

INDITEX, S.A.
INTERIM THREE MONTHS 2004
CONSOLIDATED RESULTS

1 February to 30 April 2004

- **Net sales reach €1,203 million, 23% higher than 1Q03. Sales in constant currency grow by 24%.**

- **Gross margin rises to €626 million, 25% higher.**

- **Operating cash flow (EBITDA) stands at €224 million, 25% higher.**

- **Operating income (EBIT) comes to €155 million, 25% higher.**

- **Net income reaches €99 million (15.8 € cents per share), 20% higher.**

- **Net opening of 61 stores in the first quarter of 2004 (vs. 76 in 1Q03). The Group foresees the opening of between 315 and 365 new stores in fiscal year 2004 (364 in FY2003).**

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				
2004 first quarter profit & loss statement				
<i>Millions of euros</i>				
	1Q 2004 (*)	1Q 2003 (*)	Var % 04/03	FY 2003
Net sales	1,203.2	979.4	23%	4,598.9
Cost of sales	(577.5)	(480.1)		(2,293.0)
	Gross profit	499.3	25%	2,306.0
	<i>Gross margin</i>	<i>51.0%</i>		<i>50.1%</i>
Operating expenses	(401.7)	(319.9)	26%	(1432.5)
	Operating cash flow (EBITDA)	179.4	25%	873.5
	<i>EBITDA margin</i>	<i>18.3%</i>		<i>19.0%</i>
Fixed assets depreciation	(60.8)	(48.5)		(221.2)
Goodwill amortisation	(2.3)	(2.3)		(9.4)
Provisions	(5.4)	(4.3)		(15.9)
	Operating income (EBIT)	124.3	25%	627.0
	<i>EBIT margin</i>	<i>12.7%</i>		<i>13.6%</i>
Net financial results	(8.6)	1.2		(7.9)
	Ordinary income	125.5	17%	619.1
	<i>Ordinary margin</i>	<i>12.8%</i>		<i>13.5%</i>
Extraordinary income (loss)	(1.5)	(5.0)		(5.7)
	Income before taxes	120.5	20%	613.4
	<i>EBT margin</i>	<i>12.3%</i>		<i>13.3%</i>
Taxes	(42.8)	(36.2)		(164.8)
	Net income before minorities	84.4	21%	448.6
	<i>8.5%</i>	<i>8.6%</i>		<i>9.8%</i>
Minorities	(3.9)	(2.3)		(2.2)
	Net income	82.1	20%	446.5
	<i>Net income margin</i>	<i>8.4%</i>		<i>9.7%</i>
	Earnings per share, cents of euro (**)	13.2	20%	71.6
	15.8			

(*) Unaudited data
(**) On 623,330,400 shares

2. Consolidated Balance sheet

Grupo Inditex			
Consolidated Balance Sheet as of 30 April 2004			
<i>Millions of euros</i>			
	30 April 2004 (*)	30 April 2003 (*)	31 January 2004
<u>ASSETS</u>			
Net fixed assets (**)	2,226.5	1,858.6	2,118.3
Goodwill	50.9	60.3	53.3
Deferred charges	20.4	13.5	17.9
Total fixed assets	2,297.9	1,932.3	2,189.4
Inventories	444.1	441.6	486.4
Receivables	243.5	235.3	328.9
Cash & cash equivalents	395.2	412.7	496.4
Accruals	9.7	9.8	9.3
Total current assets	1,092.4	1,099.4	1,320.9
TOTAL ASSETS	3,390.3	3,031.8	3,510.4
<u>SHAREHOLDERS' EQUITY & LIABILITIES</u>			
Shareholders' equity	2,197.6	1,850.3	2,105.9
Minority interest, deferred revenues & provisions	104.8	80.4	80.0
Long term financial debt	173.8	143.0	156.6
Other long term payables	74.9	39.5	75.2
Long term liabilities	353.5	262.9	311.7
Short term financial debt	94.6	129.3	81.5
Trade and other non-trade payable	744.6	789.3	1,011.2
Current liabilities	839.2	918.6	1,092.7
TOTAL LIABILITIES	3,390.3	3,031.8	3,510.4
(*) Unaudited data			
(**) Includes own shares for € 0.45 million.			

3. Comments:

3.1 P&L account

- Net sales

Net sales reached €1,203 million, a 23% increase over 1Q03, due both to the increase in selling area and to like-for-like sales.

Sales growth in constant currency has been 24%. The lower growth in accounting terms is mainly due to the depreciation of Latin American currencies due to USD weakness vs. Euro.

