

ANNEX I

GENERAL

1st

HALF-YEARLY FINANCIAL REPORT FOR FINANCIAL YEAR

2017/2018

REPORTING DATE

31/07/2017

I. IDENTIFICATION DATA

Registered Company Name: INDUSTRIA DE DISEÑO TEXTIL, S.A.

Registered Address: AVDA DIPUTACIÓN S/N, EDIFICIO INDITEX, 15142 ARTEIXO-A CORUÑA

Tax Identification Number

A-15075062

II. SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION

Explanation of the main modifications with respect to the previously released periodic information:

(complete only in the situations indicated in Section B) of the instructions

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III. STATEMENT(S) BY THE PERSON(S) RESPONSIBLE FOR THE INFORMATION

<p><i>To the best of our knowledge, the accompanying condensed annual financial statements, which have been prepared in accordance with applicable accounting principles, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or of the undertakings included in the consolidated financial statements taken as a whole, and the interim management report includes a fair review of the information required.</i></p>

Comments on the above statement(s):

Person(s) responsible for this information:
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Name/Company Name	Type
Pablo Isla Álvarez de Tejera	PRESIDENT
Amancio Ortega Gaona	ORDINARY MEMBER
José Arnau Sierra	VICEPRESIDENT
Carlos Espinosa de los Monteros Bernaldo de Quiros	ORDINARY MEMBER
José Luis Durán Schulz	ORDINARY MEMBER
Emilio Saracho Rodríguez de Torres	ORDINARY MEMBER
Denise Patricia Kingmill	ORDINARY MEMBER
Rodrigo Echenique Gordillo	ORDINARY MEMBER
PONTEGADEA INVERSIONES, S.L.	ORDINARY MEMBER

Date this half-yearly financial report was signed by the corresponding governing body: 19/09/2017
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IV. SELECTED FINANCIAL INFORMATION
1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

ASSETS		CURRENT P. 31/07/2017	PREVIOUS P. 31/01/2017
A) NON-CURRENT ASSETS	0040	3,714,975	3,751,495
1. Intangible assets:	0030	94,338	83,790
a) Goodwill	0031		
b) Other intangible assets	0032	94,338	83,790
2. Property, plant and equipment	0033	362,233	334,402
3. Investment property	0034	573,604	580,987
4. Long-term investments in group companies and associates	0035	2,452,459	2,533,289
5. Long-term financial investments	0036	200,105	200,392
6. Deferred tax assets	0037	32,236	18,635
7. Other non-current assets	0038		
B) CURRENT ASSETS	0085	3,851,185	4,476,032
1. Non-current assets held for sale	0050		
2. Inventories	0055	872,364	766,534
3. Trade and other receivables:	0060	505,917	509,377
a) Trade receivables	0061	335,553	379,837
b) Other receivables	0062	84,938	72,251
c) Current tax assets	0063	85,426	57,289
4. Short-term investments in group companies and associates	0064	1,029,263	1,096,968
5. Short-term financial investments	0070	1,994	46,147
6. Prepayments for current assets	0071	25,260	7,795
7. Cash and cash equivalents	0072	1,416,387	2,049,211
TOTAL ASSETS (A + B)	0100	7,566,160	8,227,527

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

EQUITY AND LIABILITIES

		CURRENT P. 31/07/2017	PREVIOUS P. 31/01/2017
A) EQUITY (A.1 + A.2 + A.3)	0195	1,871,137	3,697,666
A.1) CAPITAL AND RESERVES	0180	1,910,883	3,693,175
1. Capital:	0171	93,500	93,500
a) Registered capital	0161	93,500	93,500
b) <i>Less: Uncalled capital</i>	0162		
2. Share premium	0172	20,379	20,379
3. Reserves	0173	1,518,845	1,450,682
4. <i>Own shares and equity holdings</i>	0174	(77,071)	(87,111)
5. Prior periods' profit and loss	0178		
6. Other shareholder contributions	0179		
7. Profit (loss) for the period	0175	355,230	2,215,725
8. <i>Less: Interim dividend</i>	0176		
9. Other equity instruments	0177		
A.2) VALUATION ADJUSTMENTS	0188	(40,801)	3,361
1. Available-for-sale financial assets	0181		
2. Hedging transactions	0182	(40,801)	3,361
3. Other	0183		
A.3) GRANTS, DONATIONS AND BEQUESTS RECEIVED	0194	1,055	1,130
B) NON-CURRENT LIABILITIES	0120	844,051	898,077
1. Long-term provisions	0115	12,881	6,954
2. Long-term debts:	0116	3,429	608
a) Debt with financial institutions and bonds and other marketable securities	0131		
b) Other financial liabilities	0132	3,429	608
3. Long-term payables to group companies and associates	0117	5,569	5,569
4. Deferred tax liabilities	0118	19,393	20,513
5. Other non-current liabilities	0135		
6. Long-term accrual accounts	0119	802,779	864,433
C) CURRENT LIABILITIES	0130	4,850,972	3,631,784
1. Liabilities associated with non-current assets held for sale	0121		
2. Short-term provisions	0122		
3. Short-term debts:	0123	89,625	63,674
a) Bank borrowings and bonds and other negotiable securities	0133		
b) Other financial liabilities	0134	89,625	63,674
4. Short-term payables to group companies and associates	0129	1,889,466	1,541,340
5. Trade and other payables:	0124	2,749,199	1,904,088
a) Suppliers	0125	2,458,970	1,341,351
b) Other payables	0126	137,195	475,956
c) Current tax liabilities	0127	153,034	86,781
6. Other current liabilities	0136		
7. Current accrual accounts	0128	122,682	122,682
TOTAL EQUITY AND LIABILITIES (A + B + C)	0200	7,566,160	8,227,527

IV. SELECTED FINANCIAL INFORMATION

2. INDIVIDUAL PROFIT AND LOSS ACCOUNT (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

		PRESENT CURR. PERIOD (2nd HALF YEAR)		PREVIOUS CURR. PERIOD (2nd HALF YEAR)		CURRENT CUMULATIVE 31/07/2017		PREVIOUS CUMULATIVE 31/07/2016	
		Amount	%	Amount	%	Amount	%	Amount	%
(+) Revenue	0205					4,004,951	100.00	3,683,007	100.00
(+/-) Change in inventories of finished products and work in progress	0206					104,747	2.62	210,192	5.71
(+) Own work capitalised	0207					1,423	0.04		
(-) Supplies	0208					(3,095,457)	(77.29)	(2,834,720)	(76.97)
(+) Other operating revenue	0209					108,690	2.71	100,443	2.73
(-) Personnel expenses	0217					(98,924)	(2.47)	(82,145)	(2.23)
(-) Other operating expenses	0210					(552,734)	(13.80)	(484,008)	(13.14)
(-) Depreciation and amortisation charge	0211					(38,918)	(0.97)	(37,184)	(1.01)
(+) Allocation of grants for non-financial assets and other grants	0212								
(+) Reversal of provisions	0213								
(+/-) Impairment and gain (loss) on disposal of fixed assets	0214							64	0.00
(+/-) Other profit (loss)	0215					(221)	(0.01)	98	0.00
= OPERATING PROFIT (LOSS)	0245					433,557	10.83	555,747	15.09
(+) Finance income	0250					2,908	0.07	1,792	0.05
(-) Finance costs	0251					(913)	(0.02)	(560)	(0.02)
(+/-) Changes in fair value of financial instruments	0252					(1,541)	(0.04)	(792)	(0.02)
(+/-) Exchange differences	0254					(4,009)	(0.10)	2,269	0.06
(+/-) Impairment and gain (loss) on disposal of financial instruments	0255								
= NET FINANCE INCOME (COSTS)	0256					(3,555)	(0.09)	2,709	0.07
= PROFIT (LOSS) BEFORE TAX	0265					430,002	10.74	558,456	15.16
(+/-) Income tax expense	0270					(74,772)	(1.87)	(85,474)	(2.32)
= PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES	0280					355,230	8.87	472,982	12.84
Profit (loss) from discontinued (+/-) operations, net of tax	0285								
= PROFIT (LOSS) FOR THE PERIOD	0300					355,230	8.87	472,982	12.84
EARNINGS PER SHARE		Amount (X.XX euros)		Amount (X.XX euros)		Amount (X.XX euros)		Amount (X.XX euros)	
Basic	0290						0.11		0.15
Diluted	0295						0.11		0.15

In the half-yearly financial report for the first half of the year, the data relating to the present period match the cumulative data, which do not therefore need to be completed.

IV. SELECTED FINANCIAL INFORMATION	
3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY	
INDIVIDUAL STATEMENT OF RECOGNISED INCOME AND EXPENSE (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)	

Units: Thousand euros

		CURRENT PERIOD 31/07/2017	PREVIOUS PERIOD 31/07/2016
A) PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	0305	355,230	472,982
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	0310	(40,802)	163
1 From measurement of financial instruments:	0320		
a) Available-for-sale financial assets	0321		
b) Other income/(expenses)	0323		
2 From cash flow hedges	0330	(54,403)	217
3 Grants, donations and bequests received	0340		
4 From actuarial gains and losses and other adjustments	0344		
5 Other income and expense recognised directly in equity	0343		
6 Tax effect	0345	13,601	(54)
C) TRANSFERS TO PROFIT OR LOSS	0350	(3,435)	(13,707)
1 From measurement of financial instruments:	0355		
a) Available-for-sale financial assets	0356		
b) Other income/(expenses)	0358		
2 From cash flow hedges	0360	(4,480)	(18,175)
3 Grants, donations and bequests received	0366	(75)	(76)
4 Other income and expense recognised directly in equity	0365		
5 Tax effect	0370	1,120	4,544
TOTAL RECOGNISED INCOME/(EXPENSE) (A + B + C)	0400	310,993	459,438

IV. SELECTED FINANCIAL INFORMATION
4. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (1/2)
INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

CURRENT PERIOD		Capital and reserves					Valuation adjustments	Grants, donations and bequests received	Total equity
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Closing balance at 01/02/2017	3010	93,500	1,471,061	(87,111)	2,215,725		3,361	1,130	3,697,666
Adjustments for changes in accounting policy	3011								
Adjustment for errors	3012								
Adjusted opening balance	3015	93,500	1,471,061	(87,111)	2,215,725		3,361	1,130	3,697,666
I. Total recognised income/(expense)	3020				355,230		(44,162)	(75)	310,993
II. Transactions with shareholders or owners	3025			(12,035)	(2,116,734)				(2,128,769)
1. Capital increases/ (reductions)	3026								
2. Conversion of financial liabilities into equity	3027								
3. Distribution of dividends	3028				(2,116,734)				(2,116,734)
4. Net trading with treasury stock	3029			(12,035)					(12,035)
5. Increases/ (reductions) for business combinations	3030								
6. Other transactions with shareholders or owners	3032								
III. Other changes in equity	3035		68,163	22,075	(98,991)				(8,753)
1. Equity-settled share-based payment	3036		(30,828)	22,075					(8,753)
2. Transfers between equity accounts	3037		98,991		(98,991)				
3. Other changes	3038								
Closing balance at 31/07/2017	3040	93,500	1,539,224	(77,071)	355,230		(40,801)	1,055	1,871,137

(1) The column of **Share premium and Reserves**, for the purposes of completing this statement, includes the following balance sheet equity headings: 2. Share premium, 3. Reserves, 5. Profit or loss brought forward, 6. Other shareholder contributions and 8. Less: *Interim dividend*.

IV. SELECTED FINANCIAL INFORMATION
4. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY (2/2)
INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

PREVIOUS PERIOD	Capital and reserves					Valuation adjustments	Grants, donations and bequests received	Total equity
	Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Closing balance at 01/02/2016 (comparative period)	3050	93,500	1,434,275	(73,354)	1,902,246	13,631	1,243	3,389,541
Adjustments for changes in accounting policy	3051							
Adjustment for errors	3052							
Adjusted opening balance (comparative period)	3055	93,500	1,434,275	(73,354)	1,902,246	13,631	1,243	3,389,541
I. Total recognised income/(expense)	3060				472,982	(13,468)	(76)	459,438
II. Transactions with shareholders or owners	3065				(1,867,892)			(1,867,892)
1. Capital increases/ (reductions)	3066							
2. Conversion of financial liabilities into equity	3067							
3. Distribution of dividends	3068				(1,867,892)			(1,867,892)
4. Net trading with treasury stock	3069							
5. Increases/ (reductions) for business combinations	3070							
6. Other transactions with shareholders or owners	3072							
III. Other changes in equity	3075		24,827	20,856	(52,354)			(6,671)
1. Equity-settled share-based payment	3076		(27,527)	20,856				(6,671)
2. Transfers between equity accounts	3077		52,354		(52,354)			
3. Other changes	3078							
Closing balance at 31/07/2016 (comparative period)	3080	93,500	1,459,102	(52,498)	472,982	163	1,167	1,974,416

(1) The column of **Share premium and Reserves**, for the purposes of completing this statement, includes the following balance sheet equity headings: 2. Share premium, 3. Reserves, 5. Profit or loss brought forward, 6. Other shareholder contributions and 8. Less: *Interim dividend*.

