

INDITEX, S.A.
INTERIM HALF YEAR 2005 RESULTS

1 February to 31 July 2005

- **Net sales reach €2,819.7 million, 20% higher than 1H04. Sales in constant currency grow by 20%.**
- **Like-for-like sales for 1H05 grow by 4.5%**
- **Gross profit reach €1,584.6 million, 24% higher. Gross margin is 56.2%.**
- **EBITDA rises 21% to €517.3 million.**
- **Operating income (EBIT) comes to €344.5 million, 20% higher.**
- **Net income reaches €246.2 million (39.7 € cents per share), 29% higher.**
- **Net opening of 160 stores in 1H05. The Group foresees the opening of between 400 and 450 new stores in fiscal year 2005 (322 in FY2004).**
- **Initial collections for the Autumn-Winter 2005 have been well received by our customers.**

This document is of a purely informative nature and does not constitute an offer to sell, exchange or buy, or the solicitation of an offer to buy, securities issued by any of the companies mentioned herein.

This document contains forward-looking statements. All statements other than statements of historical fact included herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. Any such forward-looking statements are subject to risk and uncertainty and thus could differ materially from actual results.

Some of these risks include, amongst others, ongoing competitive pressure in the sector, consumer tastes and spending trends, economic, political, regulatory and trade conditions in the markets where the INDITEX Group is present or in the countries where the Group's products are manufactured or distributed.

The risks and uncertainties that could affect the forward-looking statements are difficult to predict. The company assumes no obligation to publicly revise or update its forward-looking statements in the case of unexpected changes, events or circumstances that could affect them. Given the uncertainties of forward-looking statements, we caution readers not to place undue reliance on these statements.

For a discussion of these and other factors that may affect forward looking statements and the INDITEX Group's business, financial conditions and results of operations, see the documents and information communicated by the company to the Comisión Nacional del Mercado de Valores (*the Spanish Securities Commission*).

The contents of this disclaimer should be taken into account by all persons or entities.

1. Profit & loss statement

Grupo Inditex				
Interim Half Year 2005 profit & loss statement				
<i>Millions of euros</i>				
	1H 2005 (*)	1H 2004 (*)	Var % 05/04	FY2004
Net sales	2,819.7	2,352.2	20%	5,568.6
Cost of sales	(1,235.1)	(1,077.8)		(2,483.4)
	1,584.6	1,274.4	24%	3,085.2
	<i>Gross margin</i> 56.2%	<i>Gross margin</i> 54.2%		<i>Gross margin</i> 55.4%
Operating expenses	(1,067.3)	(848.3)	25.8%	(1,864.9)
	517.3	426.2	21%	1,220.3
	<i>EBITDA margin</i> 18.3%	<i>EBITDA margin</i> 18.1%		<i>EBITDA margin</i> 21.9%
Amortisation and depreciation	(172.8)	(139.9)	24%	(305.4)
	344.5	286.3	20%	914.9
	<i>EBIT margin</i> 12.2%	<i>EBIT margin</i> 12.2%		<i>EBIT margin</i> 16.4%
Net financial results	11.6	(11.8)		(24.8)
Other net income and losses	0.6	(0.3)		6.7
	356.7	274.1	30%	896.8
	<i>EBT margin</i> 12.7%	<i>EBT margin</i> 11.7%		<i>EBT margin</i> 16.1%
Taxes	(107.0)	(82.5)		(251.0)
	249.7	191.6	30%	645.8
	<i>Net income before minorities</i> 8.9%	<i>Net income before minorities</i> 8.1%		<i>Net income before minorities</i> 11.6%
Minorities	(3.5)	(1.5)		(7.3)
	246.2	190.1	29%	638.5
	<i>Net income</i> 8.7%	<i>Net income</i> 8.1%		<i>Net income</i> 11.5%
	39.7	30.6	29%	102.8
	<i>Earnings per share, cents of euro (**)</i>			

(*) Unaudited data
(**) Shares for EPS calculation 620.9 million for 1H05 and 620.7 million for 1H04

