



EARNINGS REPORT 2nd. quarter 2012

SACI FALABELLA



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Notes:

- Figures in dollars are calculated using the observed exchange rate of 501.8 CLP\$/US\$ as of July 1st 2012.
- Quarters are named as 1Q, 2Q, 3Q and 4Q, as applicable
- Other periods are named as 1H for the first half of the year and 9M for the first nine months of the year.
- Currency symbols: CLP\$: Chilean pesos, US\$: U.S. dollars; M: Million.

I. Executive Summary

During the second quarter, consolidated revenues reached MCLP\$1,432,197 (MUS\$2,854), a 16.2% higher than the same period of 2011, continuing with the trend seen during the last quarters. This growth was mainly due to the addition of new stores during 2011 and the first half of 2012. Additionally, the maturity process of existing stores has also contributed to this positive performance, as shown by the strong same store sales growths, especially in Sodimac Chile (11.8%); Tottus Chile (7.5%); Tottus Peru (10.9%); Sodimac Argentina (35.6%) and Falabella Colombia (11.6%).

Consolidated gross loans as of June 31 2012, reached MCLP\$2,883,604 (MUS\$5,746)¹, or 21.7% higher than as of June 2011, with a significant growth of 50.4% in Banco Falabella's loans in Colombia.

The consolidated gross profit reached MCLP\$477,320 (MUS\$951) during the second quarter. The gross margin was 33.3% which represents a decrease of 2.8 percentage points compared with the same period of 2011. The decrease of gross margin was mainly due to higher provision costs in financial businesses, especially in Chile caused by an increase in delinquency levels, affected by the erase of historical records of past-due loans. The gross margins of department stores have been negatively affected for weather issues in Peru and for promotional sales in Colombia due to the few weeks delay in the opening of Titan store.

SG&A expenses were MCLP\$329,440 (MUS\$ 657), a 18.7% higher than the same quarter in 2011. The higher SG&A expenses were mainly due to increased logistics expenses in department stores in Chile, and, to a lesser extent, to an increasing participation in the consolidated sales mix of some businesses with higher SG&A as a percentage of sales. Finally, the store openings during the first half of 2012 have also contributed to increased expenses.

Due to the lower gross margin and the higher SG&A expenses, the consolidated EBITDA decreased by 7.7% when compared with second quarter of 2011, reaching to MCLP\$183,005 (MUS\$365). Consolidated Net Income decreased by 14.2% when compared with second quarter of 2011, reaching to MCLP\$ 93,175 (MUS\$ 186).

At the end of June, consolidated leverage ratio was 1.38. Excluding the liabilities of the banking businesses in the group, the consolidated leverage ratio was 0.85, while the net financial leverage ratio was 0.49. As an evidence of the company's strong financial situation, these metrics have not shown any significant change in the last quarters.

During the second quarter three new stores were opened in the Region. Sodimac opened its store in Mall Plaza Bio Bio (Chile), Falabella opened its first store in Barranquilla (Colombia) and its store in Costanera Center (Chile). After the closing, seven more stores and a Shopping mall have been opened: Falabella Titan in Bogota, Imperial in Viña del Mar and in Talca, Tottus Mall Plaza Bio Bio in Concepción, Sodimac Envigado in Medellín (Colombia) and Aventura's Santa Anita Shopping Mall, that includes a Saga Falabella store and a Tottus store.

Additionally, new brands have been included in Falabella's exclusive brands portfolio (Benefit and Kiehl's in the Beauty department, and Desigual and Benetton in the Kids department). Also during the quarter, Clarks, Geox and Benetton opened their first stand-alone stores managed by Falabella.

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

II. Consolidated Income Statement as of June 30, 2012

Consolidated Income Statement 2Q 2012 (MCLP\$)

MCLP\$	2Q 2011	% Rev.	2Q 2012	% Rev.	Var. 12/11
Revenues of Non-Banking Operations	1.152.356		1.332.172		15,6%
Revenues of Banking Operations	80.612		100.025		24,1%
TOTAL REVENUES	1.232.968		1.432.197		16,2%
COGS of Non-Banking operations	(752.946)	-65,3%	(899.776)	-67,5%	19,5%
COST of Banking Operations	(34.608)	-42,9%	(55.101)	-55,1%	59,2%
GROSS PROFIT	445.415	36,1%	477.320	33,3%	7,2%
SG&A Expenses	(277.475)	-22,5%	(329.440)	-23,0%	18,7%
Operational Income	167.939	13,6%	147.879	10,3%	-11,9%
Depreciación+Amortización	30.386	2,5%	35.125	2,5%	15,6%
EBITDA	198.325	16,1%	183.005	12,8%	-7,7%
Other Non- Operating Income / (Expenses)	2.169		1.126		-48,1%
Net Financial Income / (Cost)	(25.371)		(21.777)		-14,2%
Profit / (loss) in Associates	3.517		4.737		34,7%
Exchange rate differences	(1.061)		(761)		-28,3%
Non- Operating Profit	(20.745)	-1,7%	(16.675)	-1,2%	-19,6%
Profit Before Tax Expenses	147.194	11,9%	131.204	9,2%	-10,9%
Income Tax	(29.250)		(26.247)		-10,3%
Minority Interest	(9.296)		(11.782)		26,8%
NET PROFIT / (LOSS)	108.648	8,8%	93.175	6,5%	-14,2%

