

**INDITEX, S.A.**  
**INTERIM NINE MONTHS 2006 RESULTS**

1 February to 31 October 2006

- **Net sales reach €5,666 million, 22% higher than in the first nine months of FY2005.**
  
- **Gross profit reaches €3,194 million, 20% higher. Gross margin is 56.4%**
  
- **Operating income (EBIT) comes to €874 million, 21% higher.**
  
- **Net income reaches €634 million (€102 cents per share), 22% higher.**
  
- **Opening of 326 stores in the first nine months of FY2006. The Group foresees the opening of between 410 and 490 new stores in FY2006.**

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

<b>Grupo Inditex</b>					
<b>Interim Nine Months 2006 profit &amp; loss statement</b>					
<i>Million euros</i>					
		<b>3Q</b>	<b>3Q</b>	<b>Var %</b>	<b>FY2005</b>
		<b>2006 (*)</b>	<b>2005 (*)</b>	<b>06/05</b>	
Net sales		5,666	4,651	22%	6,741
Cost of sales		(2,472)	(1,999)		(2,953)
	<b>Gross profit</b>	<b>3,194</b>	<b>2,653</b>	<b>20%</b>	<b>3,788</b>
	<i>Gross margin</i>	<i>56.4%</i>	<i>57.0%</i>		<i>56.2%</i>
Operating expenses		(1,990)	(1,651)	21%	(2,297)
Other net operating income (losses)		(20)	(15)		(32)
	<b>Operating cash flow (EBITDA)</b>	<b>1,184</b>	<b>987</b>	<b>20%</b>	<b>1,459</b>
	<i>EBITDA margin</i>	<i>20.9%</i>	<i>21.2%</i>		<i>21.6%</i>
Amortisation and depreciation		(309)	(268)	16%	(366)
	<b>Operating income (EBIT)</b>	<b>874</b>	<b>720</b>	<b>21%</b>	<b>1,094</b>
	<i>EBIT margin</i>	<i>15.4%</i>	<i>15.5%</i>		<i>16.2%</i>
Net financial results		(2)	5		8
Results from companies consolidated by equity method		(1)	1		(0)
	<b>Income before taxes</b>	<b>871</b>	<b>725</b>	<b>20%</b>	<b>1,101</b>
	<i>EBT margin</i>	<i>15.4%</i>	<i>15.6%</i>		<i>16.3%</i>
Taxes		(232)	(196)		(291)
	<b>Net income before minorities</b>	<b>638</b>	<b>530</b>	<b>21%</b>	<b>811</b>
	<i>11.3%</i>	<i>11.4%</i>	<i>12.0%</i>		
Minorities		5	9		8
	<b>Net income</b>	<b>634</b>	<b>520</b>	<b>22%</b>	<b>803</b>
	<i>Net income margin</i>	<i>11.2%</i>	<i>11.2%</i>		<i>11.9%</i>
	<b>Earnings per share, cents of euro (**)</b>	<b>102</b>	<b>84</b>	<b>22%</b>	<b>129</b>

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

## 2. Consolidated Balance sheet

<b>Grupo Inditex</b>			
<b>Consolidated Balance Sheet as of 31 October 2006</b>			
<i>Million euros</i>			
	<b>31 October 2006 (*)</b>	<b>31 October 2005 (*)</b>	<b>31 Jan 2006</b>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>	<b>2,002</b>	<b>1,795</b>	<b>2,047</b>
Cash & cash equivalents	670	724	988
Receivables	428	341	358
Inventories	877	709	684
Other	27	20	16
<b>NON CURRENT ASSETS</b>	<b>3,534</b>	<b>3,016</b>	<b>3,156</b>
Tangible assets	2,731	2,298	2,424
Intangible assets	560	489	499
Financial investments	48	28	68
Other	194	201	165
<b>TOTAL ASSETS</b>	<b>5,536</b>	<b>4,811</b>	<b>5,203</b>
<b><u>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>	<b>2,025</b>	<b>1,677</b>	<b>1,851</b>
Payables	1,700	1,434	1,642
Financial debt	324	243	209
<b>NON CURRENT LIABILITIES</b>	<b>390</b>	<b>487</b>	<b>431</b>
Financial debt	71	114	76
Deferred taxes	106	95	107
Other	214	278	248
<b>SHAREHOLDERS' EQUITY</b>	<b>3,121</b>	<b>2,646</b>	<b>2,921</b>
Equity attributable to the Group	3,103	2,623	2,899
Minority interests	19	23	22
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>5,536</b>	<b>4,811</b>	<b>5,203</b>

(\*) Unaudited data

## 3. Comments:

### 3.1 P&L account

#### - Net sales

Net sales reached €5,666 million, a 22% increase over 3Q05, due both to the increase in selling area and to like-for-like sales. Sales growth in constant currency has also been 22%.

