

INDITEX, S.A.
INTERIM HALF YEAR 2006 RESULTS

1 February to 31 July 2006

- **Net sales reach €3,476 million, 23% higher than 1H05. Sales in constant currency grow by 22%.**
- **Like-for-like sales for 1H06 grow by 5%**
- **Gross profit reaches €1,910 million, 21% higher. Gross margin is 54.9%.**
- **EBITDA rises 17% to €605 million.**
- **Operating income (EBIT) comes to €404 million, 17% higher.**
- **Net income reaches €295 million (47 cents of € per share), 20% higher.**
- **Net opening of 208 stores in 1H06. The Group foresees the net opening of between 410 and 490 new stores in fiscal year 2006 (448 in FY2005).**
- **Initial collections for the Autumn-Winter 2006 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 2006 profit & loss statement				
<i>Million euros</i>				
	1H 2006 (*)	1H 2005 (*)	Var % 06/05	FY2005
Net sales	3,476	2,820	23%	6,741
Cost of sales	(1,566)	(1,235)		(2,953)
Gross profit	1,910	1,585	21%	3,788
	<i>Gross margin</i>	<i>54.9%</i>	<i>56.2%</i>	<i>56.2%</i>
Operating expenses	(1,296)	(1,066)	22%	(2,297)
Other net operating income (losses)	(9)	(2)		(32)
Operating cash flow (EBITDA)	605	517	17%	1,459
	<i>EBITDA margin</i>	<i>17.4%</i>	<i>18.3%</i>	<i>21.6%</i>
Amortisation and depreciation	(201)	(173)	16%	(366)
Operating income (EBIT)	404	345	17%	1,094
	<i>EBIT margin</i>	<i>11.6%</i>	<i>12.2%</i>	<i>16.2%</i>
Financial results	0.2	12		8
Results from companies consolidated by equity method	(0.1)	1		(0.2)
Income before taxes	404	357	13%	1,101
	<i>EBT margin</i>	<i>11.6%</i>	<i>12.7%</i>	<i>16.3%</i>
Taxes	(108)	(107)		(291)
Net income	296	250	19%	811
	<i>8.5%</i>	<i>8.9%</i>	<i>12.0%</i>	
Minorities	1	3		8
Net income attributable to the controlling company	295	246	20%	803
	<i>Net income margin</i>	<i>8.5%</i>	<i>8.7%</i>	<i>11.9%</i>
Earnings per share, cents of euro (**)	47	40	20%	129

(*) Unaudited data
(**) Shares for EPS calculation 620.9 million.

2. Consolidated Balance sheet

Grupo Inditex			
Consolidated Balance Sheet as of 31 July 2006			
<i>Million euros</i>			
	31 July 2006 (*)	31 July 2005 (*)	31 Jan 2006
<u>ASSETS</u>			
CURRENT ASSETS	1,637	1,496	2,047
Cash & cash equivalents	451	543	988
Receivables	300	277	358
Inventories	853	664	684
Other	33	12	16
NON CURRENT ASSETS	3,388	2,834	3,156
Tangible assets	2,586	2,159	2,424
Intangible assets	536	460	499
Financial investments	84	25	68
Other	181	190	165
TOTAL ASSETS	5,024	4,330	5,203
<u>TOTAL LIABILITIES & SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES	1,880	1,530	1,851
Payables	1,604	1,282	1,642
Financial debt	276	248	209
NON CURRENT LIABILITIES	373	441	431
Financial debt	67	98	76
Deferred taxes	108	96	107
Other	198	247	248
SHAREHOLDERS' EQUITY	2,771	2,359	2,921
Equity attributable to the Group	2,752	2,342	2,899
Minority interests	19	17	22
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	5,024	4,330	5,203

(*) Unaudited data

3. Comments:

3.1 P&L account

- Net sales

Net sales reach €3,476 million, 23% higher than in 1H05, due to the like-for-like sales growth (+5%), to the increase in selling area (+17%) and the currency translation effect (+1%).

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

Concept	Net openings		Total stores	
	1H 2006	1H 2005	31 July 2006	31 July 2005
ZARA	66	39	918	762
KIDDY'S CLASS	15	10	164	139
PULL & BEAR	21	19	448	390
MASSIMO DUTTI	14	19	383	345
BERSHKA	32	22	400	324
STRADIVARIUS	15	15	278	242
OYSHO	24	18	178	122
ZARA HOME	21	18	131	80
Total	208	160	2,900	2,404

International store sales reach 60% of total. Europe ex-Spain reaches 39% of total store sales.