IV. SELECTED FINANCIAL INFORMATION

5. INDIVIDUAL STATEMENT OF CASH FLOWS (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

		CURRENT PERIOD 31/07/2017	PREVIOUS PERIOD 31/07/2016
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	0435	55,373	80,245
1 Profit (loss) before tax	0405	430,002	558,456
2 Adjustments to profit (loss):	0410	(134,523)	(296,908)
(+/-) Depreciation and amortisation charge	0411	38,915	37,184
(+/-) Other net adjustments to profit (loss)	0412	(173,438)	(334,092)
3 Changes in working capital	0415	(302,333)	(398,041)
4 Other cash flows from operating activities:	0420	62,227	216,738
(-) Interest paid	0421	(1,023)	(560)
(+) Dividends received	0422	141,615	258,387
(+) Interest received	0423	6,618	2,371
(+/-) Income tax recovered/(paid)	0430	(84,983)	(43,460)
(+/-) Other sums received/(paid) from operating activities	0425		
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	0460	68,243	(640)
1 Payments for investments:	0440	(89,502)	(96,280)
(-) Group companies, associates and business units	0441	(20,358)	(50,259)
(-) Property, plant and equipment, intangible assets and investment property	0442	(68,492)	(43,458)
(-) Other financial assets	0443	(652)	(2,563)
(-) Other assets	0444		
2 Proceeds from sale of investments	0450	157,745	95,640
(+) Group companies, associates and business units	0451	157,745	92,956
(+) Property, plant and equipment, intangible assets and investment property	0452		
(+) Other financial assets	0453		2,684
(+) Other assets	0454		
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3)	0490	(756,440)	(731,018)
1 Sums received/(paid) in respect of equity instruments	0470	(14,754)	
(+) Issuance	0471		
(-) Redemption	0472		
(-) Acquisition	0473	(12,035)	
(+) Disposal	0474	(2,719)	
(+) Grants, donations and bequests received	0475		
2 Sums received/(paid) in respect of financial liability instruments:	0480	316,614	202,928
(+) Issuance	0481	351,110	202,928
(-) Repayment and redemption	0482	(34,496)	
3 Payment of dividends and remuneration on other equity instruments	0485	(1,058,300)	(933,946)
D) EFFECT OF FOREIGN EXCHANGE RATE CHANGES	0492		
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	0495	(632,824)	(651,413)
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	0499	2,049,211	1,742,057
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)	0500	1,416,387	1,090,644

		CURRENT PERIOD 31/07/2017	PREVIOUS PERIOD 31/07/2016
(+) Cash on hand and at banks	0550	1,413,000	1,087,157
(+) Other financial assets	0552	3,387	3,487
(-) Less: Bank overdrafts repayable on demand	0553		
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	0600	1,416,387	1,090,644

IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED BALANCE SHEET (ADOPTED IFRS) (1/2)

Units: Thousand euros

ASSETS		CURRENT P. 31/07/2017	PREVIOUS P. 31/01/2017
A) NON-CURRENT ASSETS	1040	9,943,681	9,723,088
1. Intangible assets:	1030	926,129	911,253
a) Goodwill	1031	207,311	195,704
b) Other intangible assets	1032	718,818	715,548
2. Property, plant and equipment	1033	7,458,715	7,283,428
3. Investment property	1034	21,002	21,221
4. Investments accounted for using the equity method	1035	196,404	198,372
5. Non-current financial assets	1036	30,189	33,050
6. Deferred tax assets	1037	772,836	722,029
7. Other non-current assets	1038	538,406	533,734
B) CURRENT ASSETS	1085	9,444,923	9,898,347
1. Non-current assets held for sale	1050		
2. Inventories	1055	2,744,525	2,549,195
3. Trade and other receivables:	1060	966,430	968,500
a) Trade receivables	1061	824,957	861,027
b) Other receivables	1062		
c) Current tax assets	1063	141,473	107,473
4. Other current financial assets	1070	1,750,055	2,123,550
5. Other current assets	1075	171,331	141,190
6. Cash and cash equivalents	1072	3,812,583	4,115,912
TOTAL ASSETS (A + B)	1100	19,388,604	19,621,435

IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED BALANCE SHEET (ADOPTED IFRS) (2/2)

Units: Thousand euros

EQUITY AND LIABILITIES		CURRENT P. 31/07/2017	PREVIOUS P. 31/01/2017
A) EQUITY (A.1 + A.2 + A.3)	1195	11,610,250	12,751,554
A.1) CAPITAL AND RESERVES	1180	12,109,001	12,938,650
1. Capital	1171	93,500	93,500
a) Registered capital	1161	93,500	93,500
b) <i>Less: Uncalled capital</i>	1162		
2. Share premium	1172	20,379	20,379
3. Reserves	1173	10,706,179	9,754,925
4. <i>Own shares and equity holdings</i>	1174	(77,071)	(87,111)
5. Prior periods' profit and loss	1178		
6. Other shareholder contributions	1179		
7. Profit (loss) for the period attributable to the parent company	1175	1,366,015	3,156,957
8. <i>Less: Interim dividend</i>	1176		
9. Other equity instruments	1177		
A.2) ACCUMULATED OTHER COMPREHENSIVE INCOME	1188	(521,364)	(225,270)
1. Items that are not reclassified to profit or loss	1186		
2. Items that may subsequently be reclassified to profit or loss	1187	(521,364)	(225,270)
a) Available-for-sale financial assets	1181		
b) Hedging transactions	1182	(89,167)	15,020
c) Translation differences	1184	(432,197)	(240,291)
d) Other	1183		
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (A.1 + A.2)	1189	11,587,637	12,713,380
A.3) NON-CONTROLLING INTERESTS	1193	22,613	38,174
B) NON-CURRENT LIABILITIES	1120	1,509,292	1,419,307
1. Grants	1117		
2. Long-term provisions	1115	266,121	241,613
3. Long-term financial liabilities:	1116	4,706	498
a) Debt with financial institutions and bonds and other marketable securities	1131	4,706	498
b) Other financial liabilities	1132		
4. Deferred tax liabilities	1118	263,328	257,143
5. Other non-current liabilities	1135	975,137	920,053
C) CURRENT LIABILITIES	1130	6,269,062	5,450,574
1. Liabilities associated with non-current assets held for sale	1121		
2. Short-term provisions	1122		
3. Short-term financial liabilities:	1123	211,279	125,382
a) Debt with financial institutions and bonds and other marketable securities	1133	73,862	61,696
b) Other financial liabilities	1134	137,417	63,685
4. Trade and other payables:	1124	6,057,782	5,325,193
a) Suppliers	1125	5,739,119	5,095,132
b) Other payables	1126		
c) Current tax liabilities	1127	318,663	230,061
5. Other current liabilities	1136		
TOTAL EQUITY AND LIABILITIES (A + B + C)	1200	19,388,604	19,621,435

IV. SELECTED FINANCIAL INFORMATION
7. CONSOLIDATED PROFIT AND LOSS ACCOUNT (ADOPTED IFRS)

Units: Thousand euros

		PRESENT CURR. PERIOD (2nd HALF YEAR)		PREVIOUS CURR. PERIOD (2nd HALF YEAR)		CURRENT CUMULATIVE 31/07/2017		PREVIOUS CUMULATIVE 31/07/2016	
		Amount	%	Amount	%	Amount	%	Amount	%
(+) Revenue	1205					11,671,499	100.00	10,465,470	100.00
(+/-) Change in inventories of finished products and work in progress	1206					195,330	1.67	454,717	4.34
(+) Own work capitalised	1207								
(-) Supplies	1208					(5,284,851)	(45.28)	(4,974,779)	(47.54)
(+) Other operating revenue	1209								
(-) Personnel expenses	1217					(1,862,407)	(15.96)	(1,715,105)	(16.39)
(-) Other operating expenses	1210					(2,411,723)	(20.66)	(2,115,034)	(20.21)
(-) Depreciation and amortisation charge	1211					(523,985)	(4.49)	(474,180)	(4.53)
(+) Allocation of grants for non-financial assets and other grants	1212								
(+/-) Impairment and gain (loss) on disposal of fixed assets	1214					(23,949)	(0.21)	(32,282)	(0.31)
(+/-) Other profit (loss)	1215					(15,608)	(0.13)	(3,216)	(0.03)
= OPERATING PROFIT (LOSS)	1245					1,744,305	14.94	1,605,590	15.34
(+) Finance income	1250					12,652	0.11	8,438	0.08
(-) Finance costs	1251					(6,549)	(0.06)	(5,216)	(0.05)
(+/-) Changes in fair value of financial instruments	1252								
(+/-) Exchange differences	1254					(7,561)	(0.06)	(3,100)	(0.03)
(+/-) Impairment and gain (loss) on disposal of financial instruments	1255								
= NET FINANCE INCOME (COSTS)	1256					(1,458)	(0.01)	122	0.00
(+/-) Profit (loss) of equity-accounted investees	1253					20,339	0.17	22,557	0.22
= PROFIT (LOSS) BEFORE TAX	1265					1,763,186	15.11	1,628,269	15.56
(+/-) Income tax expense	1270					(396,717)	(3.40)	(370,431)	(3.54)
= PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES	1280					1,366,469	11.71	1,257,837	12.02
(+/-) Profit (loss) from discontinued operations, net of tax	1285								
= CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD	1288					1,366,469	11.71	1,257,837	12.02
A) Profit (loss) for the period attributable to the parent company	1300					1,366,015	11.70	1,256,499	12.01
B) Profit (loss) attributable to non-controlling interests	1289					455	0.00	1,338	0.01
EARNINGS PER SHARE		Amount	(X.XX euros)	Amount	(X.XX euros)	Amount	(X.XX euros)	Amount	(X.XX euros)
Basic	1290					0.44		0.40	
Diluted	1295					0.44		0.40	

In the half-yearly financial report for the first half of the year, the data relating to the present period match the cumulative data, which do not therefore need to be completed.

IV. SELECTED FINANCIAL INFORMATION			
8. CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (ADOPTED IFRS)			
Units: Thousand euros			
		CURRENT PERIOD 31/07/2017	PREVIOUS PERIOD 31/07/2016
A) CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	1305	1,366,469	1,257,837
B) OTHER COMPREHENSIVE INCOME – ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS:	1310		
1 From revaluation/(reversal of revaluation) of property, plant and equipment and intangible assets	1311		
2 From actuarial gains and losses	1344		
3 Share in other comprehensive income of investments in joint ventures and associates	1342		
4 Other income and expenses that are not reclassified to profit or loss	1343		
5 Tax effect	1345		
C) OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS:	1350	(325,474)	2,821
1. Available-for-sale financial assets:	1355		
a) Valuation gains/(losses) taken to equity	1356		
b) Amounts transferred to profit or loss	1357		
c) Other reclassifications	1358		
2. Cash flow hedges:	1360	(124,635)	(29,105)
a) Valuation gains/(losses) taken to equity	1361	(107,320)	8,578
b) Amounts transferred to profit or loss	1362	(17,315)	(37,683)
c) Amounts transferred at initial carrying amount of hedged items	1363		
d) Other reclassifications	1364		
3. Foreign currency translation:	1365	(221,286)	23,952
a) Valuation gains/(losses)	1366	(221,286)	23,952
b) Amounts transferred to profit or loss	1367		
c) Other reclassifications	1368		
4. Share in other comprehensive income of investments in joint ventures and associates:	1370		
a) Valuation gains/(losses) taken to equity	1371		
b) Amounts transferred to profit or loss	1372		
c) Other reclassifications	1373		
5. Other income and expenses that may subsequently be reclassified to profit or loss	1375		
a) Valuation gains/(losses) taken to equity	1376		
b) Amounts transferred to profit or loss	1377		
c) Other reclassifications	1378		
6 Tax effect	1380	20,447	7,975
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	1400	1,040,995	1,260,659
a) Attributable to the parent company	1398	1,040,541	1,259,321
b) Attributable to non-controlling interests	1399	455	1,338

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ADOPTED IFRS) (1/2)

Units: Thousand euros

CURRENT PERIOD	Equity attributable to the parent company							Non- controlling interests	Total equity
	Capital and reserves					Valuation adjustments			
	Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments				
Closing balance at 01/02/2017	3110	93,500	9,775,309	(87,111)	3,156,957		(225,274)	38,174	12,751,554
Adjustments for changes in accounting policy	3111								
Adjustment for errors	3112								
Adjusted opening balance	3115	93,500	9,775,309	(87,111)	3,156,957		(225,274)	38,174	12,751,554
I. Total comprehensive income/(expense) for the period	3120				1,366,015		(325,474)	455	1,040,995
II. Transactions with shareholders or owners	3125		(13,926)	(12,035)	(2,116,734)			(15,074)	(2,157,770)
1. Capital increases/ (reductions)	3126								
2. Conversion of financial liabilities into equity	3127								
3. Distribution of dividends	3128				(2,116,734)			(9,800)	(2,126,534)
4. Purchase / sale of treasury stock	3129			(12,035)					(12,035)
5. Equity increase/ (decrease) resulting from business combinations	3130								
6. Other transactions with shareholders or owners	3132		(13,926)					(5,274)	(19,200)
III. Other changes in equity	3135		965,177	22,075	(1,040,223)		29,383	(941)	(24,530)
1. Equity-settled share-based payment	3136		(25,469)	22,075					(3,395)
2. Transfers among components of equity	3137		1,010,840		(1,040,223)		29,383		
3. Other changes	3138		(20,194)					(941)	(21,135)
Closing balance at 31/07/2017	3140	93,500	10,726,559	(77,072)	1,366,015		(521,365)	22,613	11,610,250

(1) The column of Share premium and Reserves, for the purposes of completing this statement, includes the following balance sheet equity headings: 2. Share premium, 3. Reserves, 5. Profit or loss brought forward, 6. Other shareholder contributions and 8. Less: Interim dividend

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ADOPTED IFRS) (2/2)

Units: Thousand euros

PREVIOUS PERIOD	Equity attributable to the parent company							Non- controlling interests	Total equity
	Capital and reserves					Valuation adjustments			
	Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments				
Closing balance at 01/02/2016	3150	93,500	8,880,562	(73,354)	2,874,584	(365,095)	40,596	11,450,793	
Adjustments for changes in accounting policy	3151								
Adjustment for errors	3152								
Adjusted opening balance	3155	93,500	8,880,562	(73,354)	2,874,584	(365,095)	40,596	11,450,793	
I. Total comprehensive income/(expense) for the period	3160				1,256,499	2,821	1,338	1,260,659	
II. Transactions with shareholders or owners	3165				(1,867,891)		(3,266)	(1,871,157)	
1. Capital increases/ (reductions)	3166								
2. Conversion of financial liabilities into equity	3167								
3. Distribution of dividends	3168				(1,867,891)		(3,266)	(1,871,157)	
4. Purchase / sale of treasury stock	3169								
5. Equity increase / (decrease) resulting from business combinations	3170								
6. Other transactions with shareholders or owners	3172								
III. Other changes in equity	3175		965,868	20,856	(1,006,693)	30,708	(3,349)	7,390	
1. Equity-settled share-based payment	3176		(26,235)	20,856				(5,379)	
2. Transfers among components of equity	3177		975,985		(1,006,693)	30,708			
3. Other changes	3178		16,118				(3,349)	(12,769)	
Closing balance at 31/07/2016	3180	93,500	9,846,430	(52,498)	1,256,499	(331,568)	35,319	10,847,685	

