



FINANCIAL REPORT

FIRST QUARTER 2010



MAY 2010

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Notes:

- All figures in dollars are calculated using the observed dollar exchange rate for April 1, 2010 (Ch\$ 524.46 per US\$1).
- Symbols for periods in the year: Quarters: 1Q (first quarter), 2Q (second quarter), 3Q (third quarter) and 4Q (fourth quarter). 1S (First semester) and 9M (first nine months of the year), as applicable.
- Currency symbols: Ch\$: Chilean pesos; US\$: U.S. dollars; MM: millions.

- Net Profit increased by 283.8% to Ch\$4,943 million (US\$ 9.4 million). As a percentage of net revenues, Net Profit increased in 11.2 percentage points to 16.2% during first quarter 2010, from 4.9% during the same period 2009.
- EBITDA of Ch\$ 5,868 million (US\$ 11.2 million) increased by 50.8% reaching an EBITDA margin of 19.2%. It grew in 4.3 percentage points in comparison with the 14.9% EBITDA margin during 1Q'09.
- Consolidated Revenues increased by 17.2% in the 1Q 2010 to Ch \$30,592 million (US\$ 58.3 million).
- Gross Margin of Ch\$16,052 million (US\$ 30.6 million) increased by 27.1%, obtaining a gross margin of 52.5% as a percentage of net Revenues in the 1Q 2010. It was higher in 4.1 percentage points than the 48.4% obtained in the 1Q'09.
- Operating Income increased by 56.7% in the 1Q 2010 to Ch\$ 5,125 million (US\$ 9.8 million).
- The Revenues from the international operations in Colombia, Peru and Uruguay represented 14.9% of the consolidated revenues in the 1Q 2010. This represents an increase of 1.3 percentage points in comparison with the 13.5% during 1Q'09.

Stores Opening

Total of new stores opened in 1Q 2010: 3 stores

During the 1st quarter 2010 the following new stores were opened:

Chile: 1 store

- One Rockford store with 138 square meters, located in Plaza Vespucio mall, in Aires Vespucio area, in Santiago.

Uruguay: 2 stores

- One Pasqualini store with 35 square meters, located in the airport of Montevideo city.
- One Discount House store with 159 square meters located in Salto city.

Earthquake in Chile

In February of this year, a strong earthquake affected Chile. Fortunately, no lives were accounted for in any of our stores or offices.

Out of our 192 stores operating before the earthquake, only 3 of these had to be closed due to the high damage caused by the quake. These stores were located in Santiago (Huechuraba), Curicó and Linares.

Offices located in Huechuraba (which are leased) presented structural damage, so the majority of people who used to work there, were moved to our offices in Departamental, and others to our offices in Santa María.

The company has insurance on infrastructure and on the content of its relevant assets.

Award to Peru Forus S.A.

It has been announced that Peru Forus S.A. will receive the "Peruvian Company of the Year Award" in July of this year, according to the merits achieved in 2009. It has been selected by the Peruvian Company of the Year Evaluation Committee, who distinguishes companies in Peru, which with their successful management and excellent performance become models to follow in their respective markets.

New brand in the international operations

We have introduced the new footwear brand **Cushe** in the operations in Colombia, Peru and Uruguay. With this new brand, Colombia has now a portfolio of 3 brands, Peru 10 brands and Uruguay 11 brands.

