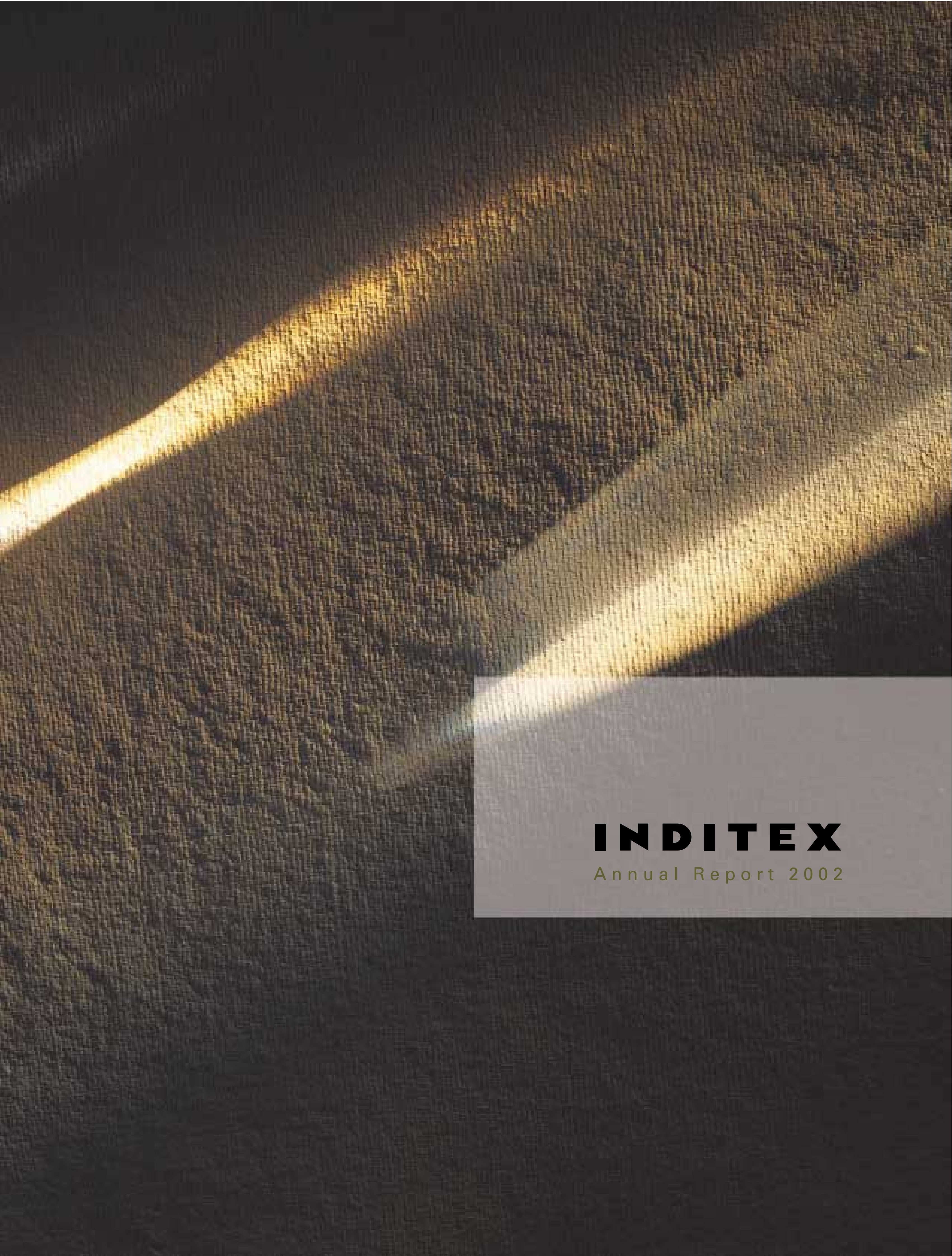
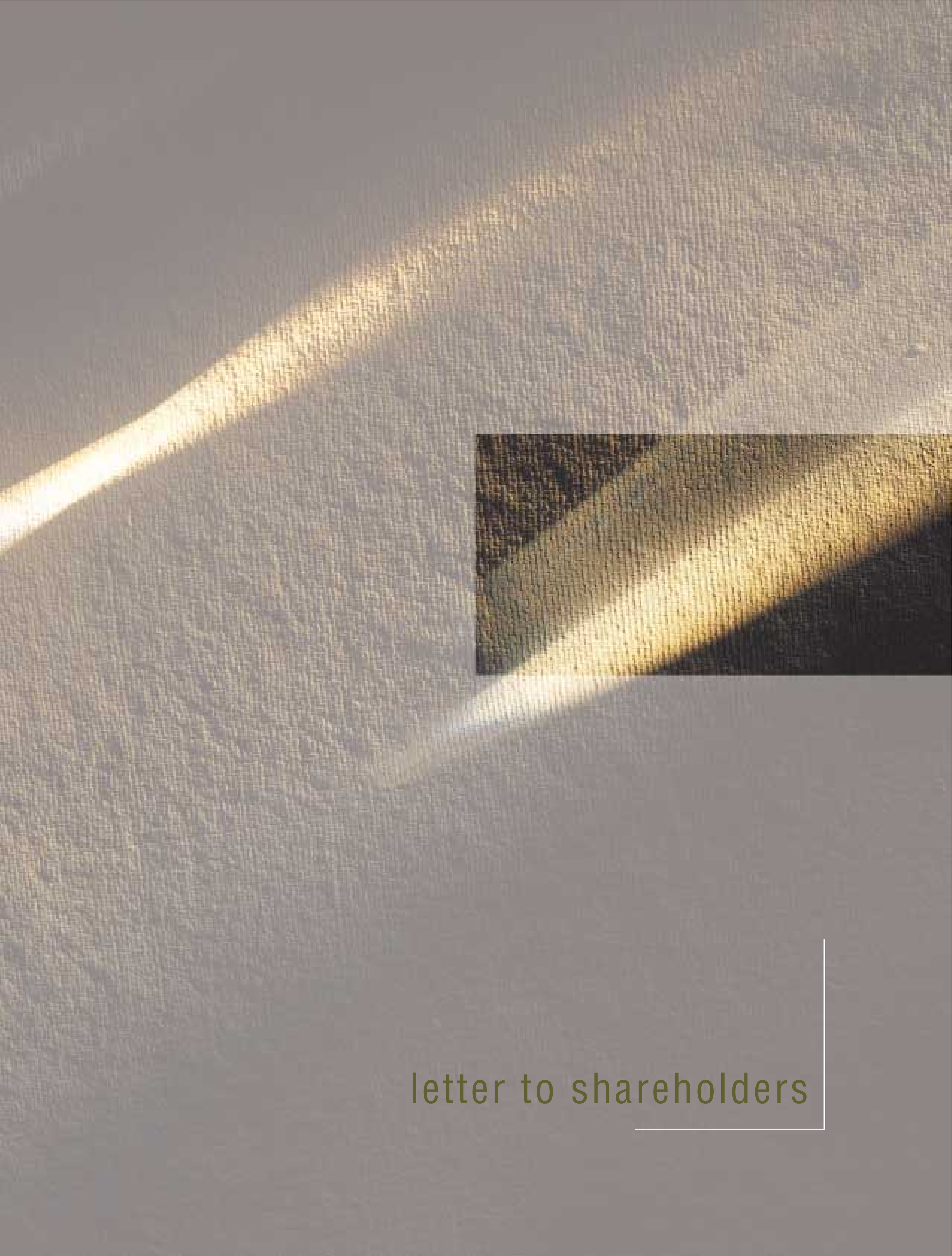


INDITEX

Annual Report 2002

index



letter to shareholders

Dear shareholders,

Once again I have the pleasure of addressing you on the publication of the Annual Report for Fiscal 2002. Over this year, the professionals of the Inditex Group have advanced in the consolidation of the achievements reached in the past and in the development of new projects which will allow us to grow in the future.

Inditex has continued to progress on the international expansion of its profitability, which has resulted in an increase in the operating margin. In this respect, let me highlight that the effort made in the consolidation of our presence in Europe has led to a greater contribution to sales –exceeding 80% of the total– and to the meeting of our expectations in the markets of this area.

Europe, the main area of growth for the group, is where 85% of the new store openings have been concentrated, from a total of 274. During 2002 we have opened a significant number of stores in Germany, UK, France, Italy and Spain, in addition to introducing some of our retail formats in new countries such as Switzerland and Finland. The presence of Zara in more than 20 European markets has now been seconded by other concepts, such as Massimo Dutti in France, Switzerland and UK or Bershka in Belgium and Switzerland. This strategy has continued on into Fiscal 2003, with the launch of Bershka in France and Holland. Over this current fiscal year significant steps will be taken with these and other concepts of the group.

As regards the results, the group's net sales rose in 2002 by 22% to € 3,974 million. The operating leverage led to an 29% increase in net income to € 438 million. These figures are a reflection of the daily effort of a professional team that keeps growing –more than 32,000 professionals in 45 countries– with a firm corporate philosophy and culture.

The soundness of Inditex's business model has been a key factor in our performance in a year with an unfavourable worldwide economic situation. Even in these conditions, comparable store sales have grown by 11%. This figure is two percentage points higher than that of 2001 and is fundamentally based on the growth in the sales of our European stores, which have offset the impact of a depreciation in exchanges rates in certain countries outside the Euro zone.

During 2002 Inditex has progressed on its policy of corporate disclosure, in line with the demands being assumed by listed companies in Spain and the rest of the world. Inditex initiated this path some time ago, marked by the conviction that the good governance of the company –and a transparent decision-making process– is inscribed in the very culture of our group. In a wider sphere, the social responsibility of our group, as a demonstration of our sensitivity to our environment, has driven new actions aimed at the auditing of the supply chain and implementation of Code of Conduct among our suppliers.

Lastly, I want to point out that the will of the professional team of the group continues to be determined to set new projects into motion. In the course of 2003 this effort is going to materialize in the launch of a new concept dedicated to the home, as well as the start of operations of a new distribution centre in Zaragoza (Spain) for the Zara concept. Of course, expansion will continue with the opening of new stores for all the concepts and with entering new markets. In short, all the professionals making up Inditex are keeping up their commitment to high quality standards, customer focus and innovation in their work.