(1) The column of Share premium and Reserves, for the purposes of completing this statement, includes the following balance sheet equity headings: 2. Share premium, 3. Reserves, 5. Profit or loss brought forward, 6. Other shareholder contributions and 8. Less: Interim dividend

IV. SELECTED FINANCIAL INFORMATION
10.A. CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD) (ADOPTED IFRS)

Units: Thousand euros

		CURRENT PERIOD 31/07/2017	PREVIOUS PERIOD 31/07/2016
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	1435	1,391,291	1,194,517
1. Profit (loss) before tax	1405	1,763,186	1,628,269
2. Adjustments to profit (loss):	1410	584,907	528,854
(+) Depreciation and amortisation charge	1411	547,934	506,462
(+/-) Other net adjustments to profit (loss)	1412	36,973	22,392
3. Changes in working capital	1415	(592,657)	(714,702)
4. Other cash flows from operating activities:	1420	(364,145)	(247,904)
(-) Interest paid	1421		
(-) Payment of dividends and remuneration on other equity instruments	1430		
(+) Dividends received	1422		
(+) Interest received	1423		
(+/-) Income tax recovered/(paid)	1424	(364,145)	(247,904)
(+/-) Other sums received/(paid) from operating activities	1425		
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)	1460	(538,257)	(1,047,953)
1. Payments for investments:	1440	(863,983)	(1,047,953)
(-) Group companies, associates and business units	1441	(29,900)	
(-) Property, plant and equipment, intangible assets and investment property	1442	(824,480)	(622,713)
(-) Other financial assets	1443		(409,299)
(-) Other assets	1444	(9,602)	(15,941)
2. Proceeds from sale of investments	1450	325,726	
(+) Group companies, associates and business units	1451		
(+) Property, plant and equipment, intangible assets and investment property	1452		
(+) Other financial assets	1453	147	
(+) Other assets	1454	325,578	
3. Other cash flows from investing activities	1455		
(+) Dividends received	1456		
(+) Interest received	1457		
(+/-) Other sums received/(paid) from investing activities	1458		
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)	1490	(1,064,319)	(815,627)
1. Sums received/(paid) in respect of equity instruments	1470	(12,035)	
(+) Issuance	1471		
(-) Redemption	1472		
(-) Acquisition	1473	(12,035)	
(+) Disposal	1474		
2. Sums received/(paid) in respect of financial liability instruments:	1480	15,817	121,584
(+) Issuance	1481	18,785	121,882
(-) Repayment and redemption	1482	(2,968)	(298)
3. Payment of dividends and remuneration on other equity instruments	1485	(1,068,100)	(937,212)
4. Other cash flows from financing activities	1486		
(-) Interest paid	1487		
(+/-) Other sums received/(paid) from financing activities	1488		
D) EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH HELD	1492	(92,044)	(5,304)
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	1495	(303,329)	(674,367)
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1499	4,115,912	4,225,527
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)	1500	3,812,583	3,551,159

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		CURRENT PERIOD 31/07/2017	PREVIOUS PERIOD 31/07/2016
(+) Cash on hand and at banks	1550	2,352,630	2,389,181
(+) Other financial assets	1552	1,459,953	1,161,978
(-) Less: Bank overdrafts repayable on demand	1553		
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1600	3,812,583	3,551,159

This template of the consolidated statement of cash flows (indirect method) allows the alternatives for classifying interest and dividends, both received and paid, provided for in the adopted IFRS. Each of the above items shall be classified in a single consistent manner, in each period, as operating, investing or financing activities.

IV. SELECTED FINANCIAL INFORMATION

10.B. CONSOLIDATED STATEMENT OF CASH FLOWS (DIRECT METHOD) (ADOPTED IFRS)

Units: Thousand euros

		CURRENT PERIOD 31/07/2017	PREVIOUS PERIOD 31/07/2016
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)		8435	
(+) Proceeds from operating activities		8410	
(-) Payments to suppliers and to personnel for operating expenses		8411	
(-) Interest paid		8421	
(-) Payment of dividends and remuneration on other equity instruments		8422	
(+) Dividends received		8430	
(+) Interest received		8423	
(+/-) Income tax recovered/(paid)		8424	
(+/-) Other sums received/(paid) from operating activities		8425	
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)		8460	
1. Payments for investments:		8440	
(-) Group companies, associates and business units		8441	
(-) Property, plant and equipment, intangible assets and investment property		8442	
(-) Other financial assets		8443	
(-) Other assets		8444	
2. Proceeds from sales of investments		8450	
(+) Group companies, associates and business units		8451	
(+) Property, plant and equipment, intangible assets and investment property		8452	
(+) Other financial assets		8453	
(+) Other assets		8454	
3. Other cash flows from investing activities		8455	
(+) Dividends received		8456	
(+) Interest received		8457	
(+/-) Other flows from investing activities		8458	
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)		8490	
1. Sums received/(paid) in respect of equity instruments		8470	
(+) Issuance		8471	
(-) Redemption		8472	
(-) Acquisition		8473	
(+) Disposal		8474	
2. Sums received/(paid) in respect of financial liability instruments:		8480	
(+) Issuance		8481	
(-) Repayment and redemption		8482	
3. Payment of dividends and remuneration on other equity instruments		8485	
4. Other cash flows from financing activities		8486	
(-) Interest paid		8487	
(+/-) Other sums received/(paid) from financing activities		8488	
D) EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS HELD		8492	
E) NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)		8495	
F) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		8499	
G) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)		8500	

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

		CURRENT PERIOD 31/07/2017	PREVIOUS PERIOD 31/07/2016
(+) Cash on hand and at banks		8550	
(+) Other financial assets		8552	
(-) Less: Bank overdrafts repayable on demand		8553	
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		8600	

This template of the consolidated statement of cash flows (direct method) allows the alternatives for classifying interest and dividends, both received and paid, provided for in the adopted IFRS. Each of the above items shall be classified in a single consistent manner, in each period, as operating, investing or financing activities.

IV. SELECTED FINANCIAL INFORMATION

11. CHANGES IN THE COMPOSITION OF THE GROUP

Table 1:

BUSINESS COMBINATIONS AND OTHER ACQUISITIONS OR INCREASES IN HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATES (CURRENT PERIOD)						
Name of company (or business line) acquired or merged	Category	Effective date of transaction (dd/mm/yy yy)	(Net) cost of the combination (a) + (b) (thousand euros)		% of voting rights acquired	% of total voting rights in the company after acquisition
			(Net) amount paid in the acquisition + other costs directly attributable to the combination (a)	Fair value of equity instruments issued for the acquisition of the company (b)		
ZARA S, TRGOVSKO PODJETJE D.O.O.	Subsidiary	01/02/2017	10.000	0	100.00	100.00
BERSHKA S, TRGOVSKO PODJETJE D.O.O.	Subsidiary	01/02/2017	500	0	100.00	100.00
MASSIMO DUTTI S, TRGOVSKO PODJETJE D.O.O.	Subsidiary	01/02/2017	0	0	100.00	100.00
PULL&BEAR S, TRGOVSKO PODJETJE D.O.O.	Subsidiary	01/02/2017	0	0	100.00	100.00
STRADIVARIUS S, TRGOVSKO PODJETJE D.O.O.	Subsidiary	01/02/2017	200	0	100.00	100.00

Table 2:

REDUCTION IN HOLDINGS IN SUBSIDIARIES, JOINT VENTURES AND/OR INVESTMENTS IN ASSOCIATES OR OTHER TRANSACTIONS OF A SIMILAR NATURE (CURRENT PERIOD)					
Name of company (or business line) sold, spun off or retired	Category	Effective date of transaction (dd/mm/yy yy)	% of voting rights sold or retired	% of total voting rights in the company after disposal	Profit/(Loss) generated (thousand euros)

IV. SELECTED FINANCIAL INFORMATION

12. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		% of nominal value	Euros per share (X.XX)	Amount (thousand euros)	% of nominal value	Euros per share (X.XX)	Amount (thousand euros)
Ordinary shares	2158	1,133.00	0.34	1,058,300	1,000.00	0.30	933,946
Other shares (non-voting shares, redeemable)	2159						
Total dividends paid	2160			1,058,300			933,946
a) Dividends charged to profit and loss	2155			1,058,300			933,946
b) Dividends charged to reserves premium or	2156						
c) Dividends in kind	2157						

IV. SELECTED FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (1/2)

Units: Thousand euros

FINANCIAL ASSETS: NATURE/CATEGORY		CURRENT PERIOD					
		Financial assets held for trading	Other financial assets at FVTPL	Available-for-sale financial assets	Loans and receivables	Held-to-maturity investments	Hedging derivatives
Equity instruments	2061						
Debt securities	2062						
Derivatives	2063						
Other financial assets	2064				354,439		
Long-term/non-current	2065				354,439		
Equity instruments	2066						
Debt securities	2067						
Derivatives	2068						1,978
Other financial assets	2069				1,029,279		
Short-term/current	2070				1,029,279		1,978
INDIVIDUAL TOTAL	2075				1,383,718		1,978
Equity instruments	2161						
Debt securities	2162						
Derivatives	2163						
Other financial assets	2164				502,081		
Long-term/non-current	2165				502,081		
Equity instruments	2166						
Debt securities	2167						
Derivatives	2168						18,757
Other financial assets	2169				1,731,298		
Short-term/current	2170				1,731,298		18,757
CONSOLIDATED TOTAL	2175				2,233,379		18,757

FINANCIAL LIABILITIES: NATURE/CATEGORY		CURRENT PERIOD			
		Financial liabilities held for trading	Other financial liabilities at FVTPL	Debts and payables	Hedging derivatives
Bank borrowings	2076				
Bonds and other negotiable securities	2077				
Derivatives	2078				
Other financial liabilities	2079			8,998	
Long-term debts/Non-current financial liabilities	2080			8,998	
Bank borrowings	2081				
Bonds and other marketable securities	2082				
Derivatives	2083				70,868
Other financial liabilities	2084			1,908,223	
Short-term debts/Current financial liabilities	2085			1,908,223	70,868
INDIVIDUAL TOTAL	2090			1,917,221	70,868
Bank borrowings	2176			4,706	
Bonds and other negotiable securities	2177				
Derivatives	2178				
Other financial liabilities	2179				
Long-term debts/Non-current financial liabilities	2180			4,706	
Bank borrowings	2181			73,862	
Bonds and other negotiable securities	2182				
Derivatives	2183				113,886
Other financial liabilities	2184			23,531	
Short-term debts/Current financial liabilities	2185			97,393	113,886
CONSOLIDATED TOTAL	2190			102,100	113,886

(FVTPL: fair value through profit or loss)

IV. SELECTED FINANCIAL INFORMATION

13. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (2/2)

Units: Thousand euros

FINANCIAL ASSETS: NATURE/CATEGORY		PREVIOUS PERIOD					
		Financial assets held for trading	Other financial assets at FVTPL	Available-for- sale financial assets	Loans and receivables	Held-to- maturity investments	Hedging derivatives
Equity instruments	5061						
Debt securities	5062						
Derivatives	5063						
Other financial assets	5064				358,716		
Long-term/non-current	5065				358,716		
Equity instruments	5066						
Debt securities	5067						
Derivatives	5068						46,147
Other financial assets	5069				1,096,968		
Short-term/current	5070				1,096,968		46,147
INDIVIDUAL TOTAL	5075				1,455,684		46,147
Equity instruments	5161						
Debt securities	5162						
Derivatives	5163						
Other financial assets	5164				515,654		
Long-term/non-current	5165				515,654		
Equity instruments	5166						
Debt securities	5167						
Derivatives	5168						86,923
Other financial assets	5169				2,036,627		
Short-term/current	5170				2,036,627		86,923
CONSOLIDATED TOTAL	5175				2,552,282		86,923

FINANCIAL LIABILITIES: NATURE/CATEGORY		PREVIOUS PERIOD			
		Financial liabilities held for trading	Other financial liabilities at FVTPL	Debts and payables	Hedging derivatives
Bank borrowings	5076			6,177	
Bonds and other negotiable securities	5077				
Derivatives	5078				
Other financial liabilities	5079				
Long-term debts/Non-current financial liabilities	5080			6,177	
Bank borrowings	5081				
Bonds and other marketable securities	5082				
Derivatives	5083				10,421
Other financial liabilities	5084			1,594,593	
Short-term debts/Current financial liabilities	5085			1,594,593	10,421
INDIVIDUAL TOTAL	5090			1,600,770	10,421
Bank borrowings	5176			498	
Bonds and other negotiable securities	5177				
Derivatives	5178				
Other financial liabilities	5179				
Long-term debts/Non-current financial liabilities	5180			498	
Bank borrowings	5181			61,696	
Bonds and other negotiable securities	5182				
Derivatives	5183				39,562
Other financial liabilities	5184			24,123	
Short-term debts/Current financial liabilities	5185			85,819	39,562
CONSOLIDATED TOTAL	5190			86,317	39,562

(FVTPL: fair value through profit or loss)

IV. SELECTED FINANCIAL INFORMATION
14. SEGMENT INFORMATION

Units: Thousand euros

Table 1:

GEOGRAPHIC AREA		Distribution of revenue by geographic area			
		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Domestic market	2210	754,412	838,666	2,026,471	1,926,393
Exports:	2215	3,250,539	2,844,341	9,645,028	8,539,077
a) European Union	2216	1,305,140	1,192,079	4,194,190	3,820,025
b) OECD countries	2217	803,586	698,467	2,501,884	2,170,741
c) Other countries	2218	1,141,813	953,795	2,948,953	2,548,311
TOTAL	2220	4,004,951	3,683,007	11,671,499	10,465,470