Consolidated Income Statement - IFRS

FORUS S.A. & SUBSIDIARIES

Consolidated Income Statement 1st Quarter

expressed in Thousands of Chilean Pesos from January 1 to March 31

	1Q '10 Th Ch\$	% Revenues	1Q '09 Th Ch\$	% Revenues	Var. 10/09
Revenues	30.592.280		26.098.591		17,2%
Cost of Sales	(14.540.569)	-47,5%	(13.471.626)	-51,6%	7,9%
Gross Margin	16.051.711	52,5%	12.626.965	48,4%	27,1%
Other incomes of total operation	12.040	0,0%	252	0,0%	4677,8%
Logistic costs	(346.464)	-1,1%	(298.525)	-1,1%	16,1%
Research and Development	(25.392)	-0,1%	(41.721)	-0,2%	-39,1%
Administrative Expenses	(10.566.680)	-34,5%	(9.015.335)	-34,5%	17,2%
Selling, General and Administrative Expenses	(10.926.496)	-35,7%	(9.355.329)	-35,8%	16,8%
Operating Income	5.125.215	16,8%	3.271.636	12,5%	56,7%
Financial Expenses, net	(12.670)		(1.423)		790,4%
Participation in losses of joint venture businesses accounted by using the proportional value of participation	156.130		(24.383)		-740,3%
Exchange Differentials	340.736		(1.985.342)		-117,2%
Result of Indexation units	61.483		(24.673)		-349,2%
Other gains and losses	148.102		261.641		-43,4%
Non-Operating Income	693.781	2,3%	(1.774.180)	-6,8%	-139,1%
Profit before income tax	5.818.996	19,0%	1.497.456	5,7%	288,6%
Income Taxes	(876.377)		(209.807)		317,7%
Profit (loss)	4.942.619	16,2%	1.287.649	4,9%	283,8%
Profit (loss) attributable to equity holders of parent	4.948.878	16,2%	1.265.120	4,8%	291,2%
Profit (loss) attributable to minority interest	(6.259)	0,0%	22.529	0,1%	-127,8%
Profit (loss)	4.942.619	16,2%	1.287.649	4,9%	283,8%
EBITDA	5.868.323	19,2%	3.890.253	14,9%	50,8%

Operating Income

- **Consolidated Revenues increased by 17.2% in the 1Q 2010 to Ch \$30,592 million (US\$ 58.3 million).**

In Chile, Forus sales grew 11.4%, totalizing Ch\$26,145 million (US\$ 49.9 million) during 1Q 2010. This strong growth in sales explains itself both from the growth in the Retail business and the Wholesale business, due to reactivation of the activity in the national economy, trade sector and due to the excellent performance of our brands. It should be noted that under our policy of incorporation of new brands, Merrell, Azaleia, Cushe and Sanuk grew 32.8% as a whole compared to 1Q 2009.

Retail business grew 5.3% compared to the previous quarter, reaching sales of Ch\$15,130 million (US\$ 28.9 million) in 1Q 2010, representing 57.9% of Chile's total income. Despite the fact that 3 stores were closed in March because of the earthquake, our same store sales in Chile experienced a 7.4% nominal growth. In addition, the Wholesale business, with sales of Ch\$11,016 million (US\$ 21.0 million) -representing 42.1% of Chile's sales - grew strongly, reaching a 21.1% growth compared to 1Q 2009.

International subsidiaries' sales grew 28.9% as a whole, although operating revenues growth was negatively impacted by the appreciation of the Chilean peso, which makes international operations revenues comparatively smaller when transformed into Chilean pesos. The results are as follows:

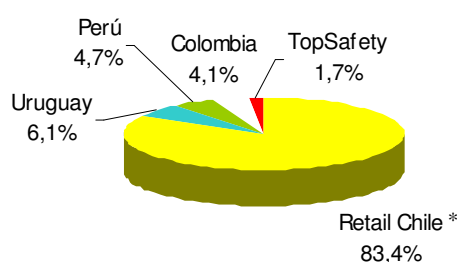
- **Uruguay:** sales rose 18.9% in 1Q 2010 and SSS (same store sales) grew a nominal 16.4%. This is explained by a revitalization of its economy, specifically in the trade sector and on account of the excellent performance of our brands, such as Hush Puppies, Cat and Merrell.
- **Peru:** sales grew 1.1% in 1Q 2010 and SSS dropped 12.9% nominal. This is explained by two effects; due to a delay in the entry of the children's collection, which represent about 50% of the sales; and because of the foreign exchange rate.