Amancio Ortega Gaona
Chairman

financial highlights

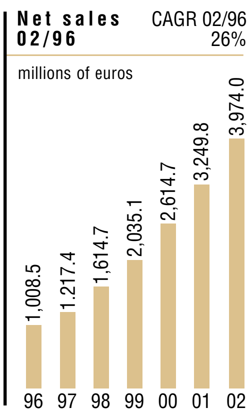
CONSISTENT GROWTH AND NEW MARKETS

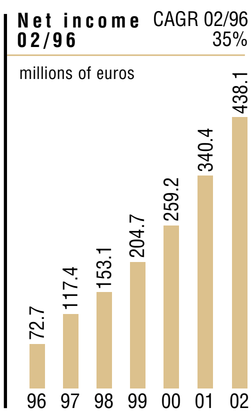
The net income of the Inditex Group in Fiscal 2002 was € 438.1 million, 29% more than in 2001. Consolidated net sales rose to € 3,974 million, an increase of 22% on the previous year. These results reflect an evolution that is in line with that of preceding years, despite international economic trends and, in particular, the effect of the heavy depreciation suffered by Latin American currencies.

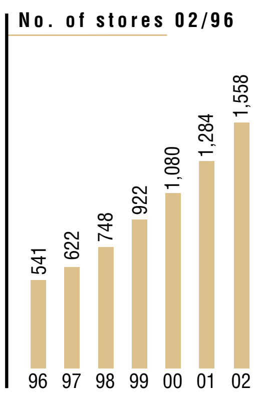
In 2002, the operating margin grew more than net sales, favouring once again the leverage of the Group's results. EBITDA increased by 23%, to € 868.1 million, and EBIT by 27%, to € 659.3 million. Like-for-like sales grew by 11%, versus 9% the previous fiscal year.

On 31 January 2003, the Inditex Group had 1,558 stores open in 44 countries, 274 more than one year earlier, with a selling area of 791,900 m2, after growing by 21% in 2002. Over 2002 the first stores were opened in five new markets: Finland, Switzerland, the Dominican Republic, El Salvador and Singapore.

54% of the group's sales were generated in the 640 stores located outside Spain. The participation of the stores located in Europe with respect to total sales and consolidated income of the group increased in the last year, due to the increase both in number – 85% of new openings took place in this area – and in the profitability of the business in those markets.







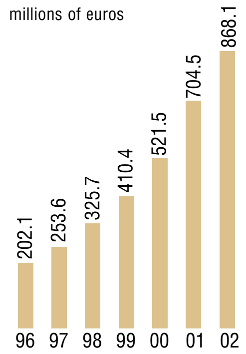
MAIN INDICATORS

Description	2002	2001	2000	1999	1998	1997	1996	CAGR 02/96
RESULTS								
Net sales	3,974.0	3,249.8	2,614.7	2,035.1	1,614.7	1,217.4	1,008.5	26%
Yo Y%	22%	24%	28%	26%	33%	21%		
EBITDA	868.1	704.5	521.5	410.4	325.7	253.6	202.1	27%
Yo Y%	23%	35%	27%	26%	28%	25%		
EBIT	659.5	517.5	379.9	296.2	241.5	192.6	150.3	28%
Yo Y%	27%	36%	28%	23%	25%	28%		
Net income	438.1	340.4	259.2	204.7	153.1	117.4	72.7	35%
Yo Y%	29%	31%	27%	34%	30%	61%		
BALANCE								
Shareholders equity	1,761.3	1,486.2	1,170.9	893.2	673.4	529.9	414.9	27%
Yo Y%	19%	27%	31%	33%	27%	28%		
Total balance	3,013.8	2,588.6	2,107.6	1,772.9	1,326.3	977.2	820.3	24%
Yo Y%	16%	23%	19%	34%	36%	19%		
Net financial position	245.6	57.5	(50.6)	(149.9)	(93.0)	(38.3)	(105.8)	
STORES								
Number of stores at FY end	1,558	1,284	1,080	922	748	622	541	
Net openings	274	204	158	174	126	81	33	
Number of countries	44	39	33	30	21	14	10	
OTHER INFORMATION								
International sales	54%	54%	52%	49%	46%	42%	36%	
LFL	11%	9%	9%	5%	11%	7%	4%	
ROE	27%	26%	25%	26%	25%	25%	20%	
ROCE	41%	39%	34%	33%	36%	35%	29%	
Number of employees	32,535	26,724	24,004	18,200	15,576	10,891	8,412	

EBITDA 02/96

CAGR 02/96 27%

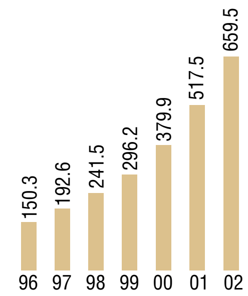
millions of euros



EBIT 02/96

CAGR 02/96 28%

millions of euros



Return on sales 02

2002	11.02%

Market capitalization at FYE 02

millions of euros

31 January 03	13,825

EPS 02, 02/01

euro cents

2002	70.3
02/01	29%

Stock performance

euros

31 January 02	22.13
31 January 03	22.18
variation	0.23%

Return On Equity (ROE) 02

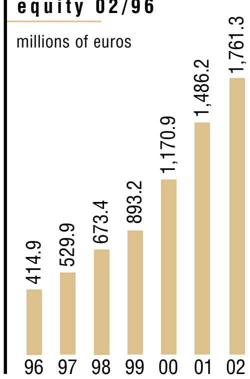
2002	27%

Return On Capital Employed (ROCE) 02

2002	41%

Shareholders equity 02/96

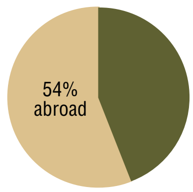
millions of euros



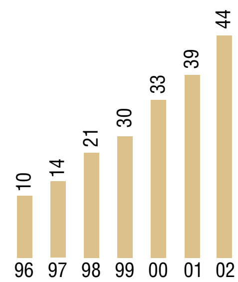
Growth in Like-For-Like Sales (LFL)

02/01	11%

Sales in stores abroad 02



No. of countries 02/96



	No. of stores by chain 02	Openings 02
Zara	531	65
Kiddy´s Class	59	18
Pull and Bear	296	47
Massimo Dutti	250	27
Bershka	197	46
Stradivarius	153	33
Oysho	72	38
Totals	**1,558**	**274**

business performance

Zara | Manchester | United Kingdom

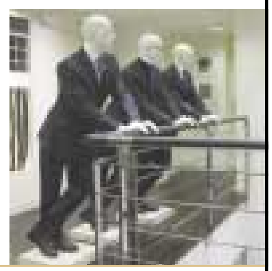
During Fiscal 2002, the Inditex Group has continued its strategy of international expansion, consolidating its presence in the main European markets and taking advantage of the opportunities for growth in other international markets. The total number of stores of all the formats has increased by 274, reaching the figure of 1,558 stores. The number of countries in which the group is present has risen to 44, with first store openings taking place in Switzerland, Singapore, Finland, the Dominican Republic and El Salvador.

Over the fiscal year the project for the setting up of a second logistics centre for the Zara chain in Zaragoza, which is due to begin functioning in 2003, has continued to materialize. Likewise, progress has continued on the definition of a new commercial format dedicated to the home, the first stores of which are due to open over the current fiscal year.

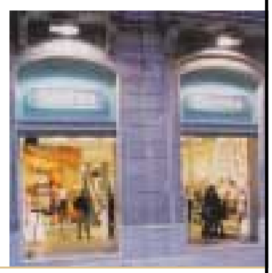
CONCEPTS

ZARA

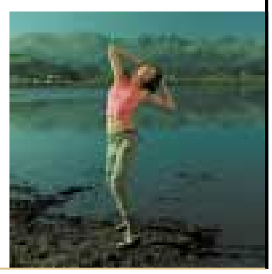
The figure of net openings of the Zara format during Fiscal 2002 rose to 65. The new stores were opened in 28 countries, seven of these being new markets: Italy, Switzerland, Finland, Malta, Singapore, the Dominican Republic and El Salvador. Of the total of the openings in Fiscal 2002, 49 took place in Europe, 9 on the Americas and 7 in the Middle East and Asian-Pacific area.



On 31 January 2003, the Zara format had 531 stores - 331 outside Spain – with a selling area of 561,800 square metres. The turnover of the format reached € 2,913 million, which represents 73% of the group’s total.



During the past year the bases were set for the establishment of the format in new markets during 2003. Independently of the new opportunities that could come up during the current fiscal year, in the first few months of 2003 Zara has opened its first store in Russia – one of the fruits of the collaboration with the Finnish distribution group, Stockman – and has announced that over this year it will open its first stores in Sweden, Ireland, Malaysia and Jordan.



The setting in motion of the second logistics centre of the Zara format, called Plataforma Europa, located in the Logistics Platform at Zaragoza (PLA-ZA), is due to start its operations before the second half of 2003. This centre, the construction of which has meant an investment of close to € 100 million, will complement the activity of Zara’s Logistics Centre located in Arteixo (A Coruña) and will allow the absorption of the format’s future growth.

Bershka | Bilbao | Spain

PULL AND BEAR

The Pull and Bear fashion concept opened 47 stores during Fiscal 2002, increasing its international presence to 296 stores in 16 countries in Europe, Latin America and Asia. The selling area reached 51,700 square metres, while its turnover rose to € 266 million, representing 6.7% of the total of the Inditex Group.

MASSIMO DUTTI

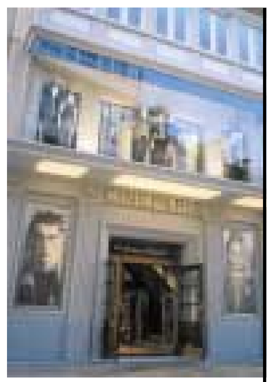
Over the course of the last fiscal year Massimo Dutti opened a total of 27 new stores. Of these openings, 10 took place in six countries where the format had not previously been present: France, UK, Switzerland, Greece, Kuwait and Qatar.

On 31 January 2003, Massimo Dutti had a total of 250 stores in 23 countries, with a selling area of 51,600 square metres. The weight of Massimo Dutti over the total of the sales of the Inditex Group has meant 7.2%, with turnover of € 287 million.

BERSHKA

Bershka opened 46 new stores in the fiscal year, reaching a total of 197 stores on 31 January 2003. Its stores are located in nine countries in Europe, the Middle East and Latin America. The Bershka stores had a total selling area of 64,400 square metres and turnover of € 299 million, 7.5% of the group's total.