- Like-for-like sales (LFL)

The Group's like-for-like sales grow by 5% in 1H06 (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 1H06 and 1H05, converted to a fixed exchange rate. The like-for-like calculation includes 72% of total stores sales.

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

	LFL sales growth		
	2006	2005	2004
First Half	5%	4.5%	8%
Second Half		5%	10%
Full Year		5%	9%

- Sales by concept

Net sales by concept in 1H06 and 1H05 are shown in the table below:

Concept	Net sales (Million euro)			% on total	
	1H 2006	1H 2005	% Chng	1H 2006	1H 2005
ZARA	2,302	1,857	24%	66.2%	65.9%
KIDDY'S CLASS	76	65	17%	2.2%	2.3%
PULL&BEAR	210	181	16%	6.0%	6.4%
MASSIMO DUTTI	263	233	13%	7.6%	8.3%
BERSHKA	327	271	21%	9.4%	9.6%
STRADIVARIUS	175	139	26%	5.0%	4.9%
OYSHO	64	43	50%	1.9%	1.5%
ZARA HOME	57	30	95%	1.7%	1.0%
Total sales	3,476	2,820	23%	100.0%	100.0%

- Gross profit

Gross profit rises to €1,910 million, 21% higher. Gross margin reaches 54.9% on Sales after the currency impact.

- Operating income (EBIT)

EBIT in 1H06 reaches €404 million, 17% higher than 1H05.

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).

Other net operating income (losses) includes all profits and losses in relation with the valuation of options in the joint-ventures the Group operates, and the expenses related to the Share Plan passed by the Annual General Meeting last 18 July.

- Net income

The breakdown of financial results is shown below:

Million euros	1H 2006	1H 2005
Net financial income (losses)	6	(2)
Foreign exchange gains (losses)	(5)	13
Total	0.2	12

In full compliance with the IAS 39 requirements, INDITEX has applied hedge accounting to its USD/EUR hedge book in 2006.

Income before taxes has increased by 13% to reach €404 million.

The tax rate for 1H06 is the best estimate for FY2006 according with current information.

Net income has increased 20% to €295 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 a positive net financial position. In the 1H06, INDITEX has paid for the acquisition of Zara franchised operations in Russia and the increase in the stake in the joint-venture in Germany. Ordinary and bonus dividends for €418 million were paid to shareholders on 21 July.

The net financial position is shown in the table below:

NET FINANCIAL POSITION (Million euros)			
	31 July 2006	31 July 2005	31 Jan 2006
Cash & cash equivalents	451	543	988
Current financial debt	(276)	(248)	(209)
Non current financial debt	(67)	(98)	(76)
NET CASH (DEBT)	108	197	703

The table below shows the breakdown of the working capital at 1H06:

WORKING CAPITAL (Million euros)			
	31 July 2006	31 July 2005	31 Jan 2006
Inventories	853	664	684
Receivables	300	277	358
Payables	(1,604)	(1,282)	(1,642)
Other	33	12	16
Operating working capital	(418)	(329)	(583)
Cash & cash equivalents	451	543	988
Current financial debt	(276)	(248)	(209)
Financial working capital	174	295	779
Total working capital	(243)	(34)	196

4. Other information

- Expected number of openings and CAPEX

At the present date, the Group estimates to increase its retail space between 15% and 20% in FY2006, through the net opening of between 410 and 490 stores, including those opened during the first half.

A detailed list of the openings is shown below:

Concept	FY 2006 Openings forecast		% International	Total 2005
	Range			
ZARA	140	- 150	80%	129
KIDDY'S CLASS	30	- 40	15%	20
PULL & BEAR	30	- 40	55%	56
MASSIMO DUTTI	30	- 40	55%	43
BERSHKA	65	- 75	70%	66
STRADIVARIUS	40	- 50	45%	36
OYSHO	40	- 50	45%	50
ZARA HOME	35	- 45	50%	48
Total net openings	410	- 490		448

Expected **CAPEX for FY2006** is between €850 million and €950 million, of which approximately €460 million have been incurred in 1H06, including the cash payments involved in the acquisition of Zara franchised operations in Russia and the increase in the stake in the joint-venture in Germany.

- Beginning of 2H06

Our initial collections for the Autumn-Winter 2006 have been well received by our customers.

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The Interim Nine Months 2006 results will be published on 13 December 2006

For more information:

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