Analysis of Consolidated Results

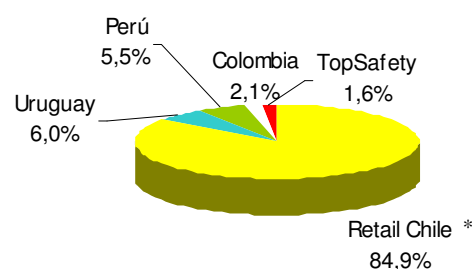
- **Colombia:** sales increased 130.8% in 1Q 2010 and SSS rose 0.0% nominal. This difference between the growth in sales and SSS is explained by a sale made by Colombia to Forus Chile of Ch\$596 million (US\$ 1.1 million), which represents 48% of the total sale. So, if we remove this sale between companies, sales would have grown 20.9%.
- Concerning the national subsidiary **TopSafety** (and its subsidiary Forus Safety, engaged in the industrial safety footwear business) sales grew 28.7% in 1Q 2010, owing to the recovery in demand in the construction sector.

Revenues from international operations in Colombia, Peru and Uruguay represented 14.9% of total consolidated revenues during 1Q 2010, which implies a growth of 1.3 percentage points, compared with the 13.5% during 1Q 2009.

Revenues by Subsidiaries 1Q 2010



Revenues by Subsidiaries 1Q 2009



* Retail Chile: Retail + Wholesale business in Chile.

Analysis of Consolidated Results

- **Gross Margin of Ch\$16,052 million (US\$ 30.6 million) increased by 27.1%, obtaining a gross margin of 52.5% as a percentage of net Revenues in the 1Q 2010. It was higher in 4.1 percentage points than the 48.4% obtained in the 1Q'09.**

The individual gross margin of Chile grew 129.0% compared to 1Q '09, reaching a total Ch\$13,901 million (US\$ 26.5 million). A percentage margin of 53.2% of sales was obtained, which improved by 7.3 percentage points when compared to 45.9% in 1Q '09. This growth is due to both the growth in retail business and wholesale business. The gross margin of Retail business rose 11.3% since the cost of sales declined 1.2%. This is explained by the lower dollar exchange rate when the goods were imported regarding the exchange rate of the previous year; this is divided in two effects: first, due to spring/summer 2009 sales, featuring a better margin regarding 2008 due to the impact of the exchange rate and secondly explained by sales of autumn/winter 2010 and school goods that entered the country in December 2009 with a dollar -at Ch\$515.6- significantly lower compared to the dollar in December 2008 -Ch\$602.8- decline that directly impacts our cost of sales of these products.

The gross margin of the wholesale business increased 69.0% since costs decreased 6.3%, which is also explained by the lower exchange rate at the moment of entry of these products, resulting in a better margin. This effect of lowering cost of sales is higher than retail results because in 1Q '10 sales to wholesale were only winter 2010 and school merchandise, which have a higher margin than the spring/summer 2009 merchandise, which is still being sold through the Retail channel during the first quarter.

Regarding gross margin of international subsidiaries, I will explain the case of Colombia, where although the gross margin grows 50.4%, the percentage on revenues falls to 34.3%, since Forus Colombia sold product to Forus Chile at price cost.

- **Operating Income increased by 56.7% in the 1Q 2010 to Ch\$ 5,125 million (US\$ 9.8 million).**

This strong Forus Consolidated operating income growth is mainly due to improved gross margin by 27.1%, along with a slight decrease in the proportion of selling, general and administrative expenses (SGA) as a percentage of revenues, which decreased from 35.8% in 1Q '09 to 35.7% in 1Q '10. The consolidated operational result as a percentage of revenues enhances 4.2 percentage points, from 12.5% in 1Q '09 to 16.8% in 1Q '10.