In August 2002, in approximately half of its stores, Bershka introduced areas dedicated to male apparel, following the same line of trends as its designs for the female public.



STRADIVARIUS

The figure for net openings of the Stradivarius concept during Fiscal 2002 rose to 33. At FYE, the format had 153 stores in 9 countries in Europe and the Middle East, with a total selling area of 39,100 square metres. This concept achieved a turnover of € 124 million, 3.1% of the group's total.

OYSHO

Oysho opened 38 new stores in Fiscal 2002, reaching 72 stores as at 31 January 2003. The format dedicated to lingerie and underwear is present in Spain, Portugal, Italy, Greece, Kuwait, Mexico and Venezuela.

Its turnover was € 23.4 million, which represents 0.6% of the group's total. The selling area reached 11,100 square metres.

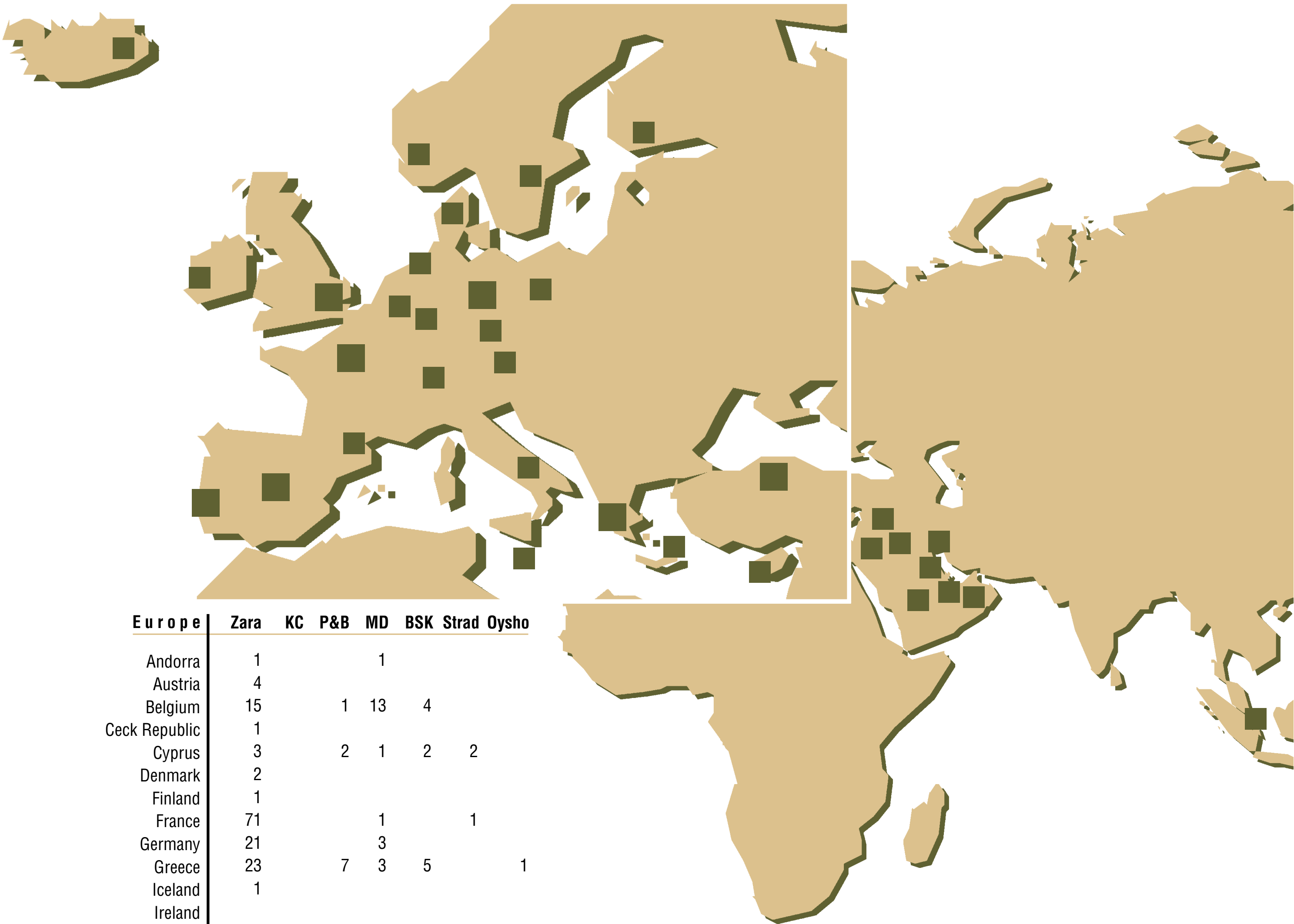
KIDDY'S CLASS

The Inditex Group decided to strengthen its presence in the children's fashion segment through the development of the Kiddy's Class concept, a format whose stores were previously integrated into the figures of the Zara concept.

Kiddy's Class is a concept of children's clothing that shares the commercial philosophy of the group: to offer quality apparel with up-to-date design and at affordable prices. In Fiscal 2002, 18 new stores were opened, meaning the achieving by Kiddy's Class of a total of 59 stores in Spain and Portugal. The openings took place mainly in small towns and in shopping areas of big cities where a complete Zara store would not fit, or when the childrenswear offer in current stores could be complemented.

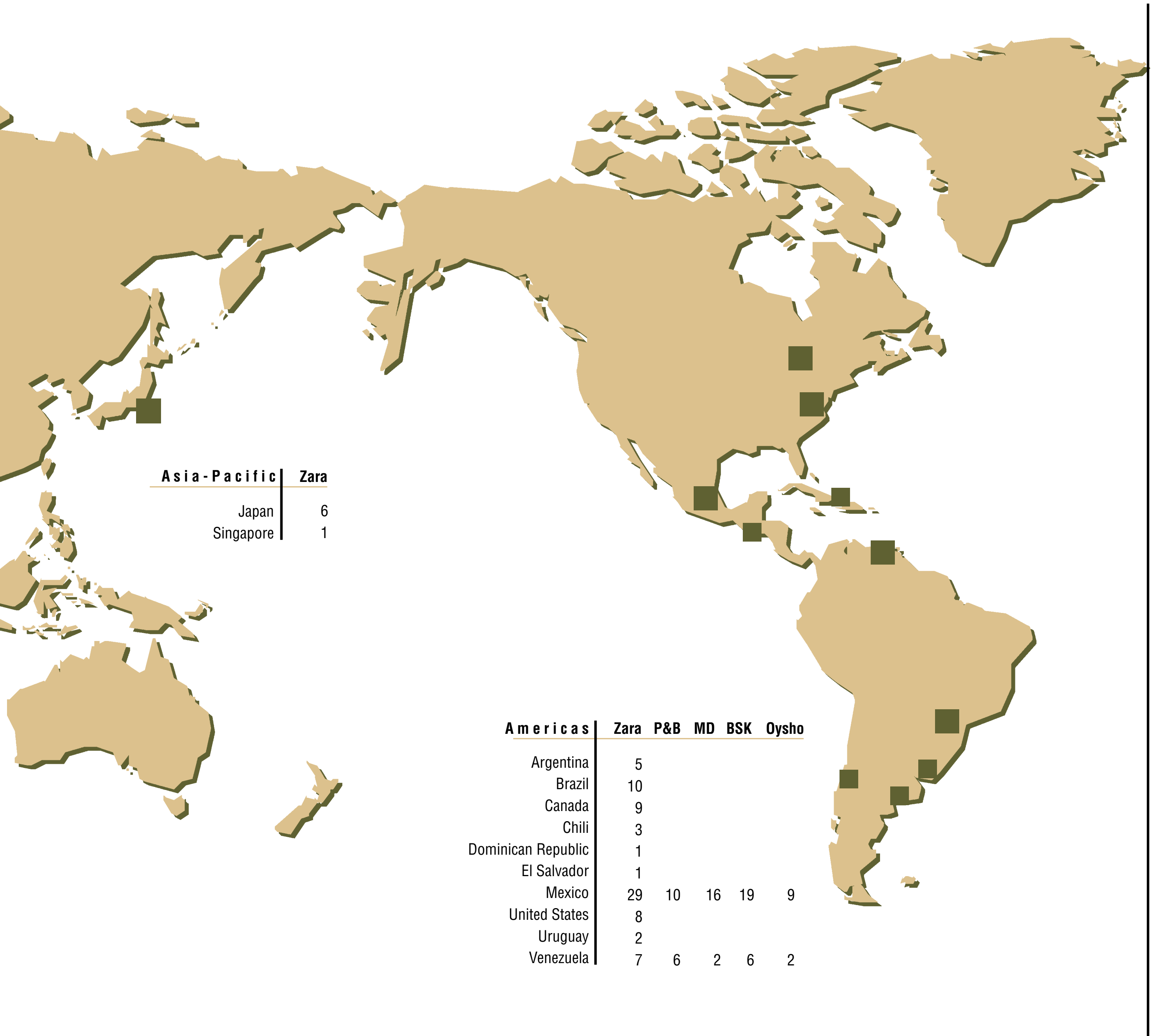
The total selling area at FYE was 12,200 square metres and turnover reached € 60 million, 1.5% of the total.