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

Concept	Net openings		Total stores	
	3Q 2006	3Q 2005	31 Oct 2006	31 Oct 2005
ZARA	108	93	960	816
KIDDY'S CLASS	25	14	174	143
PULL & BEAR	26	43	453	414
MASSIMO DUTTI	24	30	393	356
BERSHKA	49	42	417	344
STRADIVARIUS	29	27	292	254
OYSHO	36	35	190	139
ZARA HOME	29	39	139	101
<b>Total</b>	<b>326</b>	<b>323</b>	<b>3,018</b>	<b>2,567</b>

#### - Gross Margin

Gross profit increased 20% to reach €3,194 million, 56.4% on sales (vs. 57.0% in 3Q05).

Q3 gross margin, which corresponds mainly to the beginning of the Autumn-Winter season, has increased by 31 b.p., to reach 58.6% on sales due to the inventory management and the currency exchange rates of the period.

Under current circumstances, Inditex maintains its best estimate of stable gross margin for FY2006, based on the gross margin level of last year (56.2%).

## - Operating income (EBIT)

EBIT in 3Q06 reached €874 million, 21% higher than in 3Q05.

EBIT on sales was 15.4% due to the controlled evolution of operating expenses.

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

Income before taxes increased by 20% to reach €871 million.

The breakdown of financial results is shown below:

Millions of euros	3Q 2006	3Q 2005	FY 2005
Net financial income (losses)	3	(4)	(7)
Foreign exchange gains (losses)	(5)	10	(18)
<b>Total</b>	<b>(2)</b>	<b>5</b>	<b>(25)</b>

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

The tax rate for 3Q06 is the best estimate for FY2006 according to current information.

Net income increased by 22% to €634 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.

The net financial position is shown in the table below:

<b>NET FINANCIAL CASH (DEBT) (Millions of euros)</b>			
	<b>31 October 2006</b>	<b>31 October 2005</b>	<b>31 Jan 2006</b>
Cash & cash equivalents	670	724	988
Current financial debt	(324)	(243)	(209)
Non current financial debt	(71)	(114)	(76)
<b>NET FINANCIAL CASH (DEBT)</b>	<b>275</b>	<b>367</b>	<b>703</b>

The table below shows the breakdown of working capital at 3Q06:

<b>WORKING CAPITAL (Millions of euros)</b>			
	<b>31 October 2006</b>	<b>31 October 2005</b>	<b>31 Jan 2006</b>
Inventories	877	709	684
Receivables	428	341	358
Payables	(1,700)	(1,434)	(1,642)
Other	27	20	16
<b>Operating working capital</b>	<b>(368)</b>	<b>(364)</b>	<b>(583)</b>
Cash & cash equivalents	670	724	988
Current financial debt	(324)	(243)	(209)
<b>Financial working capital</b>	<b>346</b>	<b>481</b>	<b>779</b>
<b>Total working capital</b>	<b>(22)</b>	<b>117</b>	<b>196</b>

## 4. Other information

During the six weeks since the beginning of the Fourth Quarter 2006 LFL sales performance is according to Management expectations.

At the present date, the Group maintains the net opening target of between 410 and 490 stores in FY2006, including those opened during the interim Nine Months.

Expected **CAPEX for FY2006** is between €850 million and €950 million.

\* \* \* \*

The Results for the Full Year 2006 (1 February – 31 January) will be published on 21 March 2007.

*For more information:*

*Investor Relations. INDITEX.*

*José M<sup>a</sup> Alvarez*

*+ 34 981 18 53 64*

[ir@inditex.com](mailto:ir@inditex.com)