The growth of the individual operational result (Forus Chile) explains 92% of the total growth, where it attained a total Ch\$4,856 million (US\$ 9.3 million), increasing 54.0% regarding 1Q '09. The operational result of Retail in Chile grew 20.2%, while the Wholesale operation result improved strongly, reaching a 105.1% growth.

Operating Results of foreign subsidiaries were as follows:

- **Colombia:** Its loss in operational results decreases 40.7%, from a loss of Ch\$119 million (US\$ 0.2 million) in 1Q '09 to a loss of Ch\$71 million (US\$ 0.1 million) in 1Q '10. This lower loss is due to both a gross margin growth and a sharp decline in the selling, general and administrative expenses (SGA) as a percentage of revenues, which decreased from 74.7% in 1Q '09 to 40.0% in 1Q '10.
- **Peru:** Its operational result of Ch\$98 million (US\$ 0.2 million) decreases 35.1% regarding 1Q '09, as a result of the difference in the exchange rate, due to the local currency conversion into Chilean pesos, as opposed to a much slighter fall of the operational result - 6.0% - when presented in its local currency.
- **Uruguay:** Its operational result of Ch\$228 million (US\$ 0.4 million) rises a strong 125.8% compared to 1Q '09. This growth is explained by the strong increase of 25.0% in gross margin, as well as a reduction of the selling, general and administrative expenses as a share of revenues, which decreased from 39.2% in 1Q '09 to 35.7% in 1Q '10.

Non-Operating Income

- **Non-Operating Income** totaled Ch\$694 million (US\$ 1.3 million), improving the loss of Ch\$1,774 million (US\$3.4 million) during 1Q 2009 by 139.1%.

This non-operating income is explained 94% in exchange rate differences, increasing 117.2%, from a loss of Ch\$1,985 million (US\$3.8 million) in 1Q '09 to a Ch\$341 million (US\$0.7 million) profit in 1Q '10.

Net Profit and EBITDA

- **Net Profit** increased by 283.8% to Ch\$4,943 million (US\$ 9.4 million). As a percentage of net revenues, Net Profit increased in 11.2 percentage points to 16.2% during first quarter 2010, from 4.9% during the same period 2009.
- **EBITDA** of Ch\$ 5,868 million (US\$ 11.2 million) increased by 50.8% reaching an EBITDA margin of 19.2%. It grew in 4.3 percent points in comparison with the 14.9% EBITDA margin during 1Q'09.

EBITDA in Chile grew 47.1%, totalizing Ch\$ 5,321 million (US\$ 10.1 million), reaching an EBITDA margin of 20.4%, which improves by 4.9 percentage points in comparison with the 15.4% EBITDA margin during 1Q'09.

CHILE

• **Retail**

(Million Ch\$)

P&L	1Q '10	1Q '09	Var. % 10/09
Revenues	15.130	14.369	5,3%
Cost of Sales	-6.823	-6.904	-1,2%
Gross Margin	8.306	7.464	11,3%
Operating Income	2.283	1.899	20,2%

Same Store Sales Growth

Data in nominal values

	1Q '10	1Q '09	2010	2009
Growth Retail Sales	7,4%	0,2%	7,4%	0,2%

Stores Openings / Closings

	Date	Chain	Store	Sq.meters
Opening	Feb-10	Rockford	Aires Vespucio	138
Closing	Jan-10	Calpany	Pza. Norte	39
Closing	Jan-10	Azaleia	Concepción	70
Closing	Feb-10	Hush Puppies	Linares	115
Closing	Feb-10	Hush Puppies	Curico	99
Closing	Feb-10	Women Secret	Huechuraba	28
Closing	Feb-10	Rockford	Zapallar	60
Total				-273

Note: the Hush Puppies Linares and Curicó and Women'ssecret Huechuraba stores were closed due the earthquake damages. The Rockford Zapallar store closed because of the end of the summer season in that location.

