Gross Margin | 54,8% | 40,7% | -13,7% | 84,6% | 84,4% | 16,7% |
| SGA w/o Depreciation | -10,1% | -33,9% | 290,1% | -13,7% | -11,6% | -0,8% |
| EBITDA | 44,7% | 6,8% | -82,3% | 81,5% | 82,7% | 18,8% |
| Operating Profit (Loss) | 44,7% | 6,8% | -82,3% | 71,0% | 72,8% | 20,1% |

2. International Operations

The international businesses continued showing important revenues growth, especially in department stores. This format has been growing strongly due to the sales maturation in stores opened in 2010 and 2011. This is shown by the high same-store sales growth observed during the quarter and because of the 8% increase in selling areas.

The operating income had a different behavior between the different countries. While Colombia grew 95.6%, Peru did in 4% and Argentina registered operating losses due to higher operating expenses and gross margin loss.

The gross margin was affected in the whole Region, mainly due to a higher amount of promotional sales in department stores and a growth in provisions expenses in the banking business.

Sales and Administrative expenses as a percentage of revenues decreased in Peru and Colombia, mainly due to the revenues growth and the capacity of generating economies of scale. Meanwhile, Argentina increased its expenses in 2.2 percentage points by several reasons, mainly because of higher expenses in salaries in department stores.

In the banking business, there is an important growth in the loan portfolio in Colombia of 62.2% when compared with the same period of 2011. This is mainly due to the launch of Bank Falabella Colombia during 2011, which allowed a more efficient funding and therefore the possibility of reaching more clients and summed to the CMR MasterCard launch in 2011, service that has magnified the use of the CMR card outside the Group stores.

Operating Results 1Q 2012 (MUS\$)⁷

| MUS\$ & % Revenues | Peru | | | Argentina | | | Colombia | | |
|-------------------------|--------|--------|-------|-----------|--------|---------|----------|--------|-------|
| | 1Q '11 | 1Q '12 | Var % | 1Q '11 | 1Q '12 | Var % | 1Q '11 | 1Q '12 | Var % |
| Revenues | 437,5 | 548,7 | 25,4% | 163,1 | 194,7 | 19,3% | 109,3 | 156,2 | 42,9% |
| Gross Margin | 30,9% | 28,7% | 16,4% | 38,0% | 36,4% | 14,2% | 37,9% | 35,4% | 33,5% |
| SGA w/o Depreciation | -20,0% | -19,3% | 20,9% | -32,7% | -34,9% | 27,3% | -32,0% | -29,0% | 29,5% |
| EBITDA | 10,9% | 9,4% | 8,1% | 5,3% | 1,5% | -66,3% | 5,8% | 6,4% | 55,5% |
| Operating Profit (Loss) | 7,8% | 6,5% | 4,0% | 3,4% | -0,3% | -110,3% | 2,5% | 3,4% | 95,6% |

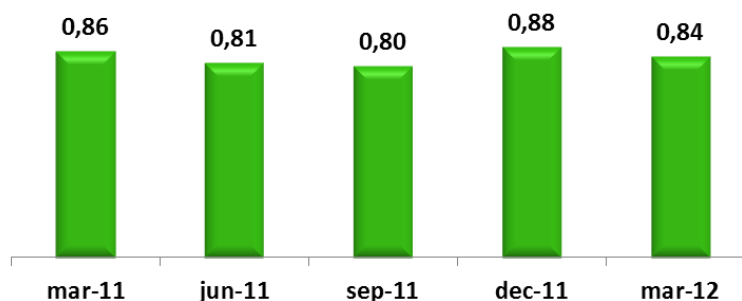
⁷ Operating Results include the financial businesses in Peru, Colombia, and Argentina.

VII. Financial Structure

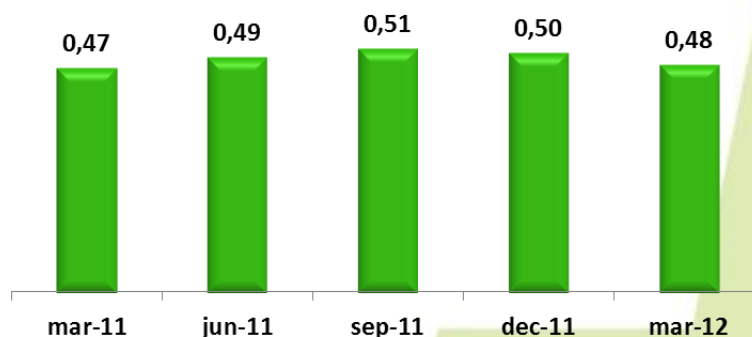
Liabilities as of March 31, 2012, were MCLP\$4,481,906 (MUS\$9,195). This results in a leverage⁸ of 1.32 times.

Excluding the companies engaged in the banking business (Bank Falabella Chile, Bank Falabella Peru and Bank Falabella Colombia) the consolidated Leverage is 0.84 times. Excluding these same companies, net financial Leverage⁹ as of March 31, 2012, is 0.48 times.

Leverage



Net Financial Leverage



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

⁹ Net Financial Leverage = Current and non-current financial liabilities minus cash, over total shareholders' equity.

* Graphics doesn't include companies from banking business.