Table 2:

SEGMENTS		Ordinary revenue					
		CONSOLIDATED					
		Ordinary revenue from foreign customers		Ordinary revenue between segments		Total ordinary revenue	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
ZARA	2221	7,736,691	6,957,343	49,326	44,635	7,786,016	7,001,978
BERSHKA	2222	1,015,662	892,618	138	455	1,015,800	893,073
OTHER	2223	2,919,147	2,615,509	945	1,231	2,920,092	2,616,740
	2224						
	2225						
	2226						
	2227						
	2228						
	2229						
	2230						
(-) Adjustments and elimination of ordinary revenue between segments	2231			-50,409	-46,321	-50,409	-46,321
TOTAL	2235	11,671,499	10,465,470	0	0	11,671,499	10,465,470

Table 3:

SEGMENTS		Profit (loss)	
		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD
ZARA	2250	1,236,314	1,122,734
BERSHKA	2251	148,653	136,644
OTHER	2252	363,948	347,475
	2253		
	2254		
	2255		
	2256		
	2257		
	2258		
	2259		
Total profit (loss) of segments reported	2260	1,748,914	1,604,853
(+/-) Unallocated profit (loss)	2261		
(+/-) Elimination of internal profit (loss) (between segments)	2262	(4,609)	737
(+/-) Other profit (loss)	2263	18,881	22,679
(+/-) Income tax and/or profit (loss) from discontinued activities	2264		
PROFIT (LOSS) BEFORE TAX	2270	1,763,186	1,628,269

IV. SELECTED FINANCIAL INFORMATION

15. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE WORKFORCE	2295	1,694	1,544	161,793	149,948
Men	2296	730	659	39,586	35,859
Women	2297	964	885	122,207	114,089

IV. SELECTED FINANCIAL INFORMATION

16. REMUNERATION RECEIVED BY DIRECTORS AND MANAGING DIRECTORS

DIRECTORS:

Type of remuneration:		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Fixed remuneration	2310	2,640	2,640
Variable remuneration	2311		
Attendance fees	2312		
Directors' fees	2313		
Options on shares and/or other financial instruments	2314	4,120	3,395
Other	2315		
TOTAL	2320	6,760	6,035

Other benefits:

Advances	2326		
Loans granted	2327		
Pension funds and plans: Contributions	2328		
Pension funds and plans: Contracted obligations	2329		
Life insurance premiums	2330		
Guarantees granted to directors	2331		

MANAGING DIRECTORS:

		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Total remuneration paid to managing directors	2325	17,452	15,238

IV. SELECTED FINANCIAL INFORMATION

17. RELATED-PARTY TRANSACTIONS (1/2)

Units: Thousand euros

RELATED-PARTY TRANSACTIONS

EXPENSES AND REVENUE		CURRENT PERIOD				
		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
1) Finance costs	2340					
2) Management and cooperation contracts	2341					
3) R&D transfers and licence	2342					
4) Leases	2343	21,975				21,975
5) Receipt of services	2344					
6) Purchase of goods (finished or in progress)	2345			439,097		439,097
7) Allowance for bad and doubtful debts	2346					
8) Losses on retirement or disposal of assets	2347					
9) Other expenses	2348	63				63
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	2350	22,038		439,097		461,135
10) Finance income	2351					
11) Management and cooperation contracts	2352					
12) R&D transfers and licence agreements	2353					
13) Dividends received	2354					
14) Leases	2355					
15) Provision of services	2356	2,152				2,152
16) Sale of goods (finished or in progress)	2357	7				7
17) Gains on retirement or disposal of assets	2358					
18) Other revenue	2359					
REVENUE (10 + 11 + 12 + 13 + 14 + 15+ 16 + 17 + 18)	2360	2,159				2,159

OTHER TRANSACTIONS:

		CURRENT PERIOD				
		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
Purchase of property, plant and equipment, intangible assets and other assets	2371					
Financing agreements: loans and capital contributions (lender)	2372					
Finance lease arrangements (lessor)	2373					
Repayment or cancellation of loans and lease arrangements (lessor)	2377					
Sale of property, plant and equipment, intangible assets and other assets	2374					
Financing agreements: loans and capital contributions (borrower)	2375					
Finance lease arrangements (lessee)	2376					
Repayment or cancellation of loans and lease arrangements (lessee)	2378					
Collateral and guarantees given	2381					
Collateral and guarantees received	2382					
Commitments assumed	2383					
Commitment/Guarantees cancelled	2384					
Dividends and other earnings distributed	2386					
Other transactions	2385					

IV. SELECTED FINANCIAL INFORMATION

17. RELATED-PARTY TRANSACTIONS (2/2)

Units: Thousand euros

RELATED-PARTY TRANSACTIONS		PREVIOUS PERIOD				
		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
EXPENSES AND REVENUE						
1) Finance costs	6340					
2) Management and cooperation contracts	6341					
3) R&D transfers and licence	6342					
4) Leases	6343	20,771				20,771
5) Receipt of services	6344					
6) Purchase of goods (finished or in progress)	6345			418,603		418,603
7) Allowance for bad and doubtful debts	6346					
8) Losses on retirement or disposal of assets	6347					
9) Other expenses	6348	20				20
EXPENSES (1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	6350	20,791		418,603		439,394
10) Finance income	6351					
11) Management and cooperation contracts	6352					
12) R&D transfers and licence agreements	6353					
13) Dividends received	6354					
14) Leases	6355	84				84
15) Provision of services	6356	3,714				3,714
16) Sale of goods (finished or in progress)	6357	1				1
17) Gains on retirement or disposal of assets	6358	64				64
18) Other revenue	6359					
REVENUE (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18)	6360	3,863				3,863

OTHER TRANSACTIONS:		PREVIOUS PERIOD				
		Significant shareholders	Directors and managing directors	Group employees, companies and entities	Other related parties	Total
Purchase of property, plant and equipment, intangible assets and other assets	6371					
Financing agreements: loans and capital contributions (lender)	6372					
Finance lease arrangements (lessor)	6373					
Repayment or cancellation of loans and lease arrangements (lessor)	6377					
Sale of property, plant and equipment, intangible assets and other assets	6374	24,600				24,600
Financing agreements: loans and capital contributions (borrower)	6375					
Finance lease arrangements (lessee)	6376					
Repayment or cancellation of loans and lease arrangements (lessee)	6378					
Collateral and guarantees given	6381					
Collateral and guarantees received	6382					
Commitments assumed	6383					
Commitment/Guarantees cancelled	6384					
Dividends and other earnings distributed	6386					
Other transactions	6385					

V. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS/CONDENSED ANNUAL FINANCIAL STATEMENTS FOR THE INTERIM PERIOD

(1) Explanatory notes to the financial statements: *Explanatory notes to the interim financial statements* and other Selected financial information required in Chapter IV of this template should be attached here, and shall contain at least the minimum disclosures required in the instructions for the preparation of the half-yearly financial report.

(2) Condensed annual financial statements:

(2.1) Issuers that prepare consolidated condensed annual financial statements: If the consolidated financial statement templates of Sections 6, 7, 8, 9 and 10.A or 10.B of Chapter IV of the selected financial information do not meet the requirements established in the adopted international accounting standard applicable to interim financial information, or if the issuer voluntarily chooses to prepare condensed consolidated annual financial statements for the interim period including its own condensed financial statement templates, it shall attach in this section the condensed consolidated annual financial statements for the interim period, which shall contain, at least, all the minimum disclosures required under the adopted international accounting standard applicable to interim financial information, without prejudice to the obligation to additionally complete the financial information contained in Chapter IV on Selected financial information.

(2.2) Issuers that do not prepare condensed consolidated annual financial statements: In the exceptional case that the individual financial statement templates of Sections 1, 2, 3, 4 and 5.A or 5.B of Chapter IV on Selected financial information do not comply with the requirements established by Article 13 of Royal Decree 1362/2007; or if the issuer voluntarily draws up condensed individual annual financial statements for the interim period including its own condensed financial statement templates, it shall attach in this section the condensed individual annual financial statements for the interim period, which shall contain, at least, all the minimum disclosures required under the adopted international accounting standard applicable to interim financial information, without prejudice to the obligation to additionally complete the financial information contained in Chapter IV on Selected financial information.

VII. AUDIT REPORT

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARIES

**REPORT ON LIMITED REVIEW OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE FIRST HALF OF 2017

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Industria de Diseño Textil, S.A., requested by the Board of Directors:

Report on the Condensed Interim Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying condensed interim consolidated financial statements (hereinafter, the interim financial statements) of Industria de Diseño Textil, S.A. (hereinafter, "the Parent") and subsidiaries (hereinafter, "the Group") which comprise the balance sheet as at 31 July 2017, the income statement, the statement of comprehensive income, the statement of changes in equity, statement of cash flows and related notes, all condensed and consolidated, for the six months period then ended. The parent company's Board of Directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these accompanying interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended 31 July 2017 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw attention to Note 1, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the consolidated annual accounts of the Group for the year ended 31 January 2017. This matter does not modify our conclusion.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated Directors' Report for the six months period ended 31 July 2017, contains the explanations which the parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this Directors' Report is in agreement with that of the interim financial statements for the six months period ended 31 July 2017. Our work is limited to checking the interim consolidated Directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Industria de Diseño Textil, S.A. and its subsidiaries' accounting records.

Other Matters

This report has been prepared at the request of the Board of Directors of the Parent company in relation to the publication of the half-yearly financial report required by Article 119 of the revised text of the Securities Market Law, approved by Royal Legislative Decree 4/2015 of 23 October, developed by the Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.



Germán de la Fuente

20 September 2017

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND INTERIM MANAGEMENT REPORT
FOR THE FIRST HALF OF 2017**

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Note 1 and 9). In the event of a discrepancy, the Spanish-language version prevails.

- I. INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
- II. INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- III. INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
- IV. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- V. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- VI. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 1. Basis of presentation of the interim condensed consolidated financial statements and comparative information
 2. Accounting policies and basis of consolidation
 3. Activity and description of the Group
 4. Segment reporting
 5. Property, plant and equipment and intangible assets
 6. Capital and reserves
 7. Income taxes
 8. Remuneration of the Board of Directors and related party transactions
 9. Explanation added for translation to English

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see notes 1 and 9). In the event of a discrepancy, the Spanish-language version prevails.

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARIES COMPANIES

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (AMOUNTS IN THOUSANDS OF EUROS)

	31-07-2017	31-07-2016
Net sales	11,671,499	10,465,470
Cost of sales	(5,089,521)	(4,520,062)
GROSS PROFIT	6,581,977	5,945,408
	56.4%	56.8%
Operating expenses	(4,274,130)	(3,830,140)
Other losses and income, net	(15,608)	(3,216)
GROSS OPERATING PROFIT (EBITDA)	2,292,239	2,112,052
Amortization and depreciation	(547,934)	(506,462)
NET OPERATING PROFIT (EBIT)	1,744,305	1,605,590
Financial results	(1,458)	122
Results of companies accounted for using the equity method	20,339	22,557
PROFIT BEFORE TAXES	1,763,186	1,628,269
Income tax	(396,717)	(370,431)
NET PROFIT	1,366,469	1,257,837
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	455	1,338
NET PROFIT ATTRIBUTABLE TO THE PARENT	1,366,015	1,256,499
Basic and Diluted Earnings per Share, Euros *	0.439	0.404

* EPS calculated on the basis of 3.112,7 million shares in 2017 and 3.113,2 million shares in 2016.

The accompanying explanatory notes 1 to 9 are an integral part of these interim condensed consolidated financial statements for the first half of 2017.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see notes 1 and 9). In the event of a discrepancy, the Spanish-language version prevails.

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARIES COMPANIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (AMOUNTS IN THOUSANDS OF EUROS)

	31-07-2017	31-07-2016
Net profit	1,366,469	1,257,837
Items that will be reclassified to profit or loss in future years		
Other comprehensive income recognised directly in equity:		
Translation differences relating to financial statements of foreign operations	(221,286)	23,951
Cash flow hedges		
Profit	5,001	20,777
Loss	(112,321)	(12,199)
Tax effect	16,526	(1,714)
Total	(312,080)	30,814
Transfers to profit or loss:		
Cash flow hedges		
Profit	(17,315)	(38,140)
Loss	-	457
Tax effect	3,921	9,688
Total	(13,394)	(27,995)
Total comprehensive income for the period	1,040,996	1,260,657
Total comprehensive income attributable to:		
Equity holders of the Parent	1,040,541	1,259,319
Non-controlling interests	455	1,338
Total comprehensive income for the period	1,040,996	1,260,657

The accompanying explanatory notes 1 to 9 are an integral part of these interim condensed consolidated financial statements for the first half of 2017.

INDITEX

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see notes 1 and 9). In the event of a discrepancy, the Spanish-language version prevails.

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARIES COMPANIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (AMOUNTS IN THOUSANDS OF EUROS)

	31-07-2017	31-01-2017
ASSETS		
NON-CURRENT ASSETS	9,943,681	9,723,088
Rights over leased assets	493,409	505,046
Other intangible assets	225,409	210,502
Goodwill	207,311	195,704
Property, plant and equipment	7,458,715	7,283,428
Investment property	21,002	21,221
Financial investments	226,593	231,423
Other non-current assets	538,406	553,734
Deferred tax assets	772,836	722,029
CURRENT ASSETS	9,444,923	9,898,347
Inventories	2,744,525	2,549,195
Trade and other receivables	824,957	861,027
Income tax receivable	141,473	107,473
Other current assets	171,331	141,190
Other financial assets	18,757	86,923
Current financial investments	1,731,298	2,036,627
Cash and cash equivalents	3,812,583	4,115,912
TOTAL ASSETS	19,388,604	19,621,435
EQUITY AND LIABILITIES		
EQUITY	11,610,250	12,751,554
Equity attributable to the Parent	11,587,637	12,713,380
Equity attributable to non-controlling interests	22,613	38,174
NON-CURRENT LIABILITIES	1,509,292	1,419,307
Provisions	266,121	241,613
Other non-current liabilities	975,137	920,053
Financial debt	4,706	498
Deferred tax liabilities	263,328	257,143
CURRENT LIABILITIES	6,269,062	5,450,574
Financial debt	73,862	61,696
Other financial liabilities	137,417	63,685
Income tax payable	318,663	230,061
Trade and other payables	5,739,119	5,095,132
TOTAL EQUITY AND LIABILITIES	19,388,604	19,621,435

The accompanying explanatory notes 1 to 9 are an integral part of these interim condensed consolidated financial statements for the first half of 2017.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see notes 1 and 9).
In the event of a discrepancy, the Spanish-language version prevails.