2. Consolidated Balance sheet

Grupo Inditex			
Consolidated Balance Sheet as of 31 July 2005			
<i>Millions of euros</i>			
	31 July 2005 (*)	31 July 2004 (*)	31 Jan 2005
<u>ASSETS</u>			
CURRENT ASSETS	1,496.2	1,059.0	1,561.7
Cash & cash equivalents	543.2	272.1	771.8
Receivables	276.8	223.4	254.1
Inventories	663.8	541.0	517.9
Other	12.4	22.5	17.9
NON CURRENT ASSETS	2,834.0	2,426.7	2,651.2
Tangible assets	2,158.6	1,815.0	2,012.7
Intangible assets	460.0	412.0	444.5
Financial investments	25.3	26.2	25.1
Other	190.1	173.4	168.8
TOTAL ASSETS	4,330.1	3,485.7	4,212.9
<u>TOTAL LIABILITIES & SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES	1,530.3	1,098.6	1,372.4
Payables	1,282.0	943.7	1,208.6
Financial debt	248.3	154.9	163.7
NON CURRENT LIABILITIES	440.8	438.6	447.2
Financial debt	97.9	167.8	119.2
Deferred taxes	96.0	71.7	89.2
Other	246.8	199.2	238.8
SHAREHOLDERS' EQUITY	2,359.1	1,948.4	2,393.3
Equity attributable to the Group	2,342.2	1,933.7	2,376.1
Minority interests	16.9	14.7	17.2
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	4,330.1	3,485.7	4,212.9

3. Comments:

3.1 P&L account

- Net sales

Net sales reach €2,819.7 million, 20% higher than in 1H04, due to the like-for-like sales growth (+4.5%), to the increase in selling area (+15.3%) and the currency translation effect (+0.1%).

The breakdown of openings and existing stores at the end of the period is the following:

Concept	Net openings		Total stores	
	1H 2005	1H 2004	31 Jul 2005	31 Jul 2004
ZARA	39	27	762	653
KIDDY'S CLASS	10	13	139	116
PULL & BEAR	19	5	390	355
MASSIMO DUTTI	19	10	345	307
BERSHKA	22	19	324	272
STRADIVARIUS	15	16	242	207
OYSHO	18	10	122	86
ZARA HOME	18	15	80	41
Total	160	115	2,404	2,037

International store sales reach 55.7% of total. The area with the highest growth both in sales and profits is Europe ex-Spain, reaching 37.9% of total store sales.

- Like-for-like sales (LFL)

The Group's like-for-like sales grow by 4.5% in 1H05. Like-for-like represents the annual change in store sales of any concept of the Group that were opened for the whole of 1H05 and 1H04, converted to a fixed exchange rate. The like-for-like calculation includes 73% of total stores sales.

Below is the increase in like-for-like sales bi-annually for the last fiscal years:

LFL sales								
	2005	2004	2003	2002	2001	2000	1999	1998
First Half	4.5%	8%	7%	12%	9%	13%	6%	13%
Second Half		10%	(2%)	10%	9%	9%	5%	12%
Full Year		9%	1%	11%	9%	9%	5%	11%

Like-for-like sales growth has been positive in all concepts. Bershka and Stradivarius have posted growth above the Group's average, while Zara and Massimo Dutti growth is below the Group's average.

- Sales by concept

Net sales by concept in 1H05 and 1H04 are shown in the table below:

Concept	Net Sales (Million €)			% on total	
	1H 2005	1H 2004	% Chng.	1H 2005	1H 2004
ZARA	1,857.4	1,611.9	15%	65.9%	68.5%
KIDDY'S CLASS	65.3	48.4	35%	2.3%	2.1%
PULL & BEAR	181.0	149.2	21%	6.4%	6.3%
MASSIMO DUTTI	233.2	199.3	17%	8.3%	8.5%
BERSHKA	271.2	208.4	30%	9.6%	8.9%
STRADIVARIUS	139.0	89.0	56%	4.9%	3.8%
OYSHO	43.1	29.9	0.4	1.5%	1.3%
ZARA HOME	29.5	16.0	0.8	1.0%	0.7%
Total sales	2,819.7	2,352.2	20%	100.0%	100%

The youngest concepts have increased their weight in the Group's total due to their stronger sales growth.