Consolidated Income Statement 1H 2012 (MCLP\$)

MCLP\$	1H 2011	% Rev.	1H 2012	% Rev.	Var. 12/11
Revenues of Non-Banking Operations	2.240.474		2.596.650		15,9%
Revenues of Banking Operations	150.253		198.243		31,9%
TOTAL REVENUES	2.390.727		2.794.892		16,9%
COGS of Non-Banking operations	(1.480.269)	-66,1%	(1.768.309)	-68,1%	19,5%
COST of Banking Operations	(60.744)	-40,4%	(103.826)	-52,4%	70,9%
GROSS PROFIT	849.713	35,5%	922.758	33,0%	8,6%
SG&A Expenses	(541.564)	-22,7%	(657.128)	-23,5%	21,3%
Operational Income	308.150	12,9%	265.629	9,5%	-13,8%
Depreciación+Amortización	61.066	2,6%	68.969	2,5%	12,9%
EBITDA	369.215	15,4%	334.598	12,0%	-9,4%
Other Non- Operating Income / (Expenses)	5.949		1.405		-76,4%
Net Financial Income / (Cost)	(45.656)		(48.207)		5,6%
Profit / (loss) in Associates	6.938		10.791		55,5%
Exchange rate differences	23		(488)		-2226,6%
Non- Operating Profit	(32.747)	-1,4%	(36.499)	-1,3%	11,5%
Profit Before Tax Expenses	275.403	11,5%	229.131	8,2%	-16,8%
Income Tax	(53.700)		(42.047)		-21,7%
Minority Interest	(17.371)		(21.806)		25,5%
NET PROFIT / (LOSS)	204.333	8,5%	165.278	5,9%	-19,1%

1. Operating Income

During the quarter, consolidated revenues continued growing with a similar rate than during 2011 and the first quarter of 2012.

Revenues from non-banking operations grew by 15.6% during the second quarter, mainly driven by a 7.9% growth in selling area. This selling area growth is more significant in the Supermarket business (Chile & Peru) and in the Home improvement business in Peru and Colombia. The macroeconomic stability of the region has contributed to keep the strong consumption levels that we have been seeing since 2010, which translated into positive same store sales (SSS) growth in all our businesses. Additionally to consumption levels, SSS growth rates are also explained by the progress in the maturity process of stores opened during 2010, especially those opened in Peru and Colombia. Revenues from stores opened in Peru in 2010 grew by 16.8% during the second quarter, while the revenues from stores opened in Colombia during the same year grew by 17.4%.

Revenues from banking operations grew by 24.1% during the second quarter. Higher revenues were mainly explained by the growth in loans, especially Banco Falabella Colombia and Peru which have respectively grown 50.4% and 22.5%, compared with June 2011.

The quarterly gross profit grew by 7.2% compared with the same period of 2011, due to the strong growth in revenues. Gross margin continued under pressure during the second quarter, as we have seen in the last months.

The gross margin from financial businesses in the quarter decreased when compared to second quarter of 2011. In Chile, it was mainly as a result of the erase of historical records of past-due loans, which continued affecting the delinquency levels, with its subsequent provision increase. The significant loans growth in Banco Falabella Peru and Colombia has been followed by an increase in their level of provisions, though it continued within the range expected by the company. Cumulative gross margin as of June 2012 decreased 2.3 percentage points.

SG&A expenses as a percentage of revenues increased 0.5 percentage points during the second quarter, mainly explained by increased logistics expenses in department stores in Chile. Also, SG&A expenses were affected by the increasing participation in the consolidated sales mix of some businesses with higher SG&A as a percentage of sales. Finally, store opening costs also put some pressure on expenses, because of higher number of stores opened in first half of 2012 compared with the same period of 2011.

The lower gross margin and the higher SG&A expenses affected negatively the EBITDA which declined by 7.7%, reaching to MCLP\$183,005 (MUS\$ 365) during the second quarter. The EBITDA margin fell 3.3 percentage points when compared with the same period of 2011.

During the second quarter, the operating income was MCLP\$147,879 (MUS\$ 295), or 11.9% lower when compared with same period of 2011. Cumulative as of June 2012, operating income was MCLP\$265,629 (MUS\$529).

2. Non-Operating Income

Non-operating income in the quarter resulted in a loss of MCLP\$16,675 (MUS\$33), a decrease of 19.6% in comparison to the second quarter of 2011. This better result is explained by lower financial costs during the quarter. The level of financial debt indexed to UF, which represents a 47.6% of consolidated financial debt, has been relatively stable compared with the same quarter of 2011. Thus, the lower inflation in the second quarter resulted in a MCLP\$4,984 (MUS\$ 10) decrease.

The higher profits on associates compared with the second quarter of 2011 has also helped to reduce the non-operating loss. Net income from Sodimac Colombia and Aventura Plaza grew respectively, 30.7% and 69.4% compared with the second quarter of 2011.

Cumulative as of June 2012, the non-operating loss was 11.5% higher than in the second quarter of 2011.