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARIES COMPANIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(AMOUNTS IN THOUSANDS OF EUROS)

	From 1 February 2017 to 31 July 2017	From 1 February 2016 to 31 July 2016
Profit before taxes and non-controlling interests	1,763,186	1,628,269
Adjustments to profit		
Amortization and depreciation	547,934	506,462
Foreign exchange translation differences	(23,921)	(6,933)
Provisions for impairment	3,746	13,999
Results of companies consolidated by equity method	(20,339)	(22,557)
Other	77,486	37,881
Income tax	(364,145)	(247,904)
Funds from operations	1,983,948	1,909,218
Variation in assets and liabilities		
Inventories	(227,036)	(456,385)
Receivables and other current assets	93,357	(38,945)
Current payables	(458,978)	(219,372)
Changes in working capital	(592,657)	(714,702)
Cash flows from operating activities	1,391,291	1,194,517
Payments relating to investments in intangible assets	(86,573)	(93,280)
Payments relating to investments in property, plant and equipment	(737,907)	(529,433)
Payments relating to group companies, associates and business units	(29,900)	-
Collections relating to investments in other financial investments	147	-
Payments relating to investments in other financial investments	-	(12,312)
Payments relating to investments in other assets	(9,602)	(15,941)
Collections relating to investments in other assets	8,785	-
Changes in current financial investments	316,794	(396,987)
Cash flows from investing activities	(538,257)	(1,047,953)
Collections relating to non-current financial debt	4,295	-
Payments relating to non-current financial debt	(2,968)	(298)
Payments relating to acquisitions of treasury shares	(12,035)	-
Changes in current financial debt	14,490	121,882
Dividends	(1,068,100)	(937,212)
Cash flows used in financing activities	(1,064,319)	(815,627)
Net increase in cash and cash equivalents	(211,284)	(669,063)
Cash and cash equivalents at the beginning of period	4,115,912	4,225,527
Effect of exchange rate fluctuations on cash and cash equivalents	(92,044)	(5,304)
Cash and cash equivalents at the end of period	3,812,583	3,551,159

The accompanying explanatory notes 1 to 9 are an integral part of these interim condensed consolidated financial statements for the first half of 2017.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see notes 1 and 9). In the event of a discrepancy

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in thousands of euros)

	Equity attributable to the Parent										Non-controlling interests	Total equity
	Capital	Share premium	Retained earnings	Other reserves	Reserves of companies accounted for using the equity method	Treasury shares	Translation differences	Cash flows	Subtotal			
Balance at 1 February 2016	93,500	20,379	11,525,973	77,563	131,231	(73,354)	(393,090)	27,995	11,410,197	40,596	11,450,793	
Profit for the year	-	-	1,256,499	-	-	-	-	-	1,256,499	1,338	1,257,837	
Distribution of results	-	-	(55,607)	-	55,607	-	-	-	-	-	-	
Distribution of dividends	-	-	27,744	-	(27,744)	-	-	-	-	-	-	
Transfers	-	-	(30,708)	-	-	-	30,708	-	-	-	-	
Other movements	-	-	16,382	-	(264)	-	-	-	16,118	(3,349)	12,769	
Other comprehensive income for the year	-	-	-	-	-	-	23,951	(21,131)	2,820	-	2,820	
Translation differences relating to financial statements of foreign operations	-	-	-	-	-	-	23,951	-	23,951	-	23,951	
Cash flow hedges	-	-	-	-	-	-	-	(21,131)	(21,131)	-	(21,131)	
Operations with equity holders or owners	-	-	(1,881,757)	(12,369)	-	20,856	-	-	(1,873,270)	(3,266)	(1,876,536)	
Additions relating to share-based payments	-	-	-	5,910	-	-	-	-	5,910	-	5,910	
Exercise of share-based payments	-	-	(13,866)	(18,279)	-	20,856	-	-	(11,289)	-	(11,289)	
Dividends	-	-	(1,867,891)	-	-	-	-	-	(1,867,891)	(3,266)	(1,871,157)	
Balance at 31 July 2016	93,500	20,379	10,858,526	65,194	158,830	(52,498)	(338,432)	6,864	10,812,363	35,319	10,847,682	
Balance at 1 February 2017	93,500	20,379	12,675,090	75,918	160,878	(87,111)	(240,294)	15,020	12,713,380	38,174	12,751,554	
Profit for the year	-	-	1,366,015	-	-	-	-	-	1,366,015	455	1,366,469	
Distribution of results	-	-	(47,588)	-	47,588	-	-	-	-	-	-	
Distribution of dividends	-	-	23,236	-	(23,236)	-	-	-	-	-	-	
Transfers	-	-	(29,383)	-	-	-	29,383	-	-	-	-	
Other movements	-	-	(19,565)	-	(629)	-	-	-	(20,194)	(941)	(21,135)	
Other comprehensive income for the year	-	-	-	-	-	-	(221,286)	(104,187)	(325,473)	-	(325,473)	
Translation differences relating to financial statements of foreign operations	-	-	-	-	-	-	(221,286)	-	(221,286)	-	(221,286)	
Cash flow hedges	-	-	-	-	-	-	-	(104,187)	(104,187)	-	(104,187)	
Operations with equity holders or owners	-	-	(2,151,023)	(5,107)	-	10,039	-	-	(2,146,090)	(15,074)	(2,161,164)	
Treasury shares	-	-	-	-	-	(12,035)	-	-	(12,035)	-	(12,035)	
Additions relating to share-based payments	-	-	-	13,471	-	-	-	-	13,471	-	13,471	
Exercise of share-based payments	-	-	(20,363)	(18,578)	-	22,075	-	-	(16,866)	-	(16,866)	
Acquisition non-controlling interest shares	-	-	(13,926)	-	-	-	-	-	(13,926)	(5,274)	(19,200)	
Dividends	-	-	(2,116,734)	-	-	-	-	-	(2,116,734)	(9,800)	(2,126,534)	
Balance at 31 July 2017	93,500	20,379	11,816,781	70,811	184,601	(77,072)	(432,197)	(89,167)	11,587,637	22,613	11,610,250	

The accompanying explanatory notes 1 to 9 are an integral part of these interim condensed consolidated financial statements for the first half of 2017.

Translation of interim condensed consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see notes 1 and 9). In the event of a discrepancy, the Spanish-language version prevails.

Explanatory notes to the interim condensed consolidated financial statements at 31 July 2017

1) Basis of presentation of the interim condensed consolidated financial statements and comparative information

The interim condensed consolidated financial statements for the six-month period ended 31 July 2017 (“interim financial statements”) were prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting and pursuant to Article 12 of Royal Decree 1362/2007. Accordingly, they do not include all the information and additional disclosures required in a complete set of annual consolidated financial statements and, in order to be interpreted properly, they must be read in conjunction with the consolidated financial statements for the year ended 31 January 2017. These interim financial statements were prepared by the Board of Directors at its meeting held on 19 September 2017.

Inditex’s financial year and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The six-month period ended 31 July 2017 will hereinafter be referred to as the “first half of 2017” and the six-month period ended 31 July 2016 as the “first half of 2016”.

Unless otherwise stated, the amounts shown in these interim financial statements are expressed in thousands of euros.

The interim condensed consolidated financial statements are presented in euros, since the euro is the Group’s functional currency.

The interim financial statements of the Inditex Group for the first half of 2017 were prepared on the basis of the accounting records of Inditex and the other Group companies.

The comparison of information in the interim financial statements refers to the six-month periods ended 31 July 2017 and 2016, except with respect to the interim condensed consolidated balance sheet, which compares 31 July 2017 with 31 January 2017. The main changes in the consolidation scope (inclusions) in the first half of 2017 were as follows:

Companies incorporated

LIMITED LIABILITY COMPANY "OYSHO BLR"
LIMITED LIABILITY COMPANY "STRADIVARIUS BLR"
LIMITED LIABILITY COMPANY "ZARA HOME BLR"
LIMITED LIABILITY COMPANY "PULL AND BEAR BLR"
LIMITED LIABILITY COMPANY "BK GARMENTS BLR"
LIMITED LIABILITY COMPANY "MASSIMO DUTTI BLR"
LIMITED LIABILITY COMPANY "ZARA BLR"
UTERQUE FASHION RO S.R.L.
LELYSTAD PLATFORM, B.V.
OYSHO SUISSE SÀRL

Companies acquired

ZARA S, TRGOVSKO PODJETJE D.O.O.
BERSHKA S, TRGOVSKO PODJETJE D.O.O.
MASSIMO DUTTI S, TRGOVSKO PODJETJE D.O.O.
PULL&BEAR S, TRGOVSKO PODJETJE D.O.O.
STRADIVARIUS S, TRGOVSKO PODJETJE D.O.O.

In the first half of 2016 Massimo Dutti Puerto Rico, Inc. merged with Zara Puerto Rico, Inc.

These inclusions did not have a significant impact on the interim condensed consolidated financial statements.

Alternative Performance Measures: gross profit, EBITDA, EBIT, ROCE and ROE are defined in the initial note to the consolidated annual accounts for 2016.

2) Accounting policies and basis of consolidation

The accounting policies and basis of consolidation adopted to prepare these interim financial statements at 31 July 2017 are the same as those used to prepare the consolidated annual accounts for 2016.

The following standards and interpretations have been issued by the IASB and adopted by the European Union for their application in annual reporting periods beginning on or after 1 January 2018 (they were not applied early):

- IFRS 15, Revenue from Contracts with Customers (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31) establishes a new model for revenue recognition based on the concept of control, whereby revenue is recognized when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer. To this end, IFRS 15 introduces a five-step approach to the recognition of revenue and more extensive disclosure requirements. The main activities for which the Group recognizes revenue are retail sales through company-managed stores, and online, franchises and other online channels. Group management considered that the aforementioned activities represent mainly the performance obligation to transfer certain goods to customers, revenue from which is recognized at the point in time at which control over the aforementioned products is transferred, which does not differ significantly from the current identification of independent price components performed pursuant to IAS 18. Also, the allocation of the transaction price to the various performance obligations in each contract, where applicable, or the timing of recognition of the revenue in the income statement as a result of applying IFRS 15 does not differ significantly from those provided for in the current standard IAS 18.

Accordingly, application of IFRS 15 is not expected to have a significant impact on the Group's interim financial statements.

- IFRS 9, Financial Instruments. This standard replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.
 - Classification and measurement of financial instruments: New financial asset categories were established based on the business model.

On the basis of the Group's financial assets and liabilities at 31 January 2017, application of IFRS 9 vis-à-vis measurement and clarification of financial instruments is not expected to have a significant effect on the interim condensed consolidated financial statements.

- Impairment: a new impairment model based on expected credit losses is established, as opposed to the current incurred loss model. Under the expected credit loss model, it is no longer necessary for an impairment event to have occurred before credit losses are recognized. Given the nature of the Group's business, in which the majority of sales are collected in cash and there are no material accounts receivable of another kind, the impact of applying this new impairment model is not expected to be significant.

- Hedge accounting: IFRS 9 eases the rules for determining transactions that qualify for hedge accounting and revises the rules of the hedge effectiveness test. Given that the new hedge accounting requirements will be more closely aligned with the Group's risk management policies, a preliminary assessment of the Group's current hedging relationships indicates that they will meet the conditions to continue as hedging relationships on application of IFRS 9. Application of IFRS 9 vis-à-vis hedge accounting is not expected to have a significant impact on the Group's interim financial statements.

The aforementioned assessments were performed on the basis of the financial information, facts and circumstances that existed at the Group at 31 July 2017 and the conclusions reached did not differ significantly from those detailed in the Group's consolidated annual accounts for 2016. Accordingly, application of these new standards is not expected to have a significant impact on the Group's interim financial statements.

At the date of preparation of these interim condensed consolidated financial statements, the following standards and interpretations with a potential impact on the Group had been issued by the IASB but were not yet in force as they had not been adopted yet by the European Union:

- Amendments to IAS 7 relating to required disclosures. Effective for annual periods beginning on or after 1 January 2017.
- Amendments to IAS 12 clarifying the principles for the recognition of deferred tax assets for unrealised losses. Effective for annual periods beginning on or after 1 January 2017.
- Improvements to IFRSs 2014–2016 Cycle, establishing clarifications to IFRS 12, Disclosure of Interests in Other Entities, effective for annual periods beginning on or after 1 January 2017.
- Amendments to IFRS 2 relating to certain specific issues of the standard. Effective for annual periods beginning on or after 1 January 2018.
- Amendments to IFRS 4 relating to the scope of application of the standard. Effective for annual periods beginning on or after 1 January 2018.
- Amendments to IAS 40 clarifying the circumstances for the transfer of a property to, or from, investment property. Effective for annual periods beginning on or after 1 January 2018.
- Clarifications to IFRS 15 on identifying performance obligations, principal versus agent considerations, licensing and determining whether a license is satisfied at a specific point in time or over time, as well as certain clarifications to the transition requirements.