Change in Total square meters

	March '10	March '09	Var. 10/09	Var. % 10/09
N° Stores	187	191	-4	-2,1%
Square meters	22.027	21.984	43	0,2%

CHILE

- **Wholesale**

(Million Ch\$)

P&L	1Q '10	1Q '09	Var. % 10/09
Revenues	11.016	9.098	21,1%
Cost of Sales	-5.421	-5.788	-6,3%
Gross Margin	5.595	3.310	69,0%
Operating Income	2.573	1.254	105,1%

- **TopSafety**

P&L	1Q '10	1Q '09	Var. % 10/09
Revenues	531	412	28,7%
Cost of Sales	-413	-296	39,6%
Gross Margin	118	116	1,0%
Operating income	14	-14	-201,4%

COLOMBIA

(Million Ch\$)

P&L	1Q '10	1Q '09	Var. % 10/09
Revenues	1.251	542	130,8%
Cost of Sales	-822	-256	220,5%
Gross Margin	430	286	50,4%
Operating income	-71	-119	-40,7%

Same Store Sales Growth

Data in nominal values (in local currency)

	1Q '10	1Q '09	2010	2009
Growth Retail Sales	0,0%	28,0%	0,0%	28,0%

Stores Openings / Closings

	Date	Chain	Store	sq.meters
Opening	Aug-09	Hush Puppies Outlet	Palmetto	50
Closing	Aug-09	Hush Puppies Outlet	Unico Barranquilla	47
Total				-97

Change in Total square meters

	March '10	March '09	Var. 10/09	Var. % 10/09
N° Stores	18	18	0	0,0%
Square meters	1.344	1.310	34	2,6%

PERU

(Million Ch.\$)

P&L	1Q '10	1Q '09	Var. % 10/09
Revenues	1.445	1.429	1,1%
Cost of Sales	-735	-693	6,0%
Gross Margin	710	736	-3,5%
Operating Income	98	150	-35,1%

Same Store Sales Growth

Data in nominal values (in local currency)

	1Q '10	1Q '09	2010	2009
Growth Retail Sales	-12,9%	44,2%	-12,9%	44,2%

Stores Openings / Closings

	Date	Chain	Store	Sq.meters
Closing	Jan-10	Shoe Express	HP Minka	75
Total				-75

Change in Total square meters

	March '10	March '09	Var. 10/09	Var. % 10/09
N° Stores	25	20	5	25,0%
Square meters	2.622	2.063	559	27,1%

URUGUAY

(Million Ch\$)

P&L	1Q '10	1Q '09	Var. % 10/09
Revenues	1.860	1.565	18,9%
Cost of Sales	-967	-851	13,7%
Gross Margin	893	714	25,0%
Operating Income	228	101	125,8%

Same Store Sales Growth

Data in nominal values (in local currency)

	1Q '10	1Q '09	2010	2009
Growth Retail Sales	16,4%	-18,9%	16,4%	-18,9%

Stores Openings / Closings

	Date	Chain	Store	Sq.meters
Closing	Jan-10	Pasqualini	Aeropuerto	18
Opening	March-10	Pasqualini	Aeropuerto	35
Opening	March-10	Discount House	Salto	159
Total				176

Change in Total square meters

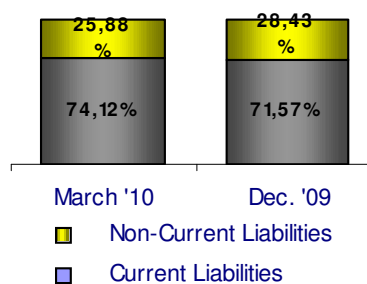
	March '10	March '09	Var. 10/09	Var. % 10/09
N° Stores	23	22	1	4,5%
Square meters	2.143	1.891	252	13,3%

- Liquidity Ratios**

	Units	March '10	Dec. '09
Current liquidity	times	5,72	5,92
Acid ratio	times	3,99	3,90

- Financial Ratios**

	Units	March '10	Dec. '09
Liabilities composition			
Current Liabilities	%	74,12%	71,57%
Non-Current Liabilities	%	25,88%	28,43%



	Units	March '10	Dec. '09
Leverage	times	0,23	0,23

- Profitability Ratios**

	Units	March '10
ROA	%	4,78%
ROS	%	16,16%
ROE	%	5,88%

All data is in term of Consolidated Forus.