III. Main Events in the Period

- In June, Falabella redeemed its bond series B (BFLAB-B), which were issued in December 2001 for a total amount of UF 2 million and were due in December 2020. The redemption was for the total outstanding amount, which arises to UF 1.42 million, considering the unpaid capital and accrued interests.
- On June 7th, Mall Plaza issued two bond series for UF 1 million and UF 3 million respectively, with due dates in May 2018 and May 2034 respectively.
- During the quarter, Falabella's Beauty department added Benefit and Kiehl's to its exclusive brands portfolio, improving its proposal to the client. On the other hand, the Kids Department added Desigual and Benetton, also as exclusive brands. Clarks, Geox and Benetton opened its first store managed by Falabella I Chile.
- In the second quarter we opened three new stores in the region, detailed as follow:
 - Falabella Chile opened in June its store in Costanera Center, with a selling area of 9,241 m².
 - Sodimac Chile opened a new store in May in Mall Plaza Bio Bio, with a selling area of 11.217 m².
 - Falabella Colombia in April opened a store in Villa Country, arriving to a new city in Colombia. The store has a selling area of 6.541 m².

Recent Events

- In July, Falabella opened the Titan store, located in Bogotá downtown. During its first month of operation, the store had an outstanding performance.
- In August, we opened 6 stores in the region:
 - Imperial opened two stores: one located in Viña del Mar and another one in Talca.
 - On August 15th, Tottus Chile opened its first store in VIII Region, in Concepción, inside Mall Plaza Bio Bio
 - Also on that same date, Sodimac opened the Envigado store Medellín, Colombia.
 - On August 23rd, the first stores in the Mall Aventura Santa Anita in Peru were opened, including a Tottus store and a Saga Falabella store.

IV. Retail Indicators

1. Retail Business Revenues

Retail Revenues 2Q 2012² (MUS\$)
 (Nominal Chilean pesos, translated to USD observed exchange rate of July 1st 2012)

RETAIL REVENUES	2Q '11	2Q '12	Var. 12/11	Var. Local Currency
CHILE				
Department Stores	502	513	2,2%	2,2%
Home Improvement	665	784	17,8%	17,8%
Supermarkets	187	218	16,7%	16,7%
PERU				
Department Stores	186	221	18,7%	7,8%
Home Improvement	86	115	33,3%	20,6%
Supermarkets	143	194	35,4%	22,5%
ARGENTINA				
Department Stores	127	142	11,9%	13,2%
Home Improvement	37	50	34,6%	36,5%
COLOMBIA				
Department Stores	102	129	26,6%	16,8%
Home Improvement	233	289	23,8%	14,5%

Retail Revenues 1H 2012 (MUS\$)
 (Nominal Chilean pesos, translated to USD observed exchange rate of July 1st 2012)

RETAIL REVENUES	6M '11	6M '12	Var. 12/11	Var. Local Currency ³
CHILE				
Department Stores	934	999	7,0%	7,0%
Home Improvement	1.382	1.592	15,2%	15,2%
Supermarkets	363	427	17,5%	17,5%
PERU				
Department Stores	333	394	18,5%	9,6%
Home Improvement	174	233	33,7%	23,8%
Supermarkets	280	373	33,1%	23,2%
ARGENTINA				
Department Stores	233	263	12,5%	16,5%
Home Improvement	76	97	27,0%	32,1%
COLOMBIA				
Department Stores	183	232	26,9%	18,1%
Home Improvement	468	589	25,9%	17,7%

² Financial business revenues are not included

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

Same Store Sales (SSS) Growth

(All growths have been calculated in nominal terms and in local currency of each country)

SAME STORE SALES	2011				2012		6M '11	6M '12
	1Q	2Q	3Q	4Q	1Q	2Q		
CHILE								
Department Stores Chile	20,9%	3,7%	9,1%	5,6%	9,2%	1,6%	11,0%	5,1%
Home Improvement Chile	18,3%	7,0%	8,8%	13,6%	10,6%	11,8%	12,0%	11,2%
Supermarkets Chile	4,9%	3,7%	4,0%	8,0%	9,5%	7,5%	4,3%	8,4%
PERU								
Department Stores Peru	9,2%	6,7%	10,9%	11,8%	11,3%	5,5%	7,8%	8,2%
Home Improvement Peru	19,5%	19,3%	17,6%	11,8%	15,7%	7,4%	19,4%	11,6%
Supermarkets Peru	9,0%	10,6%	8,9%	12,2%	15,0%	10,9%	9,8%	12,9%
ARGENTINA								
Department Stores Argentina	32,2%	14,6%	28,9%	23,9%	18,4%	13,3%	21,7%	15,5%
Home Improvement Argentina	25,6%	19,7%	24,0%	29,0%	27,4%	35,6%	22,4%	31,4%
COLOMBIA								
Department Stores Colombia	19,3%	32,9%	22,2%	31,2%	18,2%	11,6%	27,5%	14,5%
Home Improvement Colombia	18,2%	19,2%	14,7%	8,7%	8,8%	3,9%	18,6%	6,3%

2. Number of Stores and Net Selling Area⁴

Sales Area	June 2011		June 2012	
	Area (m ²)	Stores	Area (m ²)	Stores
Chile				
Department Stores	236.218	36	245.459	37
Expos Falabella Retail	5.444	4	5.045	4
Home Improvement	560.530	67	605.079	72
Supermarkets	120.210	31	137.215	37
Peru				
Department Stores	117.517	17	120.499	18
Home Improvement	123.127	16	136.922	18
Supermarkets	114.557	25	129.040	30
Argentina				
Department Stores	58.606	11	58.606	11
Home Improvement	65.185	6	65.185	6
Colombia				
Department Stores	68.184	11	74.725	12
Home Improvement	222.952	21	248.496	24
Total Stores	1.692.530	245	1.826.270	269

Mall Plaza - Chile	867.944	11	885.000	11
Soc. Rentas Falabella - Chile	156.920	6	174.249	7
Aventura Plaza - Peru	165.888	3	176.000	3
Open Plaza - Peru	191.378	7	200.891	7
Total Real Estate	1.382.129	27	1.436.140	28

⁴ Sociedad de Rentas includes Power Centers (locations with two of our formats as a anchor stores, in addition to minor stores), and Shopping Centers (locations with three of our formats as a anchor stores, in addition to minor stores), different from those operated by Mall Plaza.