INTERNATIONAL PRESENCE



Europe	Zara	KC	P&B	MD	BSK	Strad	Oysho
Andorra	1			1			
Austria	4						
Belgium	15		1	13	4		
Ceck Republic	1						
Cyprus	3		2	1	2	2	
Denmark	2						
Finland	1						
France	71			1		1	
Germany	21			3			
Greece	23		7	3	5		1
Iceland	1						
Ireland							
Italy	3						2
Luxembourg	2			1			
Malta	1		3				
Norway				1			
Poland	4						
Portugal	35	7	38	32	20	14	9
Spain	200	52	200	155	135	128	48
Sweden				2			
Switzerland	2			2	2		
The Netherlands	4			1			
Turkey	8						
United Kingdom	17			2			

Middle East	Zara	P&B	MD	BSK	Strad	Oysho
Bahrain	1	1	1		1	
Israel	11	14				
Jordan		1	1			
Kuwait	3	2	1		1	1
Lebanon	2	1	2			
Qatar	1	1	1		1	
Saudi Arabia	8		4		3	
United Arab Emirates	4	4	4	4	2	



Asia-Pacific	Zara
Japan	6
Singapore	1

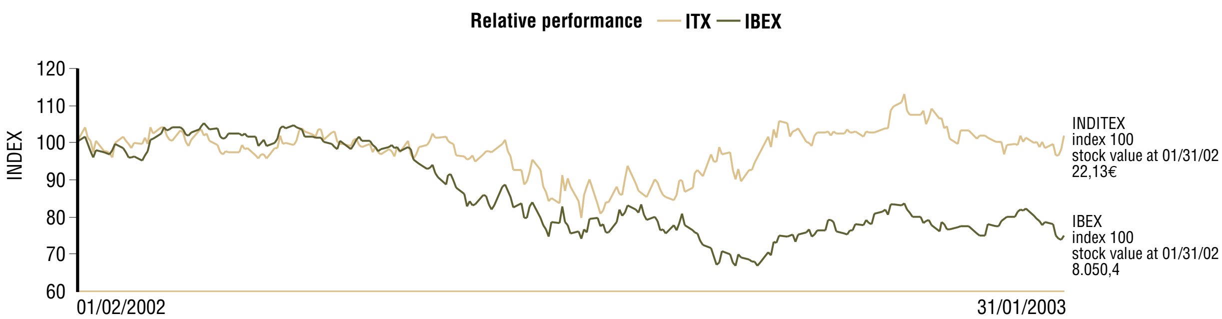
Americas	Zara	P&B	MD	BSK	Oysho
Argentina	5				
Brazil	10				
Canada	9				
Chili	3				
Dominican Republic	1				
El Salvador	1				
Mexico	29	10	16	19	9
United States	8				
Uruguay	2				
Venezuela	7	6	2	6	2

Massimo Dutti | Barcelona | Spain

STOCK PERFORMANCE

Over Fiscal 2002 (1 February 2002 to 31 January 2003) Inditex stock increased in value of 0.23%, in the context of a fall in value of the IBEX-35 index over the same period of 26.11%. The highest price at closing was reached on 2 December 2002, situating the listing of the share at 25 euros, while the lowest price at closing occurred on 5 August of the same year, with a share price of 17.64 euros. The average volume of trade per trading day has been greater than 1.2 million shares.

The market capitalization of Inditex at FYE was situated at € 13,825 million, accumulating an increase in value of 50.88% in the almost twenty months having passed since its flotation. This development has occurred in a particularly difficult period in the stock markets, during which the IBEX has fallen by 38.23%.



In September 2002, SAM Indexes, the company in charge of producing the Dow Jones Sustainability World (DJSI World) and Dow Jones STOXX Sustainability (DJSI STOXX) indexes, decided to include Inditex in those indexes. Subsequent to the close of Fiscal 2002, Inditex has been included in the FTSE4Good, an index produced by the independent company, FTSE. Inditex is thus present in the main indicators of corporate social responsibility at international level, responding to the demands for information of international markets on the capacity of companies to manage their activities responsibly long-term with economic, social and environmental demands.

In accordance with the resolutions approved at the General Shareholders' Meeting on 19 July 2002, between 1 October and 6 November the second phase of the Employee Stock Participation Plan was executed among the group's employees. In this second phase, the 809,700 shares remaining after the execution of the first phase of the Plan in 2001 were distributed. The recipients were the employees of the Inditex Group in Spain, Portugal, France, Belgium and Greece who, having been beneficiaries of the first Plan, continued to be employees on 1 October 2002. After the execution of the second phase, the total number of the 4,312,000 shares initially assigned to the Employee Stock Participation Plan (equivalent to 0.7% of Inditex's share capital) has been distributed to employees of the group.

board of directors

BOARD OF DIRECTORS

	Executive	Audit and Compliance	Nomination and Remuneration	Nature
Chairman				
D. Amancio Ortega Gaona	■■			Domanial-Executive
Deputy Chairman				
D. José María Castellano Ríos	■			Executive
Board Members				
D. Carlos Espinosa de los Monteros	■		■■	Independent
D. Fred H. Langhammer			■	Independent
D. Francisco Luzón López	■	■	■	Independent
Dña. Rosalía Mera Goyenechea (*)				Domanial
Dña. Irene Miller		■		Independent
D. Juan Carlos Rodríguez Cebrián	■			Executive
D. Juan Manuel Urgoiti López de Ocaña	■	■■		Independent
Secretary				
D. Antonio Abril Abadín	■			Executive

(*) Rosalía Mera Goyenechea is the representative of ROSP CORUNNA S.L., a company that is a member of the Board of Directors of the Company.

■■ Chairman of the Committee
■ Members of the Committees

CHANGES DURING FISCAL 2002

The Board of Directors of Inditex, during its meeting held on 19 September 2002, resolved to accept the resignation of Mrs. Josefa Ortega Gaona as a member of the Board itself and of the Executive Committee due to having reached the maximum age for the holding of the office of Director foreseen in article 22 of the Regulations of the Board of Directors.

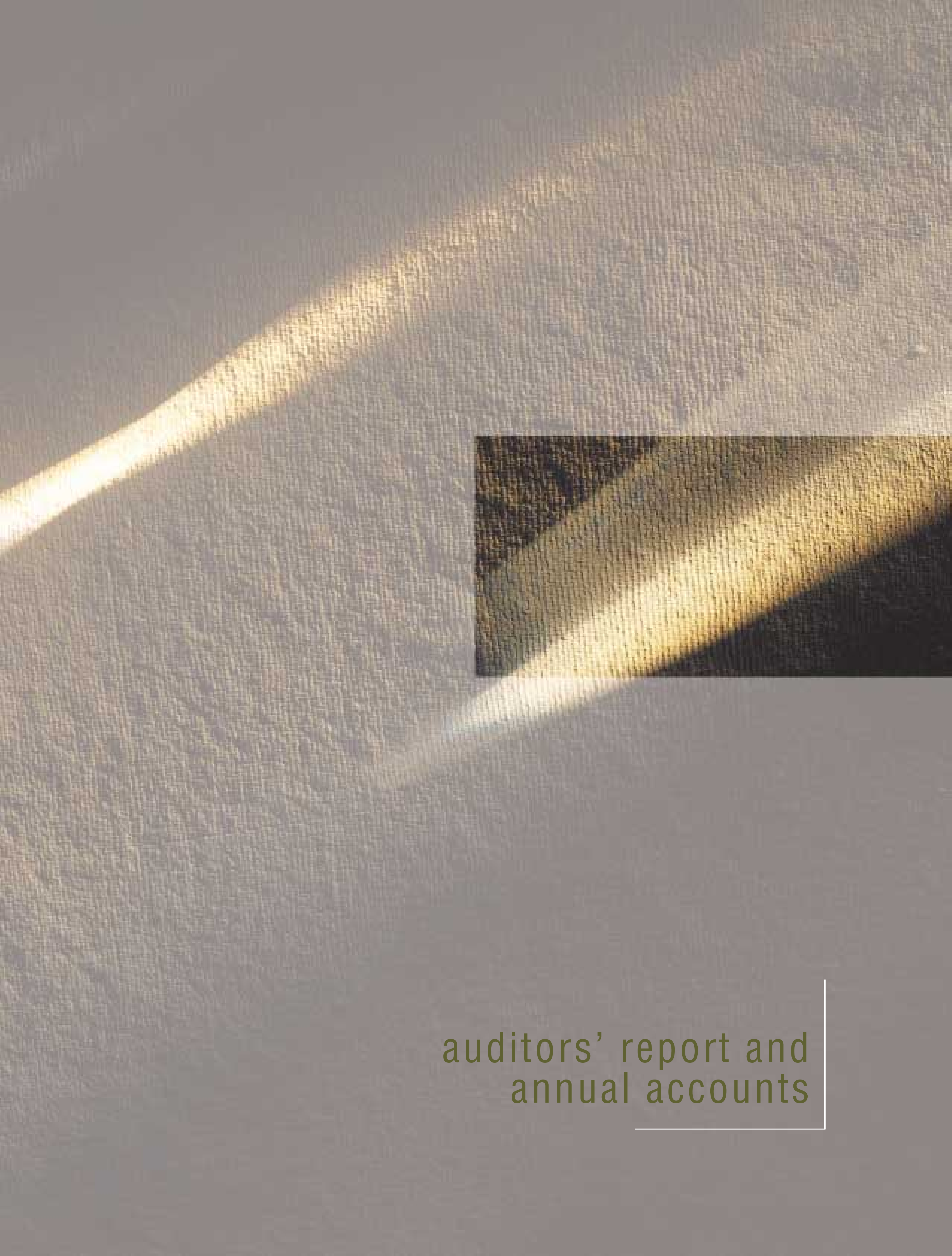
On 12 December, with the prior report by the Nomination and Remuneration Committee, the Board of Directors resolved to cover this temporary vacancy designating Mr. Antonio Abril Abadín as Board member, who shall hold the office jointly with the office of General Counsel and Secretary of the Board.

MODIFICATIONS SUBSEQUENT TO THE CLOSE OF THE FISCAL YEAR

The Board of Directors on 20 March 2003 resolved to modify the name of the Audit and Compliance Committee to adapt it to the new nomenclure given by the Ley de Medidas de Reforma del Sistema Financiero [Law on Measures of Reform of the Financial System], changing its name to the Audit and Control Committee.

Likewise, the Board of Directors approved on that same date the new Board of Directors' Regulations, which establish that both the Audit and Control Committee and the Nomination and Remuneration Committee shall be made up exclusively of independent directors. In accordance with this, Mr. José María Castellano and Mr. Juan Carlos Rodríguez Cebrián presented their resignation as members, respectively, of the Audit and Control Committee and of the Nomination and Remuneration Committee.

On 20 March 2003, the Board of Directors also resolved to appoint Ms. Irene Miller and Mr. Fred H. Lahghammer as members, respectively, of the Audit and Control Committee and of the Nomination and Remuneration Committee.



auditors' report and annual accounts

KPMG

Auditores

Fama, 1, 1°
15001 A Coruña

Auditors' Report on the Consolidated Annual Accounts

(Translation from the original in Spanish)

To the Shareholders of
Industria de Diseño Textil, S.A.

We have audited the consolidated annual accounts of Industria de Diseño Textil, S.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet at January 31, 2003, the related consolidated statement of profit and loss for the year then ended and the notes thereto (year 2002), the preparation of which is the responsibility of the board of directors of Industria de Diseño Textil, S.A. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our examination which was conducted in accordance with generally accepted auditing standards in Spain, which require examining, on a test basis, evidence supporting the amounts in the consolidated annual accounts and assessing the appropriateness of their presentation, of the accounting principles applied and of the estimates employed.