- Gross Margin

Gross margin in 1H05 reaches €1,584.6 million, 24% higher, 56.2% on sales vs. 54.2% in 1H04.

The 202 b.p. increase in gross margin is due to product management, which includes higher mark-ups and a tight inventory management over the season to achieve a low weight of the end-of-season sale, and the positive impact of currencies on sourcing.

Under current circumstances, Inditex considers a 50 b.p. to 100 b.p. improvement to 55.9%-56.4% on sales as its best estimate for the Full Year 2005 Gross margin.

- Operating income (EBIT)

EBIT in 1H05 reaches €344.5 million, 20% higher than 1H04.

EBIT on sales is 12.2% due to the gross margin recovery and the operating costs growth.

Operating expenses have grown in accordance with the Group's budget and include all the start-up costs for new openings (essentially leases and salaries paid for stores that are not yet open).

- Net income

The breakdown of financial results is shown below:

Millions of euros	1 H 2005	1 H 2004	FY 2004
Net financial expenses	(1.8)	(5.3)	(6.9)
Foreign exchange losses	13.3	(6.5)	(17.6)
Total	11.6	(11.8)	(24.8)

Foreign exchange gains include the impact of mark-to-market valuation of hedging instruments according to IAS 39.

Income before taxes has increased by 30% to reach €356.7 million.

The tax rate for 1H05 is the best estimate for FY2005 according with current information.

Net income has increased 29% to €246.2 million.

3.2 Balance sheet

The consolidated balance sheet of INDITEX maintains the negative operating working capital, a consequence of the business model, and shows net financial cash. Ordinary and bonus dividends for €299 million were paid to shareholders on 21 July.

The net financial position is shown in the table below:

NET FINANCIAL CASH (DEBT) (Millions of euros)			
	31 July 2005	31 July 2004	31 Jan 2005
Cash & cash equivalents	543.2	272.1	771.8
Current financial debt	(248.3)	(154.9)	(163.7)
Non current financial debt	(97.9)	(167.8)	(119.2)
NET FINANCIAL CASH (DEBT)	196.9	(50.5)	488.9

The table below shows the breakdown of the working capital at 1H05:

WORKING CAPITAL (Millions of euros)			
	31 July 2005	31 July 2004	31 Jan 2005
Inventories	663.8	541.0	517.9
Receivables	276.8	223.4	254.1
Payables	(1,282.0)	(943.7)	(1,208.6)
Other	12.4	22.5	17.9
Operating working capital	(329.0)	(156.8)	(418.8)
Cash & cash equivalents	543.2	272.1	771.8
Current financial debt	(248.3)	(154.9)	(163.7)
Financial working capital	294.8	117.2	608.1
Total working capital	(34.1)	(39.6)	189.4

4. Other information

- Expected number of openings and CAPEX

At the present date, the Group estimates the net opening of between 400 and 450 stores in FY2005, including those opened during the first half. A detailed list of the openings is shown below:

Concept	FY 2005 Openings forecast		% International	Total 2004
	Range			
ZARA	125	- 135	85%	97
KIDDY'S CLASS	15	- 20	10%	26
PULL & BEAR	50	- 55	50%	21
MASSIMO DUTTI	40	- 45	65%	29
BERSHKA	55	- 65	70%	49
STRADIVARIUS	30	- 35	45%	36
OYSHO	45	- 50	45%	28
ZARA HOME	40	- 45	50%	36
Total net openings	400	- 450		322

Expected **CAPEX for FY2005** is between €750 million and €850 million, of which approximately €335 million have been incurred in 1H05.

- Beginning of 2H05

Our initial collections for the Autumn-Winter 2005 have been well received by our customers.

- Acquisition of Zara franchisee operations in Poland

INDITEX has acquired in August a 51% stake in Zara operations in Poland until then controlled by a franchisee, and agreed to acquire a minimum stake of 80% in ZARA Poland by 2008.

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The Interim Nine Months 2005 results will be published on 13 December 2005

For more information:

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