⁴ Selling area information as of June 2011 may differ with the information revealed in the 2nd Quarter 2011 Earnings Report, given the area recount our subsidiaries do periodically.

V. Credit Indicators

1. Loans Portfolio⁶

CREDIT INFORMATION			4Q'10	1Q'11	2Q'11	3Q'11	4Q'11	1Q'12	2Q'12
CHILE CMR (Card)	TOTAL LOANS	M CLP	888.209	894.885	922.479	942.105	1.043.718	1.062.622	1.047.342
	PROVISIONS	M CLP	-29.074	-31.174	-32.880	-36.476	-40.634	-45.582	-51.105
	WRITE-OFFS	M CLP	43.382	7.919	14.048	21.765	33.106	16.040	34.454
	OPEN ACCOUNTS (with balance)	#	1.885.750	1.917.602	1.986.343	2.008.651	2.084.522	2.075.779	2.084.857
	AVERAGE DURATION	DAYS	160	163	153	150	164	159	149
	AVERAGE LOAN	CLP	471.011	466.669	464.411	469.024	500.699	511.626	502.357
PERU BANK (Card)	TOTAL LOANS	M SOL	1.442	1.503	1.731	1.734	1.863	1.868	2.121
	PROVISIONS	M SOL	-84	-93	-104	-111	-130	-138	-148
	WRITE-OFFS	M SOL	74	22	34	47	63	23	53
	OPEN ACCOUNTS (with balance)	#	817.253	831.003	860.095	871.702	891.609	913.705	950.534
	CONSUMER FINANCE LOANS	M SOL	1.409	1.469	1.696	1.719	1.850	1.855	2.109
	AVERAGE DURATION	DAYS	111	119	124	127	129	125	128
	AVERAGE LOAN	SOL	1.724	1.768	1.971	1.972	2.090	2.044	2.231
COLOMBIA BANK (Card)	TOTAL LOANS	M COP	519.854	610.638	702.197	804.858	932.702	990.669	1.056.028
	PROVISIONS	M COP	-21.418	-25.218	-32.691	-41.511	-54.871	-62.941	-76.592
	WRITE-OFFS	M COP	10.201	2.179	3.823	5.534	16.428	9.573	21.016
	OPEN ACCOUNTS (with balance)	#	500.043	529.413	573.869	614.237	655.326	627.528	649.497
	CONSUMER FINANCE LOANS	M COP	519.854	610.638	702.197	804.858	932.702	990.669	1.056.028
	AVERAGE DURATION	DAYS	174	172	168	168	174	167	167
	AVERAGE LOAN	COP	1.039.881	1.153.425	1.223.619	1.310.338	1.423.264	1.578.685	1.625.917
CMR ARGENTINA (Card)	TOTAL LOANS	M ARG	752,0	793,2	899,8	915,9	1.034,0	1.020,1	1.053,7
	PROVISIONS	M ARG	-4,77	-6,33	-7,87	-10,79	-18,24	-23,71	-28,09
	WRITE-OFFS	M ARG	4,53	0,94	2,83	5,81	8,73	5,69	12,83
	OPEN ACCOUNTS (with balance)	#	444.642	449.849	471.559	491.858	525.546	524.596	515.349
	AVERAGE DURATION	DAYS	184	175	184	176	185	168	161
	AVERAGE LOAN	ARG	1.691	1.763	1.908	1.862	1.968	1.945	2.045
	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	-34.013
WRITE-OFFS		M CLP	22.358	4.683	9.555	15.312	21.875	9.984	19.938

2. CMR Card Sales

% of Total Sales paid with CMR⁷

	1Q 2011	1H 2011	9M 2011	2011	1Q 2012	1H 2012
Department Stores Chile	58,4%	60,4%	60,0%	59,8%	56,6%	57,5%
Home Improvement Chile	30,6%	31,5%	31,5%	31,9%	31,0%	31,2%
Supermarkets Chile	19,1%	19,7%	20,2%	20,6%	18,8%	19,3%
Retail Peru (Saga, Sodimac & Tottus)	45,7%	48,3%	47,8%	48,5%	44,8%	47,3%
Retail Argentina (Falabella & Sodimac)	44,3%	40,3%	39,9%	39,6%	38,6%	36,8%
Retail Colombia (Falabella & Sodimac)	31,0%	30,1%	29,5%	29,7%	25,1%	26,1%

⁶ a. CMR Chile loans portfolio include automotive stock balance. New automotive loans are now part of Banco Falabella portfolio.

b. Banco Falabella Chile provisions include additional provisions suggested by the SBIF, which are presented as liabilities.

c. Average duration and loans are calculated based on consumption loans and not over total loans.