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

| | Day Month Year | Day Month Year |
|---|------------------------|------------------------|
| | 01-jan-12 31-mar-12 | 01-jan-11 31-mar-11 |
| | M\$ | M\$ |
| INCOME STATEMENTS | | |
| NON-BANKING OPERATIONS | | |
| Revenues | 1.264.477.262 | 1.088.117.808 |
| Costs of sales | (868.532.405) | (727.323.188) |
| GROSS MARGIN | 395.944.857 | 360.794.620 |
| SG&A expenses | (294.056.400) | (235.963.353) |
| Financial Income | 1.081.409 | 1.149.004 |
| Profit / (loss) from Associates | 6.002.943 | 3.387.877 |
| Other Non-Operating income / (Expenses) | 278.945 | 3.779.676 |
| Finance costs | (27.510.976) | (21.434.002) |
| Exchange rate differences | 272.643 | 1.083.523 |
| OTHER GAIN /(LOSS) | (313.931.436) | (247.997.275) |
| PROFIT BEFORE INCOME TAXES | 82.013.421 | 112.797.345 |
| Income taxes | | |
| NET PROFIT OF CONTINUING OPERATIONS | 70.376.900 | 92.413.139 |
| NET PROFIT OF NON-BANKING OPERATIONS | 70.376.900 | 92.413.139 |
| BANKING OPERATIONS | | |
| Revenues from interest | 78.084.383 | 54.006.050 |
| Interest Expenses | (27.031.844) | (15.921.749) |
| NET PROFIT OF CONTINUING OPERATIONS | 51.052.539 | 38.084.301 |
| Revenues of Commissions | 17.333.525 | 13.311.186 |
| Cost of commissions | (3.607.546) | (2.628.663) |
| NET REVENUES OF COMMISSIONS | 13.725.979 | 10.682.523 |
| Net income of financial Operations | 2.560.277 | 2.879.424 |
| Gain / (Loss) from exchange Operations | 903.813 | (810.876) |
| Other Operational Income | 2.800.405 | 2.323.757 |
| Provisions | (21.549.764) | (9.655.125) |
| NET OPERATIONAL REVENUES | (15.285.269) | (5.262.820) |
| Salaries and personnel expenses | (14.079.037) | (13.546.638) |
| SG&A Expenses | (15.749.095) | (11.650.627) |
| Depreciation and Amortization | (2.383.146) | (1.849.515) |
| Other Operational Expenses | (1.420.465) | (1.078.362) |
| OPERATIONAL EXPENSES | (33.631.743) | (28.125.142) |
| NET INCOME OF BANKING OPERATIONS | 15.861.506 | 15.378.862 |
| Income taxes | 51.627 | 32.634 |
| NET INCOME BANKING OPERATIONS BEFORE TAXES | 15.913.133 | 15.411.496 |
| Income taxes | (4.163.496) | (4.065.439) |
| NET INCOME/(LOSS) OF BANKING OPERATIONS | 11.749.637 | 11.346.057 |
| NET INCOME/ (LOSS) BEFORE MINORITY INTERESTS | 82.126.537 | 103.759.196 |
| Net Profit attributable to non-controlling interest | (10.023.725) | (8.074.853) |
| NET INCOME / (LOSS) | 72.102.812 | 95.684.343 |

| Financial Statement | SACI Falabella 31-mar-12 M\$ | SACI Falabella 31-dec-11 M\$ |
|--|------------------------------------|------------------------------------|
| Assets | | |
| Non-Banking Operations | | |
| Current Assets | | |
| Cash and cash equivalents | 162.845.499 | 125.543.206 |
| Current trade and other receivables | 1.128.769.589 | 1.163.061.234 |
| Inventories | 662.512.195 | 680.472.204 |
| Others | 115.055.315 | 123.008.298 |
| Total Current Assets | 2.069.182.598 | 2.092.084.942 |
| Non- Current Assets | | |
| Non-current trade and other receivables | 231.436.841 | 222.146.445 |
| Goodwill | 260.273.967 | 260.273.967 |
| Property, Plant and Equipment | 2.989.582.219 | 2.961.696.865 |
| Others | 334.745.358 | 330.790.119 |
| Total non - current assets | 3.816.038.385 | 3.774.907.396 |
| Total Non Banking Operations Assets | 5.885.220.983 | 5.866.992.338 |
| Assets of Banking Operations | 1.978.033.584 | 1.918.619.317 |
| Total Assets of Banking operations | 1.978.033.584 | 1.918.619.317 |
| Total Assets | 7.863.254.567 | 7.785.611.655 |

| Financial Statement | SACI Falabella 31-mar-12 M\$ | SACI Falabella 31-dic-11 M\$ |
|---|------------------------------------|------------------------------------|
| Net Equity and Total Liabilities | | |
| Non Banking Operations | | |
| Current Liabilities | | |
| Other current financial liabilities | 424.419.451 | 435.741.245 |
| Current trade and other current accounts payable and others | 818.661.363 | 896.150.633 |
| Total Current Liabilities | 1.243.080.814 | 1.331.891.878 |
| Non- Current Liabilities | | |
| Other non-current financial liabilities | 1.353.158.349 | 1.344.407.041 |
| Others | 244.914.474 | 246.187.922 |
| Total Non-current Liabilities | 1.598.072.823 | 1.590.594.963 |
| Total Non banking Operations Liabilities | 2.841.153.637 | 2.922.486.841 |
| Liabilities from banking Operations | 1.640.752.563 | 1.564.232.339 |
| Total liabilities from banking Operations | 1.640.752.563 | 1.564.232.339 |
| Total Liabilities | 4.481.906.200 | 4.486.719.180 |
| Total Shareholder's Equity | 3.381.348.367 | 3.298.892.475 |
| Total Shareholder's Equity | 3.381.348.367 | 3.298.892.475 |
| Total Shareholder's Equity and Total Liabilities | 7.863.254.567 | 7.785.611.655 |



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