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- IFRIC 22, Foreign Currency Transactions and Advance Consideration. This interpretation establishes the date of the transaction for the purpose of determining the exchange rate to use in transactions with advance consideration in a foreign currency. Effective for annual periods beginning on or after 1 January 2018.
- IFRIC 23, Uncertainty Over Income Tax Treatments. This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over whether the relevant taxation authority will accept a tax treatment used by an entity. Effective for annual periods beginning on or after 1 January 2019.
- Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture regarding clarification in relation to the gain or loss resulting from such transactions involving a business or assets.
- IFRS 17, Insurance Contracts. IFRS 17 supersedes IFRS 4 and establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued to ensure that entities provide relevant and reliable information that gives a basis for users of the information to assess the effect that insurance contracts have on the financial statements. Effective for annual periods beginning on or after 1 January 2019.

The Group is analyzing the impact these new standards and amendments may have, although they are not expected to have a significant impact on the interim condensed consolidated financial statements.

Also, the IASB has issued IFRS 16, Leases. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019 and is expected to be adopted by the European Union, as per the information published by the European Financial Reporting Advisory Group (EFRAG), prior to the effective date. This Standard, which supersedes IAS 17, Leases and the related interpretations (IFRIC 4, SIC-15 and SIC-27), establishes, from a lessee accounting model standpoint, a single lessee accounting model under which lessees shall recognize all leases in their balance sheets as if they were financed purchases, except for the very specific exceptions of leases for which the underlying asset is of low value and short-term leases.

Since the majority of the Group's company-managed stores are located in commercial premises leased under operating leases, the application of IFRS 16 will have a material impact on the Group's interim condensed consolidated financial statements. At the date of preparation of these interim condensed consolidated financial statements, the Group was continuing the process of adapting its reporting systems to gather the necessary information on leases in order to recognize them in accordance with IFRS 16.

In preparing the interim condensed consolidated financial statements at 31 July 2017 estimates were made in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets.
- The useful life of the property, plant and equipment, intangible assets and investment property.
- The fair value of certain assets, mainly financial instruments.
- The assumptions used in the actuarial calculation of pension and other obligations to employees.
- The calculation of the provisions required for contingencies relating to litigation in progress and doubtful debts.
- The term of leases.
- The recovery of deferred tax assets.

These estimates were made using the best information available at 31 July 2017. However, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with IAS 8.

In view of the business activities in which the Group companies engage, their transactions are not substantially cyclical or seasonal in nature. Therefore, no specific disclosures are included in this connection in these explanatory notes to the interim condensed consolidated financial statements for the six-month period ended 31 July 2017.

3) Activity and description of the Group

Industria de Diseño Textil, S.A. (“Inditex”), domiciled in Spain (Avenida de la Diputación s/n Edificio Inditex, Arteixo, A Coruña), is the Parent of a group of companies whose principal activity is the retail distribution of fashion items, mainly clothing, footwear, accessories and household textile products. Inditex carries on its activity through various commercial formats such as Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. Each format is managed independently and they share certain corporate functions. Inditex is domiciled in Spain and listed on all four Spanish stock exchanges and, together with its subsidiary companies, composes the Inditex Group (“the Group”).

Each format’s commercial activity is carried on through a fully integrated store and online model managed directly by companies in which Inditex holds all or the majority of the share capital, with the exception of certain countries where, for various reasons, the retail selling activity is performed through franchises.

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Inditex's business model is characterized by the search for flexibility in adapting production to market demand through control of the supply chain in the various stages of design, manufacture and distribution. This enables it to focus both its own and suppliers' production on changes in trends within each sales campaign.

The Group's logistics system is based on continuous deliveries to stores, throughout each season, from the distribution centers of the various commercial formats. This system essentially operates through centralized logistics facilities for each of the concepts, at which inventory is stored and from which it is distributed to all the stores worldwide.

At 31 July 2017, the various Group formats had stores in 93 markets with the following geographical distribution:

	No. of stores		
	Company managed	Franchises	Total
Spain	1,712	40	1,752
Rest of Europe	3,146	140	3,286
Americas	595	165	760
Rest of the world	934	673	1,607
Total	6,387	1,018	7,405

4) Segment reporting

The principal activity of the Inditex Group comprises the retail and online distribution of clothing, footwear, accessories and household textile products through various commercial formats aimed at different targeted sectors of the public.

The origin and predominant nature of the risks and returns of the Inditex Group's business units relate to the relevant operating segments, since these risks and returns are influenced mainly by the particular commercial format to which each cash-generating unit belongs. The internal structure of the Inditex Group, the business decision-making process and the system for reporting to the Board of Directors and Group management are organized by commercial format.

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The Inditex Group segment information is as follows:

1H17	ZARA	Bershka	Other	Inter-segment	Total
Sales to third parties	7,786,016	1,015,800	2,920,092	(50,409)	11,671,499
Segment EBIT	1,236,314	148,653	363,948	(4,609)	1,744,305
Amortization and depreciation	330,122	46,544	166,539	4,729	547,934

1H16	ZARA	Bershka	Other	Inter-segment	Total
Sales to third parties	7,001,978	893,073	2,616,741	(46,321)	10,465,470
Segment EBIT	1,122,734	134,644	347,475	737	1,605,590
Amortization and depreciation	318,073	44,104	145,021	(737)	506,462

For the purpose of reconciliation with the interim condensed consolidated financial statements, the sales to third parties relate to "Net sales" in the interim condensed consolidated income statement and the amortization and depreciation corresponds to "Amortization and depreciation" in the interim condensed consolidated income statement.

The segment profit refers to its Operating Result (EBIT) as defined in the initial note to the consolidated annual accounts for 2016. Income and expenses which might be considered to be corporate in nature or as belonging to all segments were allocated to each of the segments based on distribution criteria considered reasonable by Group management. Inter-segment transactions are performed on an arm's length basis.

5) Property, plant and equipment and intangible assets

The main net investments made in the first half of 2017 amount to approximately euros 899.189 thousand (first half of 2016: euros 691.488 thousand) and relate basically to the investments made in the opening of new stores or the refurbishment of existing ones, recognized under "Property, plant and equipment" and "Rights over leased assets" in the accompanying interim condensed consolidated balance sheet. No significant disposals or derecognitions took place in the reporting period.

6) Capital and reserves

Share capital

At 31 July 2017 and 31 January 2017, the Parent' share capital amounted to euros 93,499,560 and was divided into 3,116,652,000 fully subscribed and paid-in shares of euros 0.03 par value each. All shares are of a single class and series, carry the same voting and dividend rights and are represented by book entries.

INDITEX shares are listed on the four Spanish stock exchanges. The Parent issues bearer shares represented by book entries. However, pursuant to Article 497 of Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Spanish Companies Act, Inditex has commissioned the daily share ownership notification service from Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear).

At 31 July 2017, the members of the Board of Directors owned, directly or indirectly, 59.36% of the Parent' share capital. At 31 January 2017, the members of the Board of Directors owned 59.36% of the share capital.

Treasury shares

The Annual General Meeting held on 16 July 2013 approved the 2013-2017 Long-Term Share-Based Incentive Plan aimed at members of the management team and other employees of the Inditex Group (see note 27 to the consolidated annual accounts for 2016) (hereinafter, "the 2013-2017 Plan") and authorized the Board of Directors to derivatively acquire treasury shares to cater for this plan. Also, the Annual General Meeting held on 19 July 2016 approved the 2016-2020 Long-Term Incentive Plan aimed at members of the management team and other employees of the Inditex Group (hereinafter, "the 2016-2020 Plan") (see note 27 to the consolidated annual accounts for 2016) and authorized the Board of Directors to derivatively acquire treasury shares to cater for this plan.

At 31 January 2017, the Parent owned 3,610,755 treasury shares, representing 0.116% of the share capital. In the first half of 2017 the Parent acquired shares bringing the total number of treasury shares held by it to 4,004,029, representing 0.13% of the share capital.

In the first six months of 2017, settlement of the Second Cycle (2014-2017) of the 2013-2017 Plan took place, and the shares were delivered to the beneficiaries of the Plan. At 31 July 2017, the Parent owned 2,950,143 treasury shares, representing 0.095% of the share capital.

Dividends

On 18 July 2017, the Annual General Meeting approved the distribution of a dividend out of profit for 2016 amounting to a maximum of euros 2,116,868 thousand (euros 0.68 gross per share, corresponding to an ordinary dividend of euros 0.50 per share and an extraordinary dividend of euros 0.18 per share for all the outstanding shares).

Of the aforementioned amount, a gross amount of euros 0.34 per share was paid on 2 May 2017 as an interim dividend and euros 0.34 gross per share will be paid on 2 November 2017 as a final dividend (ordinary and extraordinary); the total amount payable is recognized under "Trade and other payables" in the accompanying interim condensed consolidated balance sheet at 31 July 2017.

7) Income taxes

The accrued income tax expense for the first half of 2017 was calculated using the tax rate that would be applicable to expected total annual earnings, that is, the interim period income tax expense is the result of applying the estimated average annual effective tax rate to the pre-tax profit for the interim period. However, the tax effects arising from one-off events or unique transactions performed in the reporting period are taken into consideration in full in the calculation.

The income tax expense recognised in the interim condensed consolidated income statement for the period ended 31 July 2017 was calculated by applying an effective tax rate of 22.50% (period ended 31 July 2016: 22.75%).

Certain Group companies are being audited for tax purposes, including most notably those domiciled in Italy, Greece and France.

The Group does not expect any significant additional liabilities to arise as a result of these audits or those that could be carried out in the future in relation to periods that are not yet statute-barred.

8) Remuneration of the Board of Directors and related party transactions

Remuneration of the Board of Directors

The remuneration earned by the Board of Directors and Senior Management of the Company in the first half of 2017 is shown in the section on related party transactions.

Related party transactions

Related parties are the subsidiaries, jointly controlled entities and associates, the significant or controlling shareholders, the members of the Board of Directors of Inditex and Senior Management of the Inditex Group, as well as their close family members, as defined in Article 2.3 of Spanish Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on information on related party transactions that issuers of securities listed on official markets must disclose.

The transactions with related parties were performed on an arm's length basis.

Inditex Group companies

The transactions between Inditex and its subsidiaries, form part of the normal course of business in terms of their purpose and terms and conditions and, were eliminated in full on consolidation. Therefore, they are not disclosed in this note.

The following tables detail the transactions and the outstanding balances between Inditex and its jointly controlled entities in the consolidated balance sheet:

Transactions:

Type of company	Thousand of euros	
	1H2017	1H2016
Jointly controlled entities	(439,097)	(418,603)

Balances:

	<u>31/07/2017</u>	<u>31/07/2016</u>
Current financial investments	11,792	16,327
Trade and other receivables	6,757	5,483
Non-current financial investments	219,857	197,402
Trade and other payables	290,339	295,480
Current financial debt	320	187

The transactions with Significant Shareholders, members of the Board of Directors and Management are detailed below.

Significant shareholders

In the first half of 2017 the transactions performed by the Inditex Group with Pontegadea Inversiones, S.L., Partler 2006, S.L. or with persons or companies related to them, or with Rosp Corunna Participaciones Empresariales, S.L.U. or with persons or companies related to it were as follows:

First half of 2017:

Company name of significant shareholder	Nature of relationship	Type of transaction	Amount
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(21,364)
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Other expenses	(55)
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Services rendered	2,152
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Product Sales	7
Rosp Corunna Participaciones Empresariales, S.L.U. or related entities or persons	Contractual	Other expenses	(8)
Rosp Corunna Participaciones Empresariales, S.L.U. or related entities or persons	Contractual	Lease of assets	(610)

First half of 2016:

Company name of significant shareholder	Nature of relationship	Type of transaction	Amount
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(20,118)
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	84
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Assets Disposal	24,600
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Other expenses	(20)
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Product Sales	1
Pontegadea Inversiones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Services rendered	3,714
Rosp Corunna Participaciones Empresariales, S.L.U. or related entities or persons	Contractual	Lease of assets	(652)

Several Inditex Group companies have leased commercial premises belonging to companies related to the controlling shareholder or to significant shareholders.

Members of the Board of Directors and Management

In the first half of 2017 Inditex's Directors and Management earned the following remuneration and termination benefits:

(In thousands of Euros)	DIRECTORS	MANAGEMENT
Remuneration	6,760	17,452
Termination benefits	-	-

The amounts shown above include the settlement of the Second Cycle (2014-2017) of the 2013-2017 Plan, which was performed in the first half of 2017. After assessing the degree of achievement of the aforementioned plan's objectives, the Board of Directors, at the Remuneration Committee's proposal, verified on 18 July 2017 an overall degree of achievement of the objectives of 100 %. Consequently, 67,333 shares were delivered to the Executive Chairman and 185,700 shares to Senior Management, after the corresponding personal income tax pre-payment had been made in each case.

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The variable remuneration earned by the Directors and Management in 2016, which was disclosed in the consolidated annual accounts for 2016, was paid in the first half of 2017.

In the first half of 2016 Inditex's Directors and Management earned the following remuneration and termination benefits:

(In thousands of Euros)	DIRECTORS	MANAGEMENT
Remuneration	6,035	15,238
Termination benefits	-	-

The amounts shown above include the settlement of the First Cycle (2013-2016) of the 2013-2017 Plan, which was performed in the first half of 2016. After assessing the degree of achievement of the aforementioned plan's objectives, the Board of Directors, at the Remuneration Committee's proposal, verified on 19 July 2016 an overall degree of achievement of the objectives of 85%. Consequently, 60,907 shares were delivered to the Executive Chairman and 180,582 shares to Senior Management, after the corresponding personal income tax pre-payment had been made in each case.

Also, the variable remuneration earned by the Directors and Management in 2015 was paid in the first half of 2016.

9) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These interim condensed consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see note 1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARIES

**INTERIM MANAGEMENT REPORT
FOR THE FIRST HALF OF 2017**

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

Management report at 31 July 2017

(Amounts expressed in thousands of euros)

Situation of the entity

Inditex is a global fashion group with a presence on five continents, 93 markets and in both the Northern and Southern hemispheres, which engages mainly in the retail of fashion, principally apparel, footwear, accessories and textile products for the home. Inditex carries out its activity through various commercial concepts such as Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe.