⁷ Percentage of sales using CMR corresponds to sales using CMR compared to total sales of each business.

VI. Operating Results by Business Unit

1. Chile

Operating Income 2Q 2012 (MUS\$)

MUS\$ & % Revenues	Department Stores			Home Improvement			Supermarkets		
	2Q '11	2Q '12	Var %	2Q '11	2Q '12	Var %	2Q '11	2Q '12	Var %
Revenues	501,7	512,6	2,2%	665,5	783,9	17,8%	186,6	217,7	16,7%
Gross Margin	29,9%	30,2%	3,2%	28,5%	27,8%	14,7%	23,5%	23,4%	16,3%
SGA w/o Depreciation	-21,9%	-23,8%	11,1%	-19,1%	-19,3%	19,2%	-20,8%	-20,0%	12,2%
EBITDA	7,9%	6,3%	-18,5%	9,4%	8,5%	5,4%	2,7%	3,4%	48,1%
Operating Profit (Loss)	6,6%	5,0%	-22,0%	7,9%	6,9%	3,2%	-0,1%	0,6%	n/a

MUS\$ & % Revenues	Promotora CMR			Plaza S.A.		
	2Q '11	2Q '12	Var %	2Q '11	2Q '12	Var %
Revenues	142,6	151,1	6,0%	66,2	78,8	19,0%
Gross Margin	59,1%	37,6%	-32,5%	83,2%	83,9%	20,0%
SGA w/o Depreciation	-9,8%	-8,7%	-5,9%	-9,3%	-8,7%	10,3%
EBITDA	49,3%	29,0%	-37,8%	86,3%	86,7%	19,5%
Operating Profit (Loss)	49,3%	29,0%	-37,8%	73,8%	75,3%	21,3%

The operating result in Chilean department stores decreased by 22.0% during the second quarter, mainly as a result of greater expenses, which were affected by the implementation of logistics' related projects. These projects are expected to be launched before the high demand season in year's end. As a result of the improvement work being done in the distribution center, the company has had to rent temporary warehouses and increase the number of workers, which has led to an increase in the logistics expenses. The increase in the expenses as a percentage of sales is also due to a slower sales increase as perceived in the second quarter, as a consequence of a decrease in the share electronics and furniture in the total sales, which were facing a tough comparison due to the spike in electronics sales in the same period in 2011 as a result of the "Copa America" soccer championship.

During the second quarter, we can notice a change in the trend we have seen in the last quarters in the gross margin. This is mainly due to two facts: first, lower inventory levels have reduced the need of promotional sales, and second, an increase in the share of apparel in the total sales. Finally, though the total amount of rain fallen in Chile has been the same during the second quarter of 2011, this year it has been more concentrated during the first weeks of winter, causing an increase in season apparel sales.

Sodimac operating result shows an increase of 3.2% when compared to the second quarter of 2011, mainly caused by an increase in revenues. This increase in revenues offset the lower gross margin achieved during the second quarter, due to an increase in the share of sales from large projects; and an increase in SG&A expenses as a result of the opening of new stores during the last twelve months.

Regarding Tottus, the increase in sales is mainly as a result of larger selling area when compared to the same quarter in 2011. In addition, it is also explained by the progress in the maturity process of its stores

opened in 2010 and a special focus on some categories, such as fresh food, which have driven a 7.5% in same stores sales (SSS) growth.

CMR's operating income in Chile shows a decrease of 37.8%, mainly as a consequence of an increase in the costs associated to higher provision levels due to a greater risk level. This greater risk has also resulted in a reduced level of credit granting, which is reflected in the cumulate growth that can be seen in the loan portfolio, less than 1% in 2012, affecting revenues which in the end grew at slower rates than in the previous quarters.

Operating Income 1H 2012 (MUS\$)

MUS\$ & % Revenues	Department Stores			Home Improvement			Supermarkets		
	1S '11	1S '12	Var %	1S '11	1S '12	Var %	1S '11	1S '12	Var %
Revenues	934,0	999,1	7,0%	1.381,7	1.592,0	15,2%	363,2	426,6	17,5%
Gross Margin	29,3%	27,8%	1,5%	28,3%	27,7%	12,5%	23,2%	23,6%	19,6%
SGA w/o Depreciation	-22,6%	-23,7%	12,4%	-18,5%	-18,6%	16,1%	-20,6%	-20,7%	18,5%
EBITDA	6,7%	4,1%	-34,7%	9,9%	9,1%	5,9%	2,6%	2,9%	28,3%
Operating Profit (Loss)	5,3%	2,8%	-43,9%	8,2%	7,5%	5,3%	-0,2%	0,0%	n/a

MUS\$ & % Revenues	Promotora CMR			Plaza S.A.		
	1S '11	1S '12	Var %	1S '11	1S '12	Var %
Revenues	274,2	303,6	10,8%	128,6	151,8	18,0%
Gross Margin	57,0%	39,2%	-23,9%	83,9%	84,1%	18,4%
SGA w/o Depreciation	-9,9%	-21,3%	138,5%	-11,4%	-10,1%	3,9%
EBITDA	47,1%	17,8%	-58,0%	84,0%	84,8%	19,2%
Operating Profit (Loss)	47,1%	17,8%	-58,0%	72,4%	74,1%	20,7%