In accordance with prevailing Spanish legislation, these consolidated annual accounts for the year 2002 also include, for each individual caption in the consolidated balance sheet and the consolidated statement of profit and loss, comparative figures for the previous year. Our opinion refers exclusively to the consolidated annual accounts for the year 2002. On 22 March 2002, other auditors issued their unqualified audit report on the consolidated annual accounts for the year 2001.

In our opinion, the consolidated annual accounts for the year 2002 present fairly, in all material respects, the consolidated shareholders' equity and financial position of Industria de Diseño Textil, S.A. and its subsidiaries at January 31, 2003 and the consolidated results of operations for the year then ended, and contain sufficient information necessary for their adequate interpretation and understanding, in accordance with generally accepted accounting principles in Spain applied on a basis consistent with that of the preceding year.

The accompanying consolidated directors' report for the year 2002 contains such explanations as the directors consider relevant to the situation of the Group, the evolution of its business and other matters, but is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with the consolidated annual accounts for the year 2002. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Industria de Diseño Textil, S.A. and its subsidiaries.

KPMG AUDITORES, S.L.

(Signed)

Eduardo Perelló Teruel

21 March, 2003

CONSOLIDATED BALANCE SHEETS AS OF JANUARY 31, 2003 AND 2002

Thousands of euros		
ASSETS	**01-31-03**	**01-31-02 (*)**
B) FIXED ASSETS		
I Start-up expenses (note 5)	560	607
II Intangible assets (note 6)	378,113	352,015
Intangible assets and rights	494,985	472,549
Accumulated amortization	(116,217)	(119,677)
Provisions	(655)	(857)
III Tangible fixed assets (note 7)	1,333,143	1,211,887
Land and structures	477,100	442,770
Technical installations and machinery	1,185,099	1,042,924
Other tangible fixed assets	196,719	174,542
Advances and construction in progress	87,542	47,328
Accumulated depreciation	(589,362)	(479,297)
Provisions	(23,955)	(16,380)
IV Long-Term financial investments (note 8)	79,003	81,324
Holdings in companies carried by the equity method	18,275	23,793
Long-term investment securities	5,890	8,489
Other loans	54,940	49,162
Provisions	(102)	(120)
V Shares of the Controlling Company (note 15)	447	447
Total fixed assets	**1,791,266**	**1,646,280**
C) GOODWILL IN CONSOLIDATION (note 9)	**62,612**	**72,136**
D) DEFERRED CHARGES (note 10)	**13,931**	**16,469**
E) CURRENT ASSETS		
II Inventories (note 11)	382,439	353,802
III Accounts receivable (note 12)	237,678	184,228
Customer receivables for sales and services	97,704	95,989
Other accounts receivable	141,482	89,487
Provisions	(1,508)	(1,248)
IV Short-term financial investments (note 13)	294,343	52,310
Short-term investment securities	52,057	46,300
Other loans	242,286	6,010
VI Cash	221,689	256,768
VII Accrual accounts	9,838	6,563
Total current assets	**1,145,987**	**853,671**
TOTAL ASSETS	**3,013,796**	**2,588,556**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the consolidated balance sheet as of January 31, 2003.

(*) Presented for comparison purposes only.

CONSOLIDATED BALANCE SHEETS AS OF JANUARY 31, 2003 AND 2002

Thousands of euros		
SHAREHOLDER'S EQUITY AND LIABILITIES	**01-31-03**	**01-31-02 (*)**
A) SHAREHOLDERS EQUITY (note 15)		
I. Capital Stock	93,500	93,500
II. Additional paid-in capital	20,379	20,379
III. Revaluation Reserve	1,692	1,692
IV. Other reserves of the Controlling Company	773,302	586,866
Unrestricted reserves	753,999	567,563
Restricted reserves	19,303	19,303
V. Reserves at cos. cons. by the global or prop. integ. method	556,571	434,242
VI. Reserves at companies carried by the equity method	(874)	989
VII. Translation differences from companies consolidated by the global integration method	(121,407)	8,112
VIII. Income attributable to the Controlling Company	438,091	340,412
Consolidated for the year (profit)	442,476	345,244
Attributed to minority Interest (profit and losses)	(4,385)	(4,832)
IX. Interim dividend paid during the year	0	0
Total shareholder's equity	**1,761,254**	**1,486,192**
B) MINORITY INTEREST (note 16)	**19,336**	**21,053**
D) DEFERRED REVENUES (note 17)	**8,535**	**4,921**
E) PROVISIONS FOR CONTINGENCIES AND EXPENSES (note 18)	**41,147**	**38,970**
F) LONG-TERM DEBT		
II. Payable to credit entities (note 19)	129,343	138,209
III. Other accounts payable (note 20)	41,443	64,995
Total long-term debt	**170,786**	**203,204**
G) CURRENT LIABILITIES		
II. Payable to credit entities (note 19)	144,522	118,488
III. Payable to companies carried by the equity method (note 14)	2,243	1,064
IV. Trade accounts payable	506,173	426,342
V. Other nontrade payables (note 20)	359,403	288,288
VI. Accrual accounts	397	34
Total current liabilities	**1,012,738**	**834,216**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	**3,013,796**	**2,588,556**

The accompanying Notes 1 to 24 and Appendix I are an integral part of the consolidated balance sheet as of January 31, 2003.
(*) Presented for comparison purposes only.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED JANUARY 31, 2003 AND 2002

Thousands of euros		
DEBIT	**01-31-03**	**01-31-02 (*)**
A) EXPENSES		
Purchases	1,954,956	1,658,474
Personnel expenses	569,896	489,836
a) Wages, salaries, etc	448,647	385,550
b) Employee welfare expenses (note 22)	121,249	104,286
Period depreciation and amortization	185,407	158,163
Variation in provisions	13,663	11,642
Other operating expenses	609,878	492,644
I. OPERATING INCOME	**669,068**	**534,672**
Financial and similar expenses	16,234	23,106
Variation in financial investment provisions	0	71
Exchange losses	70,735	41,671
II. FINANCIAL INCOME	**0**	**0**
Share in losses of companies carried by the equity method	440	1,845
Amortization of goodwill in consolidation (note 9)	9,524	17,147
III. INCOME FROM ORDINARY ACTIVITIES	**629,519**	**496,183**
Variation in intangible and tangible fixed assets provisions	0	(202)
Losses on fixed assets	22,100	9,059
Extraordinary expenses (note 22)	24,005	22,871
Prior year's expenses and losses	4,379	5,847
V. CONSOLIDATED INCOME BEFORE TAXES	**615,050**	**495,094**
Corporate income tax (note 21)	165,014	139,670
Other taxes (note 21)	7,560	10,180
VI. CONSOLIDATED INCOME FOR THE YEAR	**442,476**	**345,244**
Income attributed to minority interests	4,385	4,832
VII.INCOME FOR THE YEAR ATTRIBUTED TO THE CONTROLLING COMPANY	**438,091**	**340,412**

The accompying Notes 1 to 24 and Appendix I are an integral part of the consolidated statement of income for the year ended January 31, 2003.

(*) Presented for comparison purposes only.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED JANUARY 31, 2003 AND 2002

Thousands of euros		
CREDIT	**01-31-03**	**01-31-02 (*)**
B) REVENUES		
Net revenues (note 22)	3,973,973	3,249,807
Increase in finished product and work-in-process inventories	28,786	95,407
Other operating revenues	109	217
I. OPERATING LOSS	**0**	**0**
Revenues from shareholdings	35	35
Other financial revenues	10,011	10,975
Exchange gains	47,029	34,341
II. FINANCIAL LOSS	**29,894**	**19,497**
Share in the income of companies carried by the equity method (note 8)	309	0
III. LOSS ON ORDINARY ACTIVITIES	**0**	**0**
Gains on fixed asset disposals	1,437	8,533
Capital subsides transferred to income for the year	2	224
Extraordinary revenues and income	8,322	24,373
Prior year's revenues and income	26,254	3,356
IV. EXTRAORDINARY LOSS	**14,469**	**1,089**

The accompying Notes 1 to 24 and Appendix I are an integral part of the consolidated statement of income for the year ended January 31, 2003.

(*) Presented for comparison purposes only.

Translation of a report and consolidated financial staments originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2002

1 GROUP DESCRIPTION

Industria de Diseño Textil, S.A. (hereinafter Inditex) and its subsidiaries form the Inditex Group comprising mainly companies engaging in the manufacturing and marketing of textiles and footwear, which Inditex manages on a centralised basis by applying policies and strategies at Group level.

The Group comprises several store chains, in which all stages of the value generation process are controlled: design, production, management of the supply chain, logistics and retail sales. All business matters are managed independently in each store chain, which share corporate and support services, leading to significant synergies.

Certain Group companies render supplementary or support services to the principal distribution business such as construction and refurbishment of shops, real estate services, etc.

The names of the store chains and the number of sales outlets at 31 January 2003 are as follows:

	Number of stores		
Commercial Chain	**Own**	**Franchises**	**Total**
Zara	487	44	531
Kiddy´s Class	59	0	59
Pull & Bear	262	34	296
Massimo Dutti	162	88	250
Bershka	191	6	197
Stradivarius	118	35	153
Oysho	71	1	72
Totales	**1,350**	**208**	**1,558**

The Group operates mainly through subsidiaries in which it holds a controlling interest. Nevertheless, certain manufacturing and retail activities are carried out with partners with which the activity and the risk inherent therein is shared. For example footwear manufacture and products distribution in countries such as Germany, Italy and Japan is carried out through joint ventures. In countries considered high risk or where the target markets for Inditex are small the Group operates through franchises, the assets, liabilities and operations of which are not incorporated in the consolidated annual accounts.

Appendix I includes details of consolidated dependent, associated and multigroup companies in which a direct or indirect interest is held by the Controlling Company.

