

INDITEX, S.A.
INTERIM NINE MONTHS 2005 RESULTS

1 February to 31 October 2005

- **Net sales reach €4,651.3 million, 20% higher than in the first nine months of FY2004.**

- **Gross profit reaches €2,652.8 million, 23% higher. Gross margin is 57.0%**

- **Operating income (EBIT) comes to €719.6 million, 20% higher.**

- **Net income reaches €520.5 million (83.8 € cents per share), 28% higher.**

- **Opening of 323 stores in the first nine months of FY2005. The Group foresees the opening of between 400 and 450 new stores in FY2005**

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 Nine Months 2005 profit & loss statement				
<i>Millions of euros</i>				
	3Q	3Q	Var %	FY2004
	2005 (*)	2004 (*)	05/04	
Net sales	4,651.3	3,877.9	20%	5,568.6
Cost of sales	(1,998.5)	(1,720.5)		(2,483.4)
Gross profit	2,652.8	2,157.3	23%	3,085.2
	<i>Gross margin</i>	<i>57.0%</i>		<i>55.6%</i>
Operating expenses	(1,665.6)	(1,343.4)	24.0%	(1,864.9)
Operating cash flow (EBITDA)	987.2	814.0	21%	1,220.3
	<i>EBITDA margin</i>	<i>21.2%</i>		<i>21.0%</i>
Amortisation and depreciation	(267.6)	(216.3)	24%	(305.4)
Operating income (EBIT)	719.6	597.6	20%	914.9
	<i>EBIT margin</i>	<i>15.5%</i>		<i>15.4%</i>
Net financial results	5.3	(19.8)		(24.8)
Other net income and losses	0.6	6.6		6.7
Income before taxes	725.5	584.4	24%	896.8
	<i>EBT margin</i>	<i>15.6%</i>		<i>15.1%</i>
Taxes	(195.9)	(169.6)		(251.0)
Net income before minorities	529.6	414.9	28%	645.8
	<i>11.4%</i>	<i>10.7%</i>		<i>11.6%</i>
Minorities	(9.1)	(7.5)		(7.3)
Net income	520.5	407.4	28%	638.5
	<i>Net income margin</i>	<i>11.2%</i>		<i>10.5%</i>
Earnings per share, cents of euro (**)	83.8	65.6	28%	102.8

(*) Unaudited data
(**) Shares for EPS calculation 620.9 million for 2005 and 620.7 million for 2004

2. Consolidated Balance sheet

Grupo Inditex			
Consolidated Balance Sheet as of 31 October 2005			
<i>Millions of euros</i>			
	31 October 2005 (*)	31 October 2004 (*)	31 Jan 2005
<u>ASSETS</u>			
CURRENT ASSETS	1,794.6	1,327.1	1,561.7
Cash & cash equivalents	724.2	479.5	771.8
Receivables	341.2	273.8	254.1
Inventories	709.3	556.5	517.9
Other	19.9	17.3	17.9
NON CURRENT ASSETS	3,016.2	2,537.6	2,651.2
Tangible assets	2,298.3	1,901.7	2,012.7
Intangible assets	488.9	428.1	444.5
Financial investments	28.2	28.5	25.1
Other	200.8	179.3	168.8
TOTAL ASSETS	4,810.8	3,864.7	4,212.9
<u>TOTAL LIABILITIES & SHAREHOLDERS' EQUITY</u>			
CURRENT LIABILITIES	1,677.4	1,285.3	1,372.4
Payables	1,434.3	1,126.5	1,208.6
Financial debt	243.1	158.8	163.7
NON CURRENT LIABILITIES	487.4	420.8	447.2
Financial debt	113.9	149.7	119.2
Deferred taxes	95.4	72.6	89.2
Other	278.1	198.4	238.8
SHAREHOLDERS' EQUITY	2,646.0	2,158.6	2,393.3
Equity attributable to the Group	2,622.5	2,141.5	2,376.1
Minority interests	23.5	17.1	17.2
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	4,810.8	3,864.7	4,212.9

3. Comments:

3.1 P&L account

- Net sales

Net sales reached €4,651 million, a 20% increase over 3Q04, due both to the increase in selling area and to like-for-like sales. Sales growth in constant currency has also been 20%.

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

Concept	Net openings		Total stores	
	3Q 2005	3Q 2004	31 Oct 2005	31 Oct 2004
ZARA	93	69	816	695
KIDDY'S CLASS	14	21	143	124
PULL & BEAR	43	18	414	368
MASSIMO DUTTI	30	26	356	323
BERSHKA	42	34	344	287
STRADIVARIUS	27	25	254	216
OYSHO	35	22	139	98
ZARA HOME	39	26	101	52
Total	323	241	2,567	2,163

- Gross Margin

Gross margin in 3Q05 reached €2,653 million, 57.0% on sales (vs. 55.6% in 3Q04).

Q3 gross margin, which corresponds mainly to the beginning of the Autumn-Winter season, has increased by 45 b.p., to reach 58.3% on sales due to a tight inventory management during the period.

Under current circumstances, Inditex maintains 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 3Q05 reached €720 million, 20% higher than in 3Q04.

EBIT on sales was 15.5% due to the gross margin expansion and the evolution of operating expenses.

Operating expenses include all the start-up costs for new openings (essentially leases and salaries paid for stores that are not yet open).

- Net income

Income before taxes increased by 24% to reach €725 million.

The breakdown of financial results is shown below:

Millions of euros	3Q 2005	3Q 2004
Net financial expenses	(4.4)	(12.4)
Foreign exchange gains	9.7	(7.4)
Total	5.3	(19.8)

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

The tax rate for 3Q05 is the best estimate for FY2005 according with current information.

Net income increased by 28% to €520 million.

3.2 Balance sheet

The consolidated balance sheet of INDITEX maintains basically the same structure as in FYE2004.

The net financial position is shown in the table below:

NET FINANCIAL CASH (DEBT) (Millions of euros)			
	31 October 2005	31 October 2004	31 Jan 2005
Cash & cash equivalents	724.2	479.5	771.8
Current financial debt	(243.1)	(158.8)	(163.7)
Non current financial debt	(113.9)	(149.7)	(119.2)
NET FINANCIAL CASH (DEBT)	367.3	170.9	488.9

The table below shows the breakdown of working capital at 3Q05:

WORKING CAPITAL (Millions of euros)			
	31 October 2005	31 October 2004	31 Jan 2005
Inventories	709.3	556.5	517.9
Receivables	341.2	273.8	254.1
Payables	(1,434.3)	(1,126.5)	(1,208.6)
Other	19.9	17.3	17.9
Operating working capital	(363.9)	(278.9)	(418.8)
Cash & cash equivalents	724.2	479.5	771.8
Current financial debt	(243.1)	(158.8)	(163.7)
Financial working capital	481.1	320.7	608.1
Total working capital	117.2	41.8	189.4

The inventory position at the closing of the 3Q05 takes into account the expected store openings for the Fourth Quarter and the above mentioned Gross margins targets.

4. Other information

During the six weeks since the beginning of the Fourth Quarter 2005 LFL sales performance is according to Management expectations.

At the present date, the Group maintains the net opening target of between 400 and 450 stores in FY2005, including those opened during the interim Nine Months. 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.

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The Results for the Full Year 2005 (1 February – 31 January) will be published on 29 March 2006.

For more information:

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