2. International Operations

During the second quarter, the operating income of our businesses in Peru remained practically the same. Growth in revenues, given by an increase in the sales area, plus a solid growth in SSS, could not offset the decrease in the gross margin. This reduced gross margin, mainly in the department stores business, where all categories were affected by an increase in promotional sales, being apparel the most affected one, as a consequence of late winter, affected by the El Niño which brought higher temperatures than a normal year, with low temperatures and rain only arrived in August. As for Banco Falabella, an increase in the provisions had a negative effect in the gross margin. Additionally, the gross margin was also affected by a change in the sales mix, as the business with greater margin showed a lower increase in their revenues (banking and department stores), whereas the businesses with lower margins, supermarkets and home improvement, increased their share in the total revenues in almost two and one percentage points respectively.

On the other hand, the substantial growth in revenues helped in the dilution of fixed expenses, allowing a decrease in SG&A expenses as a percentage of sales when compared with 2011, even taking into account the increase in the expenses costs due to the opening of stores during the first half of 2012.

Argentina shows a 0.6% decrease in its operating income during the second quarter of 2012, when compared to the same period in 2011. The gross profit increased by 25.2%, while the gross margin increased by 1.4 percentage points, thanks to a decreased share of electronic products in the sales mix and lower promotional sales in apparel. The increase in gross profit could not offset the strong increase in SG&A, mainly explained by an increase in salaries.

Colombia's operating income fell by 13.2% when compared to the same quarter in 2011. Even though revenues increased by 35.4%, a decrease of 4.9 percentage points in the gross margin resulted in a lower operating income. The decrease in the gross margin can be explained by looking at the department stores and the Banco Falabella. The department stores, the delay in the opening of stores in 2012, generated an overstock, which then led to an increase in promotional sales. As for Banco Falabella, there is an increase in provision costs when compared to the same period 2011.

Operating Income 2Q 2012 (MUS\$)⁸

MUS\$ & % Revenues	Peru			Argentina			Colombia		
	2Q '11	2Q '12	Var %	2Q '11	2Q '12	Var %	2Q '11	2Q '12	Var %
Revenues	469,7	596,0	26,9%	176,2	213,1	21,0%	132,0	178,7	35,4%
Gross Margin	32,9%	30,4%	17,2%	40,3%	41,7%	25,2%	38,6%	33,7%	18,2%
SGA w/o Depreciation	-20,1%	-19,7%	24,4%	-32,1%	-35,0%	32,0%	-30,5%	-27,5%	21,9%
EBITDA	12,8%	10,7%	6,0%	8,2%	6,6%	-1,6%	8,1%	6,2%	4,3%
Operating Profit (Loss)	10,4%	8,2%	0,0%	6,1%	5,0%	-0,6%	5,2%	3,3%	-13,2%

Operating Income 1H 2012 (MUS\$)

MUS\$ & % Revenues	Peru			Argentina			Colombia		
	1S '11	1S '12	Var %	1S '11	1S '12	Var %	1S '11	1S '12	Var %
Revenues	894,6	1.128,9	26,2%	334,6	402,2	20,2%	238,1	330,4	38,7%
Gross Margin	32,0%	29,6%	16,9%	39,2%	39,2%	20,1%	38,3%	34,5%	25,0%
SGA w/o Depreciation	-20,1%	-19,5%	22,7%	-32,4%	-35,0%	29,8%	-31,2%	-28,2%	25,4%
EBITDA	11,9%	10,1%	6,9%	6,8%	4,2%	-25,6%	7,1%	6,3%	23,2%
Operating Profit (Loss)	9,2%	7,4%	1,6%	4,9%	2,5%	-37,3%	4,0%	3,4%	17,3%

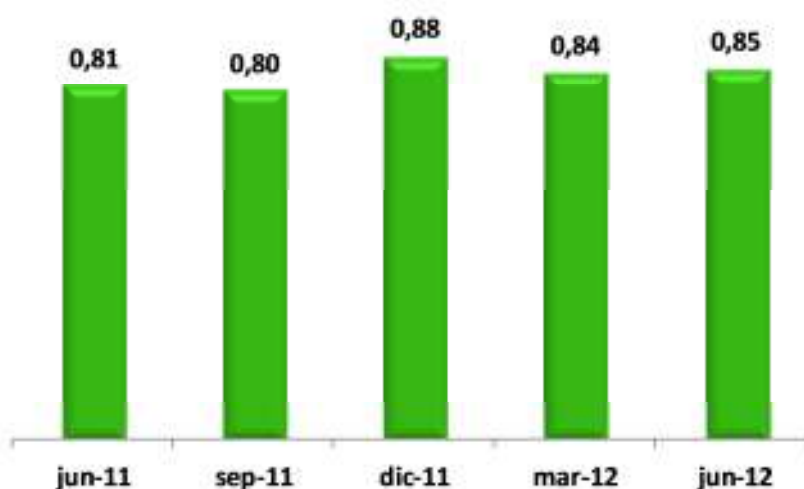
⁸ Operating Income includes banking business in Peru and Colombia and credit business in Argentina.