At 31 January 2003 the Group chains have stores in 44 countries. Details are as follows:

	Number of stores		
Country	**Own**	**Franchises**	**Total**
Spain	884	34	918
Portugal	122	33	155
France	73	0	73
Belgium	21	12	33
Holland	4	1	5
United Kingdom	19	0	19
Germany	24	0	24
Sweden	2	0	2
Norway	1	0	1
Andorra	0	2	2
Austria	4	0	4
Denmark	2	0	2
Luxembourg	2	1	3
Iceland	0	1	1
Ireland	0	5	5
Finland	0	1	1
Italy	5	0	5
Switzerland	6	0	6
Poland	0	4	4
Czech Republic	1	0	1
Greece	39	0	39
Malta	0	4	4
Cyprus	0	10	10
Israel	0	25	25
Lebanon	0	5	5
Turkey	8	0	8
Kuwait	0	8	8
United Arab Emirates	0	18	18
Saudi Arabia	0	15	15
Bahrain	0	3	3
Qatar	0	4	4
Jordan	0	3	3
Canada	8	0	8
United States	9	0	9
Dominican Republic	0	1	1
Mexico	67	16	83
Venezuela	23	0	23
El Salvador	0	1	1
Brazil	10	0	10
Argentina	5	0	5
Chile	3	0	3
Uruguay	2	0	2
Japan	6	0	6
Singapore	0	1	1
Total	**1,350**	**208**	**1,558**

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS AND CONSOLIDATION PRINCIPLES

a) Identification

The year ended 31 January 2002 will henceforth be referred to as '2001', the year ended 31 January 2003 will be referred to as '2002', and so on.

b) True and fair view

The consolidated annual accounts at 31 January 2003 have been prepared on the basis of the accounting records of Industria de Diseño Textil, S.A. and of the subsidiaries comprising the Inditex Group in the format established by prevailing Spanish legislation to present fairly the shareholders' equity, financial position and results of operations of the Group.

The consolidated annual accounts of the Inditex Group at 31 January 2002 were approved by the shareholders' meeting within the legally stipulated period. The consolidated annual accounts for the year ended 31 January 2003 will be formulated by the directors of the Group and submitted for approval by the shareholders at their annual general meeting. The directors consider that the consolidated annual accounts for the year ended 31 December 2002 will be approved without any changes.

The individual annual accounts of Inditex at 31 January 2003 have been prepared by the directors in a separate document.

c) Accounting policies

The consolidated annual accounts at 31 January 2003 were prepared in accordance with the accounting principles and criteria summarised in note 4. All mandatory accounting principles with an effect on Group's net worth, the financial position and results of operations were applied in the preparation of these consolidated annual accounts.

d) Consolidation principles

The consolidated annual accounts for 2002 have been prepared in accordance with legislation governing consolidation in Spain, deriving from European Union Directive 7. International Accounting Standards issued by the International Accounting Standards Board have been applied to areas not governed by Spanish legislation.

The following basic principles have been applied in consolidation of the annual accounts:

1. The companies over which effective control is exercised were consolidated by the global integration method. The multigroup companies, which are managed jointly with third parties, were consolidated by the proportional integration method.

The companies in which the Group has a significant influence but not ownership of a majority of the voting rights or joint management with third parties are carried by the equity method.

2. All material accounts receivable and payable, transactions and profits between the companies consolidated by the global integration method have been eliminated on consolidation.

   The accounts receivable and payable, revenues, expenses and income of proportionally consolidated companies arising from transactions with other Group companies were eliminated on consolidation in proportion to the ownership interest held by Inditex.

3. The equity of minority interests in the net worth and results of the consolidated subsidiaries is recorded under "Minority interests" and "Income attributed to minority interests" in the consolidated balance sheet and consolidated statement of income, respectively.

4. In the case of subsidiaries whose accounting and valuation methods differ from those of the Controlling Company, where the effect was material, adjustments have been made so as to present the consolidated financial statements on a uniform basis.

5. The financial statements of companies denominated in foreign currency have been translated to Euros using current exchange rates which implies:

   - The assets and liabilities of foreign consolidated companies are translated into Euros at the exchange rate prevailing at year end. Equity is translated at the historic exchange rate and the average exchange rate for the year has been used for income and expense.

   Exchange gains or losses arising from application of the aforementioned method are reflected in consolidated equity under "Translation differences" (note 15), less the portion attributable to minority interests, which is shown under "Minority interests" in the consolidated balance sheet.

6. Exchange differences arising on consolidation have been treated as follows:

   - Exchange gains or losses deriving from trade payables and receivables of consolidated companies with other consolidated companies, or financing operations for which payment or collection is probable, are taken to income or expenses during the year.

   - Exchange differences arising on monetary items with other consolidated companies that, in substance, form part of the Group's net investment in a foreign entity and for which settlement is neither planned nor likely to occur are classified as net consolidated equity under the caption "Translation differences from companies consolidated by the global integration method" until the disposal of the investment, in the subsidiary, at which time they are recognised as income or as expenses for that year. Exchange differences assigned to "Translation differences" in 2002 amount to Euros 51,029 thousand and mainly reflect the effects of the devaluation of several Latin American currencies in the Group's long term investment

7. Furthermore, balance sheet and statement of income captions of companies in Venezuela, Uruguay, Chile and Turkey have been adjusted prior to translation into Euros for the effects of fluctuations in prices. The effects of inflation for the year on monetary assets and liabilities included in the consolidated statement of income for the year under "Exchange losses" and "Exchange gains", amount to Euros 360 thousand and Euros 4,236 thousand, respectively.

8. In accordance with standard practice in Spain, these consolidated annual accounts do not include the tax effect of including, where applicable, the reserves of subsidiary companies abroad in the accounting records of the Controlling Company. This is because it is considered that reserves not taxed at source will not be transferred and because the consolidation process does not involve the distribution of reserves, since they are going to continue to be used as a self-financing source by each of the consolidated companies.

f) Comparative information

"Provisions for contingencies and expenses" in the consolidated balance sheet for 2001, prepared by the directors of the Group, included a Euros 16,380 thousand provision for significant refurbishment work, which has been reclassified under "Tangible fixed assets – Provisions" in the accompanying consolidated balance sheet for 2001. This reclassification has been made to improve the true and fair view of the consolidated annual accounts and facilitate comparison with the figures for 2002.

g) Changes in the consolidated Group

The following companies have been incorporated into the consolidated Group in 2002:

MASSIMO DUTTI SUISSE, S.A.R.L.
CORPORACION DE SERVICIOS XXI, S.A. de C.V.
ZA CLOTHING IRELAND, LTD.
MASSIMO DUTTI SVERIGE, AB
MASSIMO DUTTI NORGE, AS
BERSHKA SUISSE, S.A.R.L.
BERSHKA FRANCE, S.A.R.L.
MASSIMO DUTTI UK, LTD.
OYSHO DEUTSCHLAND, GmbH
BERSHKA NEDERLAND, BV
PULL & BEAR BELGIQUE, S.A.
NAVIERA VENUS, A.I.E
NAVIERA BERLÍN , A.I.E.
NAVIERA COVADONGA , A.I.E.
NAVIERA GUADIANA , A.I.E.
VEHILS, S.A.

These changes have not had a significant impact on the consolidated annual accounts for 2002.

3. DISTRIBUTION OF THE INCOME OF THE CONTROLLING COMPANY

The proposal of the Board of Directors which is pending approval of the shareholders of the Controlling Company at their annual general meeting is that Euros 87,266 thousand of the net income for the year ended 31 January 2003 be distributed as dividends and Euros 99,898 thousand allocated to voluntary reserves.

4. VALUATION STANDARDS

The main valuation methods applied in preparing the consolidated annual accounts of the Group at January 31 2003, in accordance with those established in the Spanish General Chart of Accounts, are as follows:

a) Start-up expenses

Start-up expenses are stated at cost net of amortisation generally calculated on a straight-line basis over a period of five years.

b) Intangible assets

This caption in the accompanying consolidated balance sheet includes the following items:

- Intellectual property: this account is charged for the amounts paid to acquire title to, or the right to use, such items, or for the expenses incurred on the registration of intellectual property developed by the Company. Intellectual property is amortised on a straight-line basis over a maximum period of ten years.

- Computer software is stated at cost and amortised on a straight-line basis over a period of five years.

- Rights on leased assets: the financial lease contracts are recorded as intangible assets at the cost of the related asset, and the total debt for lease payments plus the amount of the purchase option are recorded as a liability. The difference between the two amounts, which represents the interest expenses on the transaction, is recorded as a deferred expense and is charged to expenses each year by the interest method.

Exceptionally, certain consolidated companies revalued their leased assets pursuant to Royal Decree-Law 7/1996 June, 7 (see note 15).

The rights recorded as intangible assets are amortized over the useful life of the related asset, as explained in section c) below. The value of the recorded rights and the related accumulated amortization are transferred to tangible fixed assets when the purchase option is exercised.

- Leasehold assignment rights: these rights are recorded at the amounts paid for their acquisition and are generally amortized on a straight-line basis over ten years, unless the contract term is shorter. This caption also includes leasehold assignment rights acquired in France which are protected under French legislation and therefore, amortization of these rights is not necessary.

This caption also includes commercial premises access fees. These amounts are generally allocated to income on a straight-line basis over the term of the related contracts.

c) Tangible fixed assets

Tangible fixed assets are stated at cost, which includes the additional expenses incurred until the assets come into operating condition. Certain consolidated companies revalued this cost pursuant to the applicable enabling legislation, including Royal Decree-Law 7/1996 June 7 (see Note 15). In exceptional circumstances, provided the requirements stipulated by accounting legislation currently in force are complied with, financial expenses incurred prior to the entry into service of the asset are capitalized.

The costs of expansion, modernization or improvements leading to an increase in productivity, capacity or efficiency or to a lengthening of the useful life of the assets are capitalized.

Repair and maintenance costs are expensed when incurred.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, as follows:

Description	Years
Structures	18 to 50
Technical installations	6 to 13
Machinery	3 to 10
Tools	3 to 8
Furniture	7 to 10
Computer hardware	4 to 8
Transport equipment	3 to 15
Other tangible fixed assets	4 to 10

The surpluses or increases in value resulting from revaluations are depreciated over the remaining useful lives for tax purposes of the corresponding revalued assets.

According to the Group's policy, provision is made for possible future losses which may be incurred on refurbishment work carried out prior to the expiry of the useful lives of certain tangible assets located at the commercial premises where the Group operates. The charge for this provision is recorded under "Variation in provisions" in the accompanying consolidated statement of income.

d) Marketable securities and other similar financial investments

Marketable securities representing the capital of companies which are not consolidated by the global or proportional method (Appendix I), but in which an interest exceeding 20% is held, are carried by the equity method, at the underlying book value of the interest per the most recent balance sheet available of the investee.

