

INDITEX
INTERIM THREE MONTHS 2006
CONSOLIDATED RESULTS

1 February to 30 April 2006

- **Net sales reach €1,715 million, 22% higher than 1Q05.**
- **Gross profit increases by 22% to €956 million.**
- **Operating cash flow (EBITDA) rises to €313 million, 20% higher.**
- **Operating income (EBIT) increases by 19% to €214 million.**
- **Net income reaches €150 million (€24.2 cents per share), 20% higher.**
- **Net opening of 114 stores in the first quarter of 2006 (vs. 90 in 1Q05).**

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 three months 2006 profit & loss statement				
<i>Million euros</i>				
	1Q 2006	1Q 2005	Var % 06/05	FY2005
Net sales	1,714.9	1,405.9	22%	6,740.8
Cost of sales	(759.2)	(622.2)		(2,953.1)
Gross profit	955.7	783.7	22%	3,787.8
	<i>Gross margin</i>	<i>55.7%</i>		<i>56.2%</i>
Operating expenses	(639.6)	(519.8)	23%	(2,296.8)
Other net operating income (losses)	(3.4)	(3.0)		(31.7)
Operating cash flow (EBITDA)	312.7	260.9	20%	1,459.3
	<i>EBITDA margin</i>	<i>18.2%</i>		<i>21.6%</i>
Amortisation and depreciation	(99.1)	(80.9)	23%	(365.7)
Operating income (EBIT)	213.5	180.1	19%	1,093.6
	<i>EBIT margin</i>	<i>12.5%</i>		<i>16.2%</i>
Financial results	(4.6)	(0.8)		8.0
Results from companies consolidated by equity method	(0.2)	0.0		(0.2)
Income before taxes	208.7	179.3	16%	1,101.4
	<i>EBT margin</i>	<i>12.2%</i>		<i>16.3%</i>
Taxes	(57.4)	(52.9)		(290.6)
Net income	151.3	126.4	20%	810.9
	<i>8.8%</i>	<i>9.0%</i>		<i>12.0%</i>
Minorities	0.8	1.5		7.7
Net income attributable to the controlling company	150.5	124.9	20%	803.2
	<i>Net income margin</i>	<i>8.8%</i>		<i>11.9%</i>
Earnings per share, cents of euro (*)	24.2	20.1	20%	129.3

(*) Shares for EPS calculation 620.9 million.

2. Consolidated Balance sheet

Grupo Inditex			
Consolidated Balance Sheet as of 30 April 2006			
<i>Million euros</i>			
	30 Apr 2006	30 Apr 2005	31 Jan 2006
<u>ASSETS</u>			
CURRENT ASSETS	1,771.7	1,444.5	2,046.6
Cash & cash equivalents	790.6	711.6	988.4
Receivables	290.3	263.4	357.9
Inventories	608.8	459.8	684.4
Other	82.0	9.7	15.9
NON CURRENT ASSETS	3,283.0	2,744.0	3,156.3
Tangible assets	2,494.6	2,079.9	2,424.3
Intangible assets	504.7	444.0	499.1
Financial investments	82.1	25.4	68.1
Other	201.6	194.6	164.9
TOTAL ASSETS	5,054.8	4,188.5	5,202.9
<u>TOTAL LIABILITIES & SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES	1,543.8	1,223.7	1,850.8
Payables	1,323.8	997.3	1,641.6
Financial debt	220.0	226.4	209.2
NON CURRENT LIABILITIES	372.8	447.2	431.2
Financial debt	74.9	109.0	76.1
Deferred taxes	106.8	88.2	106.7
Other	191.0	250.0	248.3
SHAREHOLDERS' EQUITY	3,138.2	2,517.6	2,920.9
Equity attributable to the Group	3,115.4	2,498.8	2,898.9
Minority interests	22.8	18.7	22.0
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	5,054.8	4,188.5	5,202.9

3. Comments on the consolidated results:

3.1 Net sales

Net sales reached €1,715 million, a 22% increase over 1Q05 (20% on a constant currency basis), due both to the increase in selling area and to like-for-like sales.

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

Concept	Net openings		Total stores	
	1Q 2006	1Q 2005	30 Apr 2006	30 Apr 2005
ZARA	45	21	897	744
KIDDY'S CLASS	8	6	157	135
PULL & BEAR	13	10	440	381
MASSIMO DUTTI	7	14	376	340
BERSHKA	16	16	384	318
STRADIVARIUS	5	7	268	234
OYSHO	8	9	162	113
ZARA HOME	12	7	122	69
Total	114	90	2,806	2,334

3.2 Gross Profit

Gross profit in 1Q06 increased by 22% to €956 million. Gross margin is 55.7% on sales, the same level as in 1Q05.

Under current circumstances, Inditex considers as its best estimate for the FY2006 the gross margin level of last year (56.2%).

3.3 Operating income (EBIT)

EBITDA in 1Q06 came to €313 million, 20% higher than a year earlier.

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.

EBIT in 1Q06 increased by 19% to €214 million, a 12.5% on sales (12.8% in1Q05).

3.4 Net income and net income attributable to the company

Income before taxes has increased by 16% to reach €209 million.

Financial results break down as follows:

Million euros	1Q 2006	1Q 2005
Net financial income (losses)	2.2	1.3
Foreign exchange gains (losses)	(6.8)	(2.1)
Total	(4.6)	(0.8)

The tax rate for 1Q06 is the best estimate for FY2006 according with current information.

Net income has increased 20% to €150 million.

4. Comments on the balance sheet

The consolidated balance sheet of INDITEX maintains basically the same structure as in FYE2005.

The net financial position is shown in the table below:

NET FINANCIAL CASH (DEBT) (Million euros)			
	30 Apr 2006	30 Apr 2005	31 Jan 2006
Cash & cash equivalents	790.6	711.6	988.4
Current financial debt	(220.0)	(226.4)	(209.2)
Non current financial debt	(74.9)	(109.0)	(76.1)
NET FINANCIAL CASH (DEBT)	495.7	376.2	703.1

The table below shows the breakdown of working capital at 1Q06:

WORKING CAPITAL (Million euros)			
	30 Apr 2006	30 Apr 2005	31 Jan 2006
Inventories	608.8	459.8	684.4
Receivables	290.3	263.4	357.9
Payables	(1,323.8)	(997.3)	(1,641.6)
Other	82.0	9.7	15.9
Operating working capital	(342.7)	(264.4)	(583.4)
Cash & cash equivalents	790.6	711.6	988.4
Current financial debt	(220.0)	(226.4)	(209.2)
Financial working capital	570.7	485.2	779.2
Total working capital	227.9	220.8	195.8

5. Other information

During the six weeks since the beginning of the 2Q06 LFL sales performance is according to Management expectations.

At present date, the Group maintains its expectation for net openings (410-490 stores) and CAPEX (850-950 million euros) in FY2006.

6. Agreements of the Board of Directors

The Annual General Meeting of shareholders will be held at the Company's registered office on 18 July 2006.

The Board of Directors will propose to the AGM that the dividend corresponding to the FY2005 shall be paid from 21 July 2006.

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The Interim Half Year 2006 results (1 February – 31 July) will be published on 20 September 2006

For more information:

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