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

Concept	Net openings		Current stores	
	1Q 2004	1Q 2003	30 Apr 2004	30 Apr 2003
ZARA	15	19	641	550
KIDDY'S CLASS	7	11	110	70
PULL & BEAR	5	18	355	314
MASSIMO DUTTI	7	9	304	259
BERSHKA	7	15	260	212
STRADIVARIUS	8	8	199	161
OYSHO	4	(4)	80	68
ZARA HOME	8	0	34	0
Total	61	76	1,983	1,634

- Gross Margin

Gross margin in 1Q04 has reached €626 million, 52.0% on sales (vs. 51.0% in 1Q03). The 102 b.p. recovery in gross margin is due to a lower currency impact and higher mark-ups.

Under current circumstances, Inditex maintains its target to recover progressively the FY2002 gross margin levels.

- Operating income (EBIT)

EBIT in 1Q04 reached €155 million, 25% higher than in 1Q03. Operating expenses have grown in accordance with 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), but also some additional costs involved after the opening of the second distribution centre for Zara, that will be annualised in the second half of the year.

The impact of March 11 events on Spanish sales over the course of March has meant that these items have not been fully offset from an operating leverage standpoint.

The €5.4 million ordinary provisions charged in 1Q04 correspond mainly to the Group's estimated write-downs of not fully depreciated assets as a result of the refurbishment of existing stores.

- Net income

Ordinary income has increased by 17%, to reach €147 million.

The breakdown of financial results is shown below:

Millions of euros	1 Q 2004	1 Q 2003
Net financial expenses	(0.8)	0.2
Foreign exchange losses		
Venezuela	(5.9)	0.3
Other	(1.8)	0.7
Total	(8.6)	1.2

In February 2004, the Venezuelan Government devaluated by 17% the Bolivar. This devaluation impacted inter-company operations in €3.1 million.

Venezuelan subsidiaries trade accounts with Inditex have started to be settled through the acquisition in USD denominated bonds issued by the Venezuelan Government with a cost of €2.8 million.

The tax rate for 1Q04 is the best estimate for FY2004 according with current information.

The increase in Minorities is due to the consolidation of the subsidiary in Japan through the global integration method.

3.2 Balance sheet

The consolidated balance sheet of INDITEX maintains basically the same structure as in FYE2003.

The net financial position is shown in the table below:

NET FINANCIAL CASH (DEBT) (Millions of euros)			
Description	30 April 2004	30 April 2003	31 January 2004
Cash & cash equivalents	395.2	412.7	502.9
Long term financial debt	(173.8)	(143.0)	(156.6)
Short term financial debt	(94.6)	(129.3)	(81.5)
Deferred financial expenses	3.5	2.7	3.5
NET FINANCIAL CASH (DEBT)	130.3	143.1	268.3

The table below shows the breakdown of working capital at 1Q04:

WORKING CAPITAL (Millions of euros)			
Description	30 April 2004	30 April 2003	31 January 2004
Inventories	444.1	441.6	486.4
Receivables	243.5	235.3	328.9
Accruals	9.7	9.8	9.3
Trade and other non-trade payable	(744.6)	(789.3)	(1,011.2)
Operating working capital	(47.4)	(102.6)	(186.6)
Cash & cash equivalents	395.2	412.7	496.4
Short term financial debt	(94.6)	(129.3)	(81.5)
Financial working capital	300.6	283.4	414.9
Total working capital	253.2	180.8	228.2

Inventory levels at the closing of 1Q04 are according to the expected sales and gross margin generation for the second quarter.

4. Other information

During the six weeks since the beginning of the 2Q04 sales growth has remained in line with Group's expectations.

At the present date, the Group estimates the net opening of between 315 and 365 stores in FY2004, including those opened during the first quarter. A detailed list of the openings is shown below:

Concept	FY 2004 Openings forecast		% International	Total 2003
	Range			
ZARA	105	- 115	80%	95
KIDDY'S CLASS	25	- 30	10%	44
PULL & BEAR	20	- 30	25%	54
MASSIMO DUTTI	35	- 40	50%	47
BERSHKA	50	- 55	50%	56
STRADIVARIUS	30	- 35	10%	38
OYSHO	20	- 25	25%	4
ZARA HOME	30	- 35	5%	26
Total openings	315	- 365		364

Expected **CAPEX for FY2004** is between €650 million and €700 million.

The Annual General Meeting will be held on 16 July at INDITEX headquarters.

The Interim Half Year 2004 results (1 February – 31 July) will be published on 22 September 2004

For more information:

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