Marketable securities representing interests of less than 20% are valued at the lower of cost or underlying book value per the most recent balance sheet available of the investee company. Provision is made where cost exceeds the underlying book value.

The underlying book value is adjusted by the amount of latent unrealized gains at the date of acquisition which remain at the date of the subsequent valuation.

Short- and long-term non-trade loans are recorded at the amount delivered. The difference between this amount and the loan principal is recorded as "Deferred interest revenues" with a balancing entry under the related fixed or current asset caption. Interest revenues are calculated by the interest method in the year in which they accrue.

e) Shares of the Controlling Company

This caption comprises own shares acquired by the Controlling Company (Inditex) and are stated at the lower of average cost, represented by the total amount paid for the acquisition, or market value should this be lawer. Market is taken to be the lower of average market price in the last quarter, market price at year end or the corresponding underlying net book value.

f) Goodwill on consolidation

This caption in the accompanying consolidated balance sheet reflects the unamortized differences in consolidation arising from the acquisition of consolidated subsidiary companies or companies carried by the equity method, as appropriate, which are expected to be recovered through the income reported by these investees in the future.

These differences are generally amortised on a straight-line basis over the ten-year period during which Group management estimates that the goodwill will contribute to provide revenues (note 9).

g) Deferred charges

The balance of this caption in the accompanying consolidated balance sheet comprises the following items:

- Differences between the face value of debts and the amount received, which are charged to expenses by the interest method.

- Expenses incurred on the acquisition of fixed assets, which are stated at the amount incurred and are generally expensed on a straight-line basis over a period of ten years.

h) Inventories

Inventories are stated at cost of acquisition or production, which includes the cost of materials consumed, labour costs and manufacturing overheads. Provision is made for inventories where cost of acquisition or production exceeds market value and the decline in value is considered to be reversible. Market value is determined as follows:

- Commercial inventories, raw materials and supplies: lower of replacement cost or the net realisable value.
- Finished products: realisable value, net of the related marketing expenses.
- Work in process and semi-finished products: realisable value of the related finished products, net of the total manufacturing costs not yet incurred and marketing expenses.

The method used to calculate the acquisition price is determined by the type of goods involved, and, basically, the FIFO method is used for fabrics and other textile supplies.

Obsolete, faulty or slow-moving inventories are restated at their possible realisable value.

k) Accounts receivable

The Group makes provision for doubtful accounts in respect of overdue balances and when circumstances indicate doubtful collection.

j) Provisions for contingencies and expenses

The Inditex Group records provisions for the estimated amount required for possible third-party liabilities arising from litigation in progress or from outstanding indemnity payments or obligations of undetermined amount, for collateral and other similar guarantees provided by the Group, and for other contingencies of any other kind that might arise as a result of the Group's activities. These provisions are recorded when the commitment or obligation giving rise to the indemnity or payment arises (note 18).

Under the applicable collective labour agreements, certain Group companies are required to pay retirement bonuses. The Group has provided for the actuarial estimation of the portion of retirement bonuses accrued at 31 January 2003.

k) Debts

Debts are recorded at face value and the difference between the face value and the amount received is recorded as deferred charges and is expensed on an accruals basis by the interest method.

In the accompanying consolidated balance sheet, debts maturing in under 12 months are classified as current liabilities and those maturing at over 12 months as long-term debt.

l) Capital subsidies and other deferred revenues

Non-refundable capital subsidies and amounts received from shopping centres to carry out work on commercial premises are recorded under "Deferred revenues" on the liability side of the accompanying consolidated balance sheet at the amount received and are taken to income on a straight line basis over the estimated useful lives of the assets for which the subsidies have been received.

m) Foreign currency balances and transactions

Foreign currency on hand and receivables and payables denominated in foreign currencies are translated to Euros at the rates of exchange at the transaction date and are adjusted at year end to the exchange rate prevailing at that date.

Foreign exchange differences are recorded using the following criteria:

1. Exchange differences on foreign currency held by the subsidiaries are taken to income or expenses, as appropriate.

2. Exchange differences arising on the adjustment or foreign currency balances to year-end exchange rates are classified by due date and currency.

Foreign exchange losses are charged to expenses while exchange gains are deferred until realised.

n) Recognition of revenues and expenses

Revenue and expenses are recognised on an accruals basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the monetary or financial flow arises.

Nevertheless, applying prudent criteria, the Group only records realised income at year end, while foreseeable contingencies and estimated losses are recognised as soon as they become known.

ñ) Corporate income tax

The expense for corporate income tax of each year is calculated on the basis of the book income before taxes of each Inditex Group company, increased or decreased, as appropriate, by the permanent differences from taxable income.

Tax relief and tax credits taken in the year are treated as a reduction of the corporate income tax expense for that year.

o) Hedges

The Group arranges financial transactions (basically foreign currency exchange rate hedges and options and forward contracts) to hedge a portion of its foreign currency imports and exports. Since these hedging transactions are not of a speculative nature, the gains or losses thereon are recorded on settlement of the transactions.

p) Compensation for termination of employment

According to prevailing labour legislation, companies are liable to pay indemnities to employees, under certain circumstances, whose services are discontinued. No provision has been made in this regard, as the Directors of the Group companies do not foresee any significant dismissals in the future.

5. START-UP EXPENSES

The variations in 2002 in the accounts composing this caption in the accompanying consolidated balance sheet were as follows:

Item	Balance at 02.01.2002	Additions	Transfers	Amortisation	Other	Balance at 01.31.2003
Incorporation expenses	104	21	(44)	(28)	(6)	47
Pre-opening expenses	289	147	(7)	(115)	0	314
Capital increase expenses	214	253	20	(288)	0	199
Total	**607**	**421**	**(31)**	**(431)**	**(6)**	**560**

6. INTANGIBLE ASSETS

The detail of the balance of this caption in the accompanying consolidated balance sheet and of the variations therein in 2002 is as follows:

Intangible assets	Balance at 02.01.02	Additions	Reductions	Transfers	Other	Balance at 01.31.03
Intellectual property	13,295	1,635	0	0	0	14,930
Goodwill	1,879	0	0	0	0	1,879
Leasehold assignment rights	315,118	61,780	4,823	1,983	(19,273)	354,785
Computer software	3,301	900	138	226	(92)	4,197
Rights on leased assets	136,901	1,968	357	(21,561)	(432)	116,519
Advances and other intangible assets	2,055	2,348	27	(1,701)	0	2,675
Provisions	(857)	0	(202)	0	0	(655)
Total	**471,692**	**68,631**	**5,143**	**(21,053)**	**(19,797)**	**494,330**

Accumulated depreciation	Balance at 02.01.02	Additions	Reductions	Transfers	Other	Balance at 01.31.03
Intellectual property	7,359	1,204	0	0	0	8,563
Goodwill	376	376	0	0	0	752
Leasehold assignment rights	81,885	21,159	19,035	(112)	(5,850)	78,047
Computer software	1,637	576	34	7	(14)	2,172
Rights on leased assets	28,347	4,678	11	(6,302)	(325)	26,387
Other intangible assets	73	250	27	0	0	296
Total	**119,677**	**28,243**	**19,107**	**(6,407)**	**(6,189)**	**116,217**

Additions mainly reflect investments during the year.

"Transfers" column principally relate to leasing contracts which have expired during the year and have been transferred to tangible fixed assets and the "Other" column relates to the effect of adjustments in countries with high inflation rates (note 2 (d-7)), and to the effect of translation differences in foreign subsidiaries.

2002 year-end details of lease contracts entered into by Inditex Group companies, mainly relating to commercial premises, are as follows:

Leased assets	Amount
Total cost of the assets	116,519
Prior years' lease payments	74,760
2002 lease payments	15,888
Outstanding lease payments	40,227
Purchase option	7,826

7. TANGIBLE FIXED ASSETS

The detail of the balance of the "Tangible fixed assets" caption in the accompanying consolidated balance sheet and of the variations therein in 2002 is as follows:

Tangible fixed assets	Balance at 02.01.02	Additions	Reductions	Transfers	Other	Balance at 01.31.03
Land and structures	442,770	27,008	11,334	43,721	(25,065)	477,100
Machinery and installations	1,042,924	216,849	37,677	14,732	(51,729)	1,185,099
Furniture	94,082	30,453	3,125	2,433	(7,888)	115,955
Computer hardware	34,254	5,081	4,553	1,575	(2,444)	33,913
Other tangible fixed assets	46,206	1,554	726	(11)	(172)	46,851
Advances and construction in progress	47,328	85,558	1,482	(42,055)	(1,807)	87,542
Provision	(16,380)	(14,623)	(7,048)	0	0	(23,955)
Total	**1,691,184**	**351,880**	**51,849**	**20,395**	**(89,105)**	**1,922,505**

Accumulated depreciation	Balance at 02.01.02	Additions	Reductions	Transfers	Other	Balance at 01.31.03
Structures	64,454	14,526	864	3,041	(2,852)	78,305
Machinery and installations	359,033	117,682	24,785	3,347	(15,826)	439,451
Furniture	32,155	15,365	1,780	(44)	(3,282)	42,414
Computer hardware	18,930	5,990	1,752	(6)	(1,691)	21,471
Other tangible fixed assets	4,725	3,356	194	(36)	(130)	7,721
Total	**479,297**	**156,919**	**29,375**	**6,302**	**(23,781)**	**589,362**

Additions comprise investments during the year and include Euros 54,394 thousand under advances and construction in progress reflecting the new logistics centre in Zaragoza, which is due to enter service in 2003. The remaining additions to tangible fixed assets mainly relate to refurbishments carried out in the premises where the Group operates.

"Transfers" column relates to the cost of lease contracts which have expired during the year and transfers from advances and construction in progress. The "Other" column relates to the effect of adjustment in countries with high inflation rates (note 2 (d-7)), and to the effect of translation differences in foreign subsidiaries.

Reductions mainly relate to disposals of technical installations, deriving from the refurbishments of commercial premises where the Group operates, and the sale of assets.

The net book value of tangible fixed assets located outside Spain at year end amounts to approximately Euros 552 million and mainly comprises commercial premises, furniture and installations of the open stores.

At 31 January 2003 the gross cost of the Group's fully depreciated tangible fixed assets is as follows:

Item	Amount
Structures	383
Machinery and installations	51,630
Furniture	1,648
Computer hardware	8,718
Other tangible fixed assets	1,065
Total	**63,444**

The Group has no firm purchase commitments in relation to its total volume of assets.