VII. Financial Structure

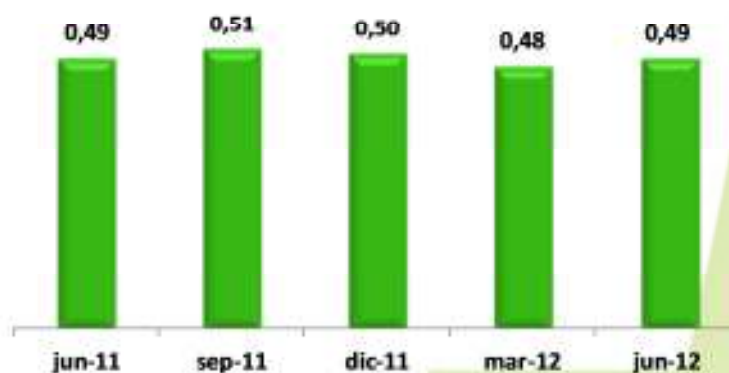
Total Liabilities in June 30th, 2012, were \$4,785,492 MM (MMUS\$ 9,537), which implies a leverage ratio⁹ of 1.38.

Without taking into account the companies developing banking business (namely, Banco Falabella Chile, Banco Falabella Peru and Banco Falabella Colombia) the consolidated leverage ratio is 0.85. Excluding these same companies, the net financial leverage ratio¹⁰ consolidated as of June 30th 2012, is 0.49.

Leverage



Leverage Financiero Neto



⁹ Leverage ratio = total liabilities/ Equity.

¹⁰ Net financial leverage ratio = (Current financial liabilities + Non current financial liabilities – cash and cash equivalents) / Equity

* Graphs don't include companies in the banking business.

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

Income Statement	Cumulative January - June 2012 M\$	Cumulative January - June 2011 M\$	Quarter April - June 2012 M\$	Quarter April - June 2011 M\$
Non- Banking Operations				
Revenues	2.596.649.622	2.240.474.019	1.332.172.360	1.152.356.211
Costs of sales	(1.768.308.707)	(1.480.269.016)	(899.776.302)	(752.945.828)
Gross Margin	828.340.915	760.205.003	432.396.058	399.410.383
Distribution Costs	(38.330.365)	(31.347.666)	(20.059.912)	(16.520.875)
Administrative Expenses	(468.380.995)	(379.922.461)	(227.062.921)	(192.208.769)
Other Operating Expenses	(82.070.502)	(71.893.692)	(47.602.629)	(38.470.822)
Other Non-Operating income / (Expenses)	1.404.688	5.948.796	1.125.743	2.169.120
Financial Income	4.310.941	3.422.318	3.229.532	2.273.314
Finance costs	(39.336.898)	(34.893.753)	(20.946.905)	(18.600.430)
Share of Profit in Associates	10.538.731	6.783.567	4.535.788	3.395.690
Exchange rate differences	(487.939)	22.945	(760.582)	(1.060.578)
Gain (Loss) in inflation-index monetary units	(13.181.015)	(14.184.888)	(4.060.032)	(9.044.209)
Profit before tax income	202.807.561	244.140.169	120.794.140	131.342.824
Income taxes	(35.021.913)	(45.541.468)	(23.385.392)	(25.157.262)
Net Profit of Non - Banking Operations	167.785.648	198.598.701	97.408.748	106.185.562
Banking Operations	-	-	0	0
Revenues from interest	158.127.182	117.714.127	80.042.799	63.708.077
Expenses for Interests	(52.432.332)	(37.083.903)	(25.400.488)	(21.162.154)
Net Profit of Continuing Operations	105.694.850	80.630.224	54.642.311	42.545.923
Revenues of Commissions	34.562.640	27.412.861	17.229.115	14.101.675
Cost of commissions	(7.852.516)	(4.593.307)	(4.244.970)	(1.964.644)
Net Revenues of Commissions	26.710.124	22.819.554	12.984.145	12.137.031
Net income of financial Operations	4.217.506	5.355.570	1.657.229	2.476.146
Gain / (Loss) from exchange Operations	745.876	(1.254.536)	(157.937)	(443.660)
Other Operational Income	5.553.045	5.125.993	2.752.640	2.802.236
Provisions	(48.504.473)	(23.168.320)	(26.954.709)	(13.513.195)
Total Net Operational Revenues	94.416.928	89.508.485	44.923.679	46.004.481
Salaries and personnel expenses	(28.947.197)	(23.507.681)	(14.868.160)	(11.968.309)
SG&A Expenses	(31.716.776)	(29.064.692)	(15.967.681)	(15.406.799)
Depreciation and Amortization	(4.924.368)	(3.737.500)	(2.541.222)	(1.887.985)
Other Operational Expenses	(2.758.184)	(2.090.237)	(1.337.719)	(1.011.875)
Total Operational Expenses	(68.346.525)	(58.400.110)	(34.714.782)	(30.274.968)
Operational Income	26.070.403	31.108.375	10.208.897	15.729.513
Gain / (Loss) of Investment in Associates	252.690	154.320	201.063	121.686
Net Profit Before Tax Expenses	26.323.093	31.262.695	10.409.960	15.851.199
Tax Expenses	(7.024.996)	(8.158.300)	(2.861.500)	(4.092.861)
Net Profit of Banking Operations	19.298.097	23.104.395	7.548.460	11.758.338
Net Income / (Loss)	187.083.745	221.703.096	104.957.208	117.943.900
Net Profit attributable to:				
Net Profit attributable to equity holders of the parent	165.277.695	204.332.588	93.174.883	108.648.245
Net Profit attributable to non-controlling interest	21.806.050	17.370.508	11.782.325	9.295.655
Net Income / (Loss)	187.083.745	221.703.096	104.957.208	117.943.900