Consolidated Balance Sheets

FORUS S.A. & SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

expressed in Thousands of Chilean Pesos as of March 31, 2010 and December 31, 2009

	March 31, 2010 Th Ch\$	Dec 31, 2009 Th Ch\$
ASSETS		
Current Assets		
Cash and cash equivalents	7.611.201	9.872.214
Financial assets at fair value through profit or loss	26.097.165	23.568.524
Trade and other account receivables, net	20.295.232	14.512.913
Notes and accounts receivables from related companies, net	221.853	189.505
Inventories, net	24.872.853	25.974.196
Prepayments	926.656	765.691
Tax receivables	1.469.642	1.047.524
Other current assets	739.417	280.821
Total Current Assets	82.234.019	76.211.388
Non-Current Assets		
Trade and other account receivables, net	4.586	4.571
Investments in associates	1.363.871	1.182.253
Net intangibles assets	3.858.422	3.942.690
Property, plant and equipments, net	14.657.334	14.026.358
Deferred Income taxes	1.213.248	1.342.643
Assets pledged as collateral subject to sale or repledging	155.414	155.779
Total Non-Current Assets	21.252.875	20.654.294
TOTAL ASSETS	103.486.894	96.865.682
LIABILITIES		
Current Liabilities		
Interest-bearing borrowings	1.850.156	2.081.533
Other financial liabilities	55.272	187.458
Trade and other accounts payables	5.410.948	4.854.183
Other current liabilities	2.443.302	2.443.089
Deferred income	25.068	-
Provisions	4.599.688	3.303.266
Total Current Liabilities	14.384.434	12.869.529
Non-Current Liabilities		
Interest-bearing borrowings	1.912.525	1.841.720
Trade and other accounts payables	1.944.793	1.954.803
Deferred taxes liabilities	1.045.866	1.196.756
Other non-current liabilities	11.564	11.535
Deferred Income	107.199	107.199
Total Non-Current Liabilities	5.021.947	5.112.013
SHAREHOLDER'S EQUITY		
Paid-in capital	24.813.496	24.242.787
Other reserves	16.825.890	14.650.645
Retained earnings	42.277.802	39.833.699
Net equity attributable to equity holders of parent	83.917.188	78.727.131
Minority interes	163.325	157.009
Total Shareholders' Equity	84.080.513	78.884.140
TOTAL EQUITY AND LIABILITIES	103.486.894	96.865.682

Consolidated Income Statement

FORUS S.A. & SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT

expressed in Thousands of Chilean Pesos from January 1 to March 31

	2010 Th Ch\$	2009 Th Ch\$
Revenues	30.592.280	26.098.591
Cost of Sales	(14.540.569)	(13.471.626)
Gross Margin	16.051.711	12.626.965
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Logistic costs	(346.464)	(298.525)
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Participation in losses of joint venture businesses accounted by using the proportional value of participation	-	-
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Other gains and losses	61.483	(24.673)
Other gains and losses	148.102	261.641
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Profit before income tax	5.818.996	1.497.456
Income Taxes	(876.377)	(209.807)
Profit (loss)	4.942.619	1.287.649
	-	-
Profit (loss) attributable to equity holders of parent	4.948.878	1.265.120
Profit (loss) attributable to minority interest	(6.259)	22.529
Profit (loss)	4.942.619	1.287.649
Net Income per Share		
Common shares		
Income per Share	\$ 19,12	\$ 4,98

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