Each format's commercial activity is carried out through a global, fully integrated store and online model managed directly by companies in which Inditex holds all or the majority of the share capital, with the exception of certain countries where, for various reasons, the retail selling activity is performed through franchises.

Inditex's business model is a flexible, integrated and customer-orientated model with a clear multi-channel and multi-concept strategy.

The business model encompasses all the phases of the value chain: design, manufacturing and supply, distribution, logistics and retail sales. The offer of an attractive combination of fashion at competitive prices, the constant renewal of designs and delivery to stores between twice and six times a week place the customer at the center of the Group's strategy. The reporting of information on a daily basis from the stores makes it possible to update collections on an ongoing basis.

The Group's logistics system facilitates continuous deliveries from the distribution centers of the various commercial formats to stores throughout each season. This system essentially operates through centralized logistics centers for each concept in which inventory is stored and distributed to stores worldwide.

Organizational structure

Inditex's corporate governance is articulated through the following institutional and operational bodies and mechanisms:

- General Meeting
- Board of Directors
- Executive Committee
- Audit and Control Committee
- Nomination Committee
- Remuneration Committee
- Compliance Committee
- Ethics Committee

Business performance and results

Key financial and non-financial indicators

Inditex continues to expand its global, fully integrated store and online sales platform.

In 1H2017 Inditex achieved a strong operating performance. Net sales reached €11,671,499 thousand, 11,5 % higher than in 1H2016. Sales in local currencies increased by 11%.

Like-for-like sales grew 6% in 1H2017 on 11% in 1H2016 and were positive across all geographies. The like-for-like calculation includes 84% of total store and online sales.

In 1H2017 Inditex opened stores in 35 markets.

At the end of 1H2017 Inditex operated 7,405 stores in 93 markets, demonstrating its global reach.

A list of openings and total stores by concept is included in the table below:

Concept	Net openings		Total Stores	
	1H2017	1H2016	31 July 2017	31 July 2016
Zara	25	19	2,092	2,021
Zara Kids	(3)	(11)	143	149
Pull&Bear	5	17	978	953
Massimo Dutti	7	9	772	749
Bershka	17	9	1,098	1,053
Stradivarius	21	12	1,015	962
Oysho	19	8	655	615
Zara Home	17	22	569	524
Uterqüe	5	(2)	83	70
Total	113	83	7,405	7,096

Net sales by concept in 1H2017 and 1H2016 are shown in the table below:

Concept	1H2017	1H2016	17/16
Zara	7,736,691	6,957,343	11%
Pull&Bear	764,838	680,693	12%
Massimo Dutti	790,656	719,642	10%
Bershka	1,015,662	892,618	14%
Stradivarius	663,671	607,304	9%
Oysho	271,314	229,000	18%
Zara Home	383,448	343,248	12%
Uterqüe	45,219	35,623	27%
Total	11,671,499	10,465,470	11.5%

Inditex operates a global sales platform. Store and online sales by geographical area are shown in the table below:

Area	1H2017	1H2016
Europe ex-Spain	43%	43%
Asia & RoW	25%	25%
Spain	16%	17%
America	16%	15%
Total	100%	100%

The Gross profit rose to €6,581,977 thousand, 11% higher than the previous year. The Gross margin reached 56.4% of sales. The performance in 1H17 was mainly due to the mix effect caused by the strong appreciation of the euro versus most major currencies since June. Inditex also took the commercial decision to make a quick transition from the Spring/Summer season into Autumn/Winter, programming in a strong launch of the campaign in August.

Operating expenses were tightly managed over the period growing by 11.5%, mainly as a result of the addition of new retail space and the variable costs linked to the sales performance. Operating expenses include all the start-up costs for new openings.

EBITDA came to €2,292,239 thousand, 9% higher than the prior year. EBIT came to €1,744,305 thousand, 9% higher than the prior year.

A breakdown of financial results can be found in the table below:

Thousands of euros	1H2017	1H2016
Net financial income (losses)	6,103	3,222
Foreign exchange gains (losses)	(7,561)	(3,100)
Total	(1,458)	122

The tax rate for 1H2017 is the best estimate for FY2017 according to current information.

Net income came to €1,366,015 thousand, 9% higher than the prior year.

Issues relating to sustainability and employees

The business model of the Inditex Group is based on the premise that all its processes must be sustainable and responsible. Inditex views sustainability as a responsibility that covers all social and environmental aspects related to its environment, in which all the professional teams that make up the Group play a role. For this purpose, Inditex accepts as its own the path that the United Nations 17 Sustainable Development Goals (SDGs) propose towards sustainability, and strengthens its commitment to the protection of human rights in all its activities, as established in the UN Guiding Principles on Business and Human Rights.

This responsibility is reflected in a series of commitments including most notably the responsible manufacture of goods, the traceability, transparency and integrity of the supply chain, efficient use of resources, innovation and customer service and a commitment to its employees and the community. All of these processes are carried out within Inditex under the Right to Wear principle, which defines the ethical and sustainable commitment of the company, to develop and to apply high standards in health and safety, and social environmental processes all across the production cycle to reduce the impact and return value.

All suppliers and factories involved in the production process of goods for sale are obliged on an explicit and binding basis to adhere to the social responsibility and environmental values and practices. These define the Group, and are transmitted through the Sustainability Department

and its purchasing teams. Inditex responds to this challenge through the creation and implementation of policies that are in tune with fundamental employment standards and environmental protection, as well as the establishment of tools for monitoring and direct cooperation with suppliers and multilateral dialogue with bodies and institutions working in these areas.

In this connection, Inditex's commitment and duty to responsible management of its supply chain involve identifying the areas of work that contribute to improving the sector's conditions in each of the countries in which the Group operates, thereby creating sustainable productive environments. The Manufacturer and Supplier Code of Conduct, and the Compliance Program that ensures its implementation, are the cornerstone on which Inditex bases its supply chain management and strengthening work. This work is complemented by specific programs covering such diverse and important matters as occupational safety, salaries and gender's equality, among others. They include projects and lines of work which are designed by and for the workers in the supply chain.

Noteworthy among the projects in which Inditex has collaborated in order to meet the challenge posed by a sustainable manufacturing chain are the following:

- The 2014 - 2018 Strategic Plan for a Stable and Sustainable Supply Chain.
- Supply chain traceability system.
- Manufacturer and Supplier Code of Conduct Compliance Program.
- Establishment of supplier clusters as platforms for communication and cooperation spaces in significant geographical areas of our supply chain
- 2016-2020 Inditex Environmental Plan: Program for improved energy, water and waste management in the Green to Wear manufacturing chain.
- Forest product policy to protect primary forests in danger of extinction.
- Product health and safety standards compliance programs Clear to Wear and Safe to Wear.
- Ready to Manufacture program to evaluate the wet textile manufacturing processes, with the aim of implementing practices to guarantee product health and safety.
- The List, by Inditex, research and quality control program for the chemical products employed in textile manufacturing.

- The *Picking* program. This is the instrument used to verify the quality of the items marketed by Inditex. It is structured in several phases, including most notably: deciding on the analyses to be conducted; taking representative samples of production; and the performance of analyses at external laboratories.
- The *Closing the Loop* program. This is an initiative for reusing and recycling textile products which encapsulates the Group's commitment to the circular economy. This

project is carried out in cooperation with third-sector entities, recycling companies and textile manufacturers.

These projects are associated with several codes and commitments assumed by Inditex, including most notably the following:

Human Rights Policy. Approved by the Board of Directors in December 2016, this is the cornerstone and main axis of the Group's Human Rights Strategy. Through this policy, Inditex undertakes to play an assiduous role in promoting human rights, to work proactively to ensure they are respected, and to avoid or mitigate any negative consequences for human rights of its own activities.

Manufacturer and Supplier Code of Conduct. Approved by the Board of Directors in 2001, it is mandatorily applicable to all of the Group's suppliers. This Code includes Inditex's rigorous standards for responsible supply chain management, the priority of which is to protect human rights and promote international labour legislation.

United Nations Global Compact (www.globalcompact.org). A United Nations initiative to promote social dialogue between companies and the civil society. Date of adherence: 31 October 2001. Inditex currently forms part of the Decent Work in Global Supply Chains platform and the Human Rights Group in the Spanish network.

United Nations Sustainable Development Goals (SDGs). As part of its commitment to sustainability and the protection of human rights in its value chain, Inditex has aligned its priorities with the 17 SDGs included in the United Nations' 2030 Agenda for Sustainable Development. In this connection, we have established qualitative and quantitative indicators that measure our contribution to the achievement of the SDGs. Also, Inditex is a member of the *Corporate Action Group for Reporting on the Sustainable Development Goals*, a task force organised jointly by the United Nations Global Compact and the Global Reporting Initiative (GRI), the aim of which is to define corporate reporting on SDGs and bring together best practices.

The Framework Agreement with IndustriALL Global Union (formerly ITGLWF) (www.industrialunion.org). To promote fundamental human and social rights in Inditex's manufacturing chain, including the definition of intervention and joint-action mechanisms in the manufacturing chain for the implementation of the Manufacturer and Supplier Code of Conduct. Date of adherence: 4 October 2007. On 4 May 2012 Inditex and IndustriALL signed the "Protocol to specify trade union involvement in order to strengthen the Global Framework Agreement for the manufacturing chain of Inditex". On 8 July 2014 the Framework Agreement between both

parties was renewed at the headquarters of the International Labour Organization (ILO) in Geneva (Switzerland). In 2016 a new agreement was reached which allows the involvement of trade union experts in the clusters (local platforms to communicate with our stakeholders), in order to monitor, supervise and work alongside the suppliers throughout the entire supply chain.

UNI GLOBAL UNION (www.uniglobalunion.org). This trade union federation represents service sector workers worldwide. Inditex has a framework agreement with UNI Global Union which endorses the labour rights included in the conventions of the International Labour Organization (ILO) and on which the labour relations with its employees are based. Date of adherence: 2 October 2009.

The Accord on Fire and Building Safety in Bangladesh's Textile Industry dated 13 May 2013 (www.bangladeshaccord.org). This is an agreement between global brands and retailers and local and international trade unions and NGOs, with the aim of ensuring lasting improvements in the working conditions of Bangladesh's textile industry. Inditex is an original signatory of the Accord and forms part of its Steering Committee.

Ethical Trading Initiative (ETI) (www.ethicaltrade.org). A platform for dialogue to improve the working conditions of workers in developing countries in the retail sector, comprising companies, international trade union organizations and non-governmental organizations. Date of adherence: 17 October 2005.

ACT (Action, Collaboration, Transformation) is a collaborative initiative between retail brands, suppliers and trade unions to promote living wages in the textile sector's supply chain. To implement this initiative, the brands included in ACT and IndustriALL Global Union executed a Memorandum of Understanding to establish the principles of freedom of association, collective bargaining and living wages in the manufacturing chains. Date signed: 13 March 2015. In 2016 the initiative became a foundation with a single aim: to transform the industry and achieve decent salaries in the sector through collective bargaining. This aim is pursued by three parallel working groups, with the collective bargaining group acting as the linchpin, backed by two other groups focused on productivity and good purchasing practices.

The Better Work Program (www.betterwork.org). A platform to improve compliance with labor standards and the competitiveness of global supply chains. Date of adherence: October 2007. In the course of this partnership, Inditex and Better Work executed on 9 October 2013 a specific collaboration agreement whereby Inditex became a direct buyer partner of the Better Work Program.

Public-Private Partnership with the International Labour Organization (ILO). The aim of this alliance, entered into in 2017 and with a term of three years, is the joint promotion by the ILO and Inditex of the fundamental principles and rights at work in the cotton supply chain.

Code of good tax practices. The code promotes a mutual cooperation between the tax authorities and companies. Date of adherence: 21 September 2010.

Zero Discharge of Hazardous Chemicals in 2020. Commitment to the restriction and elimination of certain chemicals in the product manufacturing process. As well as taking this commitment on board, as a member of this initiative, in 2016 we jointly led the working group to improve waste water management, which resulted in the publication of the *Wastewater Guidelines*. Date of execution: 27 November 2012.

The CEO Water Mandate (www.ceowatermandate.org). A United Nations initiative to support companies in the development, application and communication of its water strategies and policies. Date of adherence: 30 June 2011.

Sustainable Apparel Coalition (www.apparelcoalition.org). A textile sector initiative to develop a common sustainability index in order to evaluate the environmental performance of suppliers during the production process. Date of adherence: 20 October 2011.

The European Union's PEF (*Product Environmental Footprint*) Pilot. This is a programme run by the European Commission to increase the transparency of the environmental characteristics of products, explore new channels of information and encourage sustainable consumption. Together with the Sustainable Apparel Coalition, we participated in a pilot programme on footwear to analyse how to raise awareness of the environmental impacts of products. Communication pilots have also been carried out at the Zara and Oysho chains.

Textile Exchange (www.textileexchange.org). A platform to promote the growing of organic cotton and global sustainability in the textile sector. Date of adherence: 8 September 2010.

Better Cotton Initiative (www.bettercotton.org). An initiative that develops and promotes good practices in the traditional growing of cotton for the benefit of those who produce it, the environment and to ensure the future of the sector. Date of adherence: 1 July 2011.

The Cotton Campaign is a global coalition of human rights, labor, investor and business organizations dedicated to improving the working conditions of the cotton sectors in Uzbekistan and Turkmenistan. Date of adherence: 26 October 2012.

Fur Free Alliance (www.infurmat.com). Inditex forms part of the Fur Free Alliance's Fur Free Retailer Program. The Fur Free Alliance is an international coalition of organizations to protect animals, whose main objective is to end the exploitation and killing of animals for fur. Date of adherence: 1 January 2014.

Bangladesh Water PaCT (Partnership for Cleaner Textile). A four-year initiative to promote change in the Bangladesh textile sector by improving the environment of the so-called wet processes (dyeing, washing, printing and other finishes), thereby contributing to the sector's long-term competitiveness. Date of adherence: 20 June 2013.