	SACI Falabella 30-jun-12 M\$	SACI Falabella 31-dic-11 M\$
Assets		
Non-Banking Operations		
Current Assets		
Cash and cash equivalents	201.584.970	125.543.206
Other current Financial Assets	20.519.881	39.565.224
Other current Assets, non Financial	43.806.251	45.606.192
Current trade and other receivables	1.155.099.255	1.161.642.764
Notes and accounts receivable from related parties	885.048	903.846
Inventories	677.181.215	680.472.204
Recoverable taxes	50.438.613	38.351.506
Total Current Assets	2.149.515.233	2.092.084.942
Non- Current Assets		
Other non-current financial assets	163.627	95.767
Other non- current assets	21.446.281	21.109.901
Non-current trade and other receivables	214.482.703	222.146.445
Non-current notes and accounts receivable from related parties	260.874	375.638
Investments in other societies	117.185.786	110.061.027
Net Intangibles Assets	157.783.938	157.605.013
Goodwill	260.273.967	260.273.967
Property, Plant and Equipment	1.400.703.864	1.360.179.417
Investment Property	1.687.984.017	1.601.517.448
Deferred tax assets	50.114.814	41.542.773
Total non - current assets	3.910.399.871	3.774.907.396
Total Non Banking Operations Assets	6.059.915.104	5.866.992.338
Assets from Banking Operations		
Cash and bank deposits	202.071.612	178.105.226
Near Cash Items	72.995.509	7.848.591
Short term investments	122.062.811	161.773.489
Financial Derivatives	4.993.922	17.022.941
Other banks Receivables	-	15.996.505
Loans and Receivables	1.633.742.357	1.467.337.177
Investment securities available for sale	89.063.595	1.903.868
Investments in other societies	1.790.791	2.018.986
Intangibles Assets	11.494.872	10.994.416
Fixed Assets	29.429.065	27.339.685
Current taxes	4.161.589	4.046.574
Deferred taxes	9.944.161	8.765.431
Other Assets	13.183.005	15.466.428
Total Assets of Banking operations	2.194.933.289	1.918.619.317
Total Assets	8.254.848.393	7.785.611.655

	SACI Falabella 30-jun-12 M\$	SACI Falabella 31-dic-11 M\$
Net Equity and Total Liabilities		
Non Banking Operations		
Current Liabilities		
Other current financial liabilities	418.391.932	435.741.245
Current trade and other current accounts payable	636.155.325	691.148.645
Current notes and accounts payable to related companies	1.939.058	2.507.454
Other Current Provisions	10.277.879	6.605.674
Current tax payable	8.186.158	27.132.988
Employee Benefit Liabilities	68.963.250	70.884.376
Other current liabilities	64.835.251	97.871.496
Total Current Liabilities	1.208.748.853	1.331.891.878
Non- Current Liabilities		
Other non-current financial liabilities	1.489.442.334	1.344.407.041
Other non-current liabilities	4.535.597	4.410.861
Accounts payable to related companies, Non-Current	-	-
Long term Provisions	602.036	556.284
Deferred tax liabilities	210.970.665	208.849.852
Non-current employee benefit liabilities	12.775.398	11.690.576
Other Non-current Liabilities	21.724.535	20.680.349
Total Non-current Liabilities	1.740.050.565	1.590.594.963
Total Non banking Operations Liabilities	2.948.799.418	2.922.486.841
Liabilities from banking Operations		
Deposits and others	109.100.756	99.254.859
Near cash Liabilities	85.457.788	6.288.617
Repurchase agreements and securities lending	-	3.799.092
Deposit taken	1.022.044.462	834.014.060
Financial Derivatives	4.924.529	14.218.180
Liabilities with other banks	33.421.676	81.290.305
Debt instruments issued	319.421.967	268.120.441
Other Financial Liabilities	213.973.833	218.974.382
Current tax payable	339.567	708.633
Deferred tax liabilities	4.623.480	5.000.124
Provisions	3.447.954	2.490.277
Other Liabilities	39.936.732	30.073.369
Total liabilities from banking Operations	1.836.692.744	1.564.232.339
Total Liabilities	4.785.492.162	4.486.719.180
Shareholder's Equity		
Paid-in Capital	529.726.588	527.253.518
Retained earnings	2.302.397.190	2.179.075.464
Primas de emisión	57.322.434	26.572.387
Other Reserves	(22.100.900)	(13.924.990)
Equity attributable to equity holders of the parent	2.867.345.312	2.718.976.379
Non-controlling interest	602.010.919	579.916.096
Total Shareholder's Equity	3.469.356.231	3.298.892.475
Total Shareholder's Equity and Total Liabilities	8.254.848.393	7.785.611.655



www.falabella.com

S.A.C.I. Falabella

Address:

Rosas 1665
Santiago, Chile

Contacts:

Jordi Gaju N. / Humberto Solovera R.
Corporate Planning and Development
Phone: (56 2) 380 2012
Email: inversionistas@falabella.cl

Website:

www.falabella.com
Click on "Inversionistas" at the bottom page.

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