ORGANIC COTTON ACCELERATOR (OCA). Being aware of the environmental and social advantages of ecologically grown cotton, Inditex supports the Organic Cotton Accelerator (OCA) as a founding partner and member of the investment committee. This multi-sector initiative brings together the main players in the ecologically grown cotton industry in order to combine forces and create a robust market that will benefit everyone, from the farmer to the consumer. Date of adherence: 19 October 2016.

CANOPY PLANET. Together with this organisation we founded the CanopyStyle initiative, the aim of which is to promote the sustainability of artificial cellulose fibres in the value chain. Date of adherence: March 2014.

Health and safety standards implemented by Inditex.

Clear to Wear. Clear to Wear is the Inditex Group's general and binding product health and safety standard that relates to all its items of clothing, footwear, accessories, knitwear and furniture. The aim of this standard is to eliminate or regulate the use of substances the use of which is limited by law.

Safe to Wear. Safe to Wear is the Inditex Group's general and binding product safety standard that relates to all production processes. This standard has been prepared in accordance with the strictest and most up-to-date legislation on the subject and is designed to guarantee the safety of all products sold by Inditex.

Other environmental initiatives are carried out at the Group's facilities including most notably the implementation of ISO 14001 certified environmental management systems at head offices, central offices and all of Inditex's logistics centers; the opening and refurbishing of stores based on the Ecoefficient Store Manual; LEED/BREEAM certification of flagship stores, logistics centers and offices; emission reduction programs; packaging and waste optimization programs; waste minimization plans at logistics centers and stores; design and buyer team awareness initiatives and programs for product recycling and end of product life programs.

Liquidity and capital resources

Inditex maintained its solid financial position at the end of 1H2017:

Thousands of euros	31 July 2017	31 July 2016
Cash & cash equivalents	3,812,583	3,551,159
Short term investments	1,731,298	1,498,333
Current financial debt	(73,862)	(125,827)
Non current financial debt	(4,706)	(689)
Net financial cash (debt)	5,465,312	4,922,976

The operating working capital position remains negative as a result of the business model:

Thousands of euros	31 July 2017	31 July 2016
Inventories	2,744,525	2,649,732
Receivables	824,957	694,727
Payables	(6,057,782)	(5,520,534)
Operating working capital	(2,488,300)	(2,176,075)

The Group's capital structure is characterized by the low debt/equity ratio as a result of the practically non-existent financing and the strength of its equity.

The Group's organic growth and its CAPEX needs have been financed substantially in full with the funds generated by the business, which has enabled the Group to maintain its solid cash position.

The Group has available credit lines that guarantee access to such additional funds as might be required.

Analysis of contractual obligations and off balance sheet transactions

As detailed in Note 25 to the consolidated annual accounts, the most significant contractual obligations related to future minimum payments under non-cancellable operating leases.

Also, as explained in Information on the outlook for the Group, commitments exist in relation to investments envisaged in the opening of new stores in FY2017, the amount of which is included in the figure for capital expenditure detailed under Issues relating to sustainability and employees.

Main risks and uncertainties

In order to facilitate unified and comprehensive risk management, the Group has established a common definition of risk for the Organization as a whole. Accordingly, the Group defines a risk as "any potential event that may have a negative impact on the fulfilment of the business objectives".

The risks reviewed are classified and grouped in the following categories:

1. Business environment

Risks arising from external factors relating to the Group's business activities.

This category includes risks relating to difficulties in adapting to the environment or market in which the Group operates, as regards both the procurement processes and the product retailing and sale activities. These risks are inherent in the fashion retailing business and consist of the Group's potential inability to continue operating and react to changes in its target market or to adapt to new situations in the countries from which it obtains its supplies or in which it performs retail activities.

In this regard, country-risk triggering geo-political, demographic and socio-economic changes in countries in which procurements or retail sales are made, the emergence of new means of communication and changes in consumer behavior or a downturn in demand in certain markets constitute, inter alia, factors that might have an adverse effect on the optimum achievement of the Group's business objectives.

2. Legislative and regulatory

These are the risks to which the Group is exposed as a result of the legislation in force in the countries in which it carries on its business activities.

The risks included in this category include risks relating to tax, customs, labor law, commercial and consumption-related regulations, intellectual property regulations and risks relating to other types of legislation, in particular, regulations in relation to criminal risk, which determine the criminal liability of legal entities, and other risks of non-compliance with legislation.

The General Council Office supervises and manages the Inditex Group's regulatory compliance system in order to prevent legal (including criminal) and reputational risks arising from possible

regulatory breaches, and to achieve the best ethical standards and monitor the corporate best practices.

3. Reputation

These are risks which have a direct influence on the perception of the Group held by its stakeholders (customers, employees, shareholders and suppliers) and society in general.

They arise from the possibility of the incorrect management of issues relating to corporate social responsibility and environmental sustainability, responsibility for product health and safety, the corporate image of the Group, as well as its image in social networks, and any other potential regulatory breach that might have an impact on the Organization's reputation.

4. Human resources

The main risks relating to human resources are those arising from potential dependence on key employees and the difficulties involved in identifying and adequately retaining talent, and maintaining an adequate working environment in all the work centers.

5. Operational

The principal operational risks to which the Group is exposed arise from the possible difficulties involved in recognizing and taking on board the constant changes in fashion trends, and in manufacturing, buying and selling new items that meet customer expectations.

The risk arising from the interruption of operations is associated with the possible occurrence of extraordinary events not within the Group's control (natural disasters, fires, transport or key supplier strikes, interruptions in energy and fuel supplies, withholding of goods in freight, etc.), which could have a significant effect on the normal functioning of the Group's operations.

In view of the Group's operating structure, the main operational risks are concentrated at logistics centers and at third party operators transporting goods. The clothing, footwear, accessories and household products of all the concepts are distributed from 14 logistics centers located throughout Spain. Logistics distribution is complemented by other smaller logistics centers located in other countries and with third party logistics operators which carry out small scale distribution operations.

Other risks included under this category would be those associated with property management, particularly in relation to the search for and selection of commercial premises and the return thereon.

6. Financial

The normal functioning of the Group's operations exposes it to risks of a financial nature. This category includes foreign currency risk and counterparty credit risk. In addition, the increasingly international nature of the Group's businesses exposes it to country risk in its various different markets.

The Euro is the Group's functional currency. Its international transactions require the use of numerous non-euro currencies giving rise to foreign currency risk. The Group has investments overseas whose assets are exposed to the foreign currency risk. Given that the Group consolidates the annual accounts of all its companies in its functional currency, i.e. in the euro, it is exposed to foreign currency risk in the translation of the results of all its entities located outside the Economic and Monetary Union. The Group is also exposed to the risk arising from the payment and collection flows in currencies other than the euro in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.

The Group is not exposed to significant concentrations of counterparty credit risk. The majority of its revenue relates to retail sales which are collected in cash or through credit or debit card payments. In any event, the Group is exposed to the risk that the (mainly financial) counterparties do not fulfil the obligations resulting from investing the Company's liquidity, under the credit facilities or other funding and guarantee vehicles or the derivatives arranged to hedge financial risks.

7. Information for decision-making

The risks in this category relate to the availability of adequate information at all levels: transactional and operating information, financial and accounting information, management information and budgeting and control information.

The Group's various departments and particularly the Management Planning and Control and the Administration departments, which report to the Corporate Finance Department, are directly responsible for producing and supervising the quality of this information.

8. Technology and information systems

These include the risks associated with the technological infrastructure, the effective management of information, IT and robotic networks and communications. They also include those relating to the physical and technological security of systems, in particular, the risk of cyberattacks on information systems, which could potentially affect the confidentiality, integrity and availability of critical data.

9. Corporate governance

This category includes the risk relating to the possibility of an inadequacy in the Group's management leading to the failure to comply with corporate governance and transparency rules.

Risk management at the Group is a process promoted by the Board of Directors and Senior Management and is the responsibility of all members of the Organization, the purpose of which is to provide reasonable assurance that the objectives established by the Group will be achieved, furnishing shareholders, other stakeholders and the market in general with sufficient guarantees to ensure that the value generated will be protected.

In this context, the Group's Risk Management and Control Policy establishes the basic principles, key risk factors and the general action guidelines for managing and controlling the risks that affect the Group. This Policy is applicable to the entire Group and forms the basis for an Integral Risk Management System.

The Risk Management and Control Policy is implemented and complemented by specific policies and internal regulations relating to certain units or areas of the Group. The policies and internal regulations developed and implemented by these areas for the management of the different types of risk include most notably:

- The Investment Policy.
- The External Financing Policy.
- The Payment Management Policy.
- The Financial Risk Management Policy.
- The Code of Conduct and of Responsible Practices.
- The Policy on Criminal Risk Prevention.
- The Criminal Risk Prevention Procedure.
- The Internal Regulations of Conduct regarding Transactions in Securities.
- The Corporate Social Responsibility Policy.
- The Code of Conduct for Manufacturer and Supplier.
- The Health and Safety at Work Policy.
- The Environmental Sustainability Policy.
- The Information Security Policy.
- The Purchasing and Contracting Policy.

- The Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors.
- The Policy and Procedure for Representatives and Attorneys.
- The Human Rights Policy.
- The Compliance Policy.
- The Tax Policy and the Tax Strategy.
- The Procedure to contract an auditor for the provision of additional services other than auditing of annual accounts.

For more details, see Section E-Risk control systems of the Annual Corporate Governance Report for 2016.

Significant events after the reporting period

No significant events have occurred since the reporting date.

Information on the outlook for the Group

Store and online sales in local currencies have increased by 12% from 1 August to 17 September 2017.

Ordinary capital expenditure in FY2017 is expected to be approximately euros 1,500,000 thousand.

Store and online launches

In August 2017 we launched Zara, Bershka, Massimo Dutti, Pull&Bear, Stradivarius, Oysho and Zara Home in Minsk, Belarus with a very warm reception.

Global online sales launches are on track. So far this year, Zara has launched online in Singapore, Malaysia, Thailand and Vietnam. Zara will launch online sales in India on 4 October.

R&D+I activities

The Inditex Group generally does not carry out research and development projects, which are defined as projects, other than those involving the design of garments, accessories, household products or certain logistical activities, in which amounts are invested over several years to develop assets on which a return is expected over multi-year periods.

Since its inception, the Group has been run with the help of the technology available in all areas of activity in order to improve manufacturing and distribution processes, and by developing in-house or third-party tools to facilitate the management of the business. Some examples of this are point-of-sale terminals, inventory management systems, distribution centre delivery systems, systems for communications with stores and in-store garment labelling systems.

Acquisition and sale of treasury shares

The Annual General Meeting held on 16 July 2013 approved the 2013-2017 Long-Term Share-Based Incentive Plan aimed at members of the management team and other employees of the Inditex Group (see note 27 to the consolidated annual accounts for 2016) (hereinafter, “the 2013-2017 Plan”) and authorized the Board of Directors to derivatively acquire treasury shares to cater for this plan. Also, the Annual General Meeting held on 19 July 2016 approved the 2016-2020 Long-Term Incentive Plan aimed at members of the management team and other employees of the Inditex Group (hereinafter, “the 2016-2020 Plan”) (see note 27 to the consolidated annual accounts for 2016) and authorized the Board of Directors to derivatively acquire treasury shares to cater for this plan.

At 31 January 2017, the Parent owned 3,610,755 treasury shares, representing 0.116% of the share capital. In the first half of 2017 the Parent acquired shares bringing the total number of treasury shares held by it to 4,004,029, representing 0.13% of the share capital.

In the first six months of 2017, settlement of the Second Cycle (2014-2017) of the 2013-2017 Plan took place, and the shares were delivered to the beneficiaries of the Plan. At 31 July 2017, the Parent owned 2,950,143 treasury shares, representing 0.095% of the share capital.

Other salient information

Stock market information

Inditex's market price stood at euros 33.59 per share at 31 July 2017, up 10% since the beginning of the year, in line with the 13% increase in the Ibex 35 index in the same period. The average daily trading volume was approximately 5.7 million shares.

Inditex's market capitalization stood at euros 104,688,000 thousand at the end of the six-month period, up 1,043% on its capitalization when its shares were admitted to trading on 23 May 2001, as compared with a 9% increase in the Ibex 35 index in the same period.

Dividend policy

On 18 July 2017, the Annual General Meeting approved the distribution of a dividend out of profit for 2016 amounting to a maximum of euros 2,116,868 thousand (euros 0.68 gross per share, corresponding to an ordinary dividend of euros 0.50 per share and an extraordinary dividend of euros 0.18 per share for all the outstanding shares).

Of the aforementioned amount, a gross amount of euros 0.34 per share was paid on 2 May 2017 as an interim dividend and euros 0.34 gross per share will be paid on 2 November 2017 as a final dividend (ordinary and extraordinary); the total amount payable is recognized under "Trade and other payables" in the accompanying interim condensed consolidated balance sheet at 31 July 2017.

Other disclosures

Related party transactions

Transactions with related parties are described in Note 8 to the consolidated annual accounts. The Company did not carry out any transactions with related parties during the year that substantially affected its financial position or results.

Risks and uncertainties

There are no material risks or uncertainties for the second half of 2017.

Alternative performance measures

The gross profit, EBITDA, EBIT, ROCE and ROE are defined in the initial Note to the consolidated annual accounts for 2016.

The information disclosed in this document may contain statements in relation to future intentions, expectations and projections. All such statements, except for those based on historical data, are forward-looking statements, including, inter alia, those that address our financial position, business strategy, management plans and objective for future transactions. The aforementioned intentions, expectations or projections are subject per se to risks and uncertainties which could cause actual results to differ from those anticipated.

These risks include, but are not limited to, competition within the sector, consumer preferences and spending trends, economic and legal conditions, restrictions on free trade and/or political instability in those markets where the Inditex Group has a presence or in those countries in which Group products are manufactured or distributed.

The risks and uncertainties that could potentially have an impact on the information disclosed are difficult to predict. The Group undertakes no obligation to publicly update or revise any of the forward-looking statements in the event that any unforeseen changes or events arise which might affect them.