The Group contracts insurance policies to cover possible risks to which its tangible fixed assets are subject.

8. LONG-TERM FINANCIAL INVESTMENTS

The detail of the "Holdings in companies carried by the equity method" caption in the consolidated balance sheet and of the variations therein in 2002 is as follows:

Holdings in companies carried by the equity method	Balance at 02.01.02	Additions	Result for the year	Balance at 01.31.03
Fibracolor, S.A. and subsidiaries	7,228	0	309	7,537
JSC Verpstas	289	439	(440)	288
Other (note 21)	16,276	0	(5,826)	10,450
Total	**23,793**	**439**	**(5,957)**	**18,275**

"Other" includes the investment in four Economic Interest Groupings in 2001. Given their nature, the income or losses of these EIGs are recorded under "Corporate income tax" in the accompanying consolidated statement of income.

Fibracolor, S.A. is based in Tordera (Barcelona) and its activity consists of transforming all types of fabric through dying, finishing, printing and other processes. Inditex holds a 39.97% interest in this company.

In accordance with the agreements entered into with the shareholders of Fibracolor, in the future Inditex could be required to acquire shares which would result in it having the majority of the voting rights in this company. Were Inditex required to purchase these shares, incorporation of the figures of Fibracolor would not have a significant effect on the Group. At 31 December 2002 the shareholders' equity of Fibracolor, S.A. totalled Euros 24.8 million, the profit after tax for 2002 was Euros 0.78 million and its total assets amounted to Euros 69 million.

Movement in long-term investment securities is as follows:

Description	Balance at 02.01.02	Additions	Reductions	Balance at 01.31.03
Long-term investment securities	8,489	962	3,561	5,890
Provisions	(120)	0	(18)	(102)
Total	**8,369**	**962**	**3,543**	**5,788**

Reductions mainly relate to the sale by Inditex of Arrojo, S.A.

The Group's long-term investment securities portfolio includes a Euros 4.96 million interest in Banco Gallego, S.A. The remaining balance comprises interests in other companies.

Details of "Other loans" and movement during the year are as follows:

Description	Balance at 02.01.02	Additions	Reductions	Transfers	Other	Balance at 01.31.03
Public Administration	15,404	11,107	0	(4,624)	0	21,887
Loans to multigroup companies	7,540	0	7,540	0	0	0
Long-term guarantees and deposits	25,737	7,891	1,674	0	(2,022)	29,932
Other loans	481	1,140	0	1,500	0	3,121
Totales	**49,162**	**20,138**	**9,214**	**(3,124)**	**(2,022)**	**54,940**

Other reflects the effect of adjustments in countries with high inflation rates (note 2 (d-7)), and the effect of translation differences in foreign subsidiaries

9. GOODWILL ON CONSOLIDATION

The variations in 2002 in the balance of this caption on the asset side of the accompanying consolidated balance sheet were as follows:

Subsidiary	Balance at 02.01.02	Amortisation for the year	Balance at 01.31.03
Nosopunto, S.L.	164	164	0
Stradivarius España, S.A.	71,972	9,360	62,612
Total	**72,136**	**9.524**	**62,612**

10. DEFERRED CHARGES

The detail of the balance of this caption in the accompanying consolidated balance sheet and of the variations therein in 2002 is as follows:

Description	Balance at 02.01.02	Additions	Transfers and other	Reductions	Write downs	Balance at 01.31.03
Deferred interest	7,722	351	(581)	562	2,789	4,141
Fixed asset acquisitions and other expenses	8,747	4,287	(106)	781	2,357	9,790
Total	**16,469**	**4,638**	**(687)**	**1,343**	**5,146**	**13,931**

At January 31, 2003 "Deferred interest" includes implicit interest of Euros 1,073 thousand on deferred payments for the acquisition of Stradivarius España, S.A., and deferred interest on leasing contracts. The "Transfers and other" column comprises deferred financial expenses on lease financing operations maturing in the short term, which have been reclassified by certain Group companies as "Accrual accounts" under assets in the accompanying consolidated balance sheet.

Reductions relate to reviews of interest rates by several leasing companies and to the effect of translation differences in foreign subsidiaries in the case of "Fixed asset acquisition expenses".

Write downs of deferred interest are recorded as financial expenses in the accompanying consolidated statement of income. Write downs of fixed asset acquisition expenses are recorded as amortisation and depreciation.

11. INVENTORIES

The breakdown of consolidated inventories as of January 31, 2003, is as follows:

Item	Balance at 01.31.03
Commercial inventories	2,416
Raw materials	44,970
Other supplies	3,738
Work in progress	20,545
Finished products	310,420
Real-estate developments	817
Provisions	(467)
Totales	**382,439**

Inditex Group policy is to contract insurance coverage of potential risks to which inventories are subject.

12. ACCOUNTS RECEIVABLE

"Customer receivables for sales and services" caption of the consolidated balance sheet mainly reflect balances receivable on the corresponding part of sales made to franchises and multigroup companies, sales to workshops and credit to customers.

Details of "Other accounts receivable" are as follows:

Item	Balance at 01.31.03
Public Administration (note 21)	135,266
Advances to personnel	570
Other	5,646
Total	**141,482**

13. SHORT-TERM FINANCIAL INVESTMENTS

At 31 January 2003 details of "Other loans" are as follows:

Other short-term loans	Balance at 01.31.03
Time deposits	240,631
Short-term guarantees and deposits	587
Short-term loans to personnel	467
Other	601
Total	**242,286**

"Short-term investment securities" in the accompanying consolidated balance sheet reflect the placement of cash surpluses in mutual funds, short-term deposits and other instruments, which generate interest at market rates.

14. BALANCES WITH MULTIGROUP, ASSOCIATED AND RELATED COMPANIES

Details of accounts payable to and receivable from associated, multigroup and related companies are as follows:

Company	Receivable	Payable
Multigroup companies	3,296	10,039
Associated companies	0	2,243
Other related companies	6	107
Total	**3,302**	**12,389**

Accounts receivable from multigroup companies are recorded under "Customers receivables for sales and services". Accounts payable to multigroup and related companies are recorded under "Trade accounts payable" and "Other non trade payables" whereas accounts payable to associated companies are recorded under "Payable to companies carried by the equity method".

15. SHAREHOLDERS' EQUITY

The variations in 2002 in the "Shareholders' equity" caption in the consolidated balance sheet were as follows:

Item	Balance at 02.01.02	Additions	Reductions	Transfers	Dividends	Balance at 31.01.03
Capital stock	93,500	0	0	0	0	93,500
Additional paid-in capital	20,379	0	0	0	0	20,379
Unrestricted reserves of the Controlling Company	567,563	0	0	186,436	0	753,999
Restricted reserves of the Controlling Company	19,303	0	0	0	0	19,303
Revaluation reserves	1,692	0	0	0	0	1,692
Reserves at companies consolidated by the global or proportional method	434,242	16,268	1,235	107,296	0	556,571
Reserves at companies carried by the equity method	989	0	24	(1,839)	0	(874)
Translation differences	8,112	418	109,890	(20,047)	0	(121,407)
Interim dividend	0	0	0	0	0	0
2001 income	340,412	0	0	(271,846)	(68,566)	0
2002 income	0	438,091	0	0	0	438,091
Total	**1,486,192**	**454,777**	**111,149**	**0**	**(68,566)**	**1,761,254**

Additions comprise the effect of adjustments to shareholders' equity of companies in countries with high inflation (note 2 (d)).

Reductions in "Translation differences" mainly reflect, devaluations of Latin American currencies during the year.

Details of "Reserves at companies consolidated by the global or proportional method" and "Translation differences" are shown per store chain, as the Group considers that a breakdown per company is strategic information relating to the geographic markets in which it operates. At 31 January 2003 details are as follows:

	Reserves at companies consolidate by the global or proportional method	Translation differences
Zara chain	444,017	110,002
Pull & Bear chain	59,125	1,576
Kiddy´s Class chain	21,802	0
Massimo Dutti chain	34,888	1,613
Bershka chain	17,704	7,401
Stradivarius chain	(17,056)	54
Oysho chain	(3,909)	761
Total	**556,571**	**121,407**

Appendix I contains details of the companies composing each chain.

CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL

At 31 January 2003 the Controlling Company's capital stock amounted to Euros 93,499,560, represented by 623,330,400 fully subscribed and paid shares of Euros 0.15 par value each. All these shares are of the same class and series, carry identical voting and dividend rights, and are represented by book entries.

Inditex shares are listed on the four Spanish stock exchanges. Accordingly, the Company does not know its exact shareholder structure. On the basis of public information registered with the National Securities Market Commission, at 31 January 2003 the members of the board of directors or related parties held approximately 67% of the capital stock of the Controlling Company (note 23).

TREASURY STOCK

At 31 January 2003 and 2002 Inditex held 205,200 treasury stock shares, representing 0.03% of capital stock, for which the related restricted reserve has been recorded. The average acquisition price for these shares was Euros 2.18 per share. 164,200 of these shares are held to cover the 1998 Stock Options Plan. The aforementioned plan currently only applies to one of the beneficiaries, who may fully or partially exercise the purchase option until 15 September 2003.

No Group company has carried out operations with shares of the Controlling Company in 2002, other than those mentioned in this note.

PLAN FOR DELIVERY OF FREE SHARES TO GROUP EMPLOYEES

The shareholders of Inditex at their annual general meeting held on 19 July 2002 approved the second phase of the Plan for Delivery of Free Shares and the allocation of 809,790 Company shares remaining from the first stage of the plan to Inditex personnel and those of certain Group companies in different countries. In 2002 Inditex carried out the second phase of the Plan and delivered all 809,790 shares to employees who fulfilled the requirements established by the Plan, each receiving 62 or 63 shares.

The shares subject to the Plan for Free Delivery of Shares described in the notes to the annual accounts for 2001 originated from a capital stock increase in January 2001, fully subscribed by Santander Central Hispano Investment, S.A. Inditex held a purchase option on these shares to enable their free delivery to the employees.

The aforementioned purchase option was fully exercised in 2002 to implement the Plan, cancelling the corresponding swap operation contracted to establish the remuneration of the abovementioned financial institution for the investment made in the shares of the Company and the monetary flows related to this investment.

The cost incurred by the Group in 2002 for the free delivery of shares was provided for in prior years.

STOCK OPTION PLAN

On 20 July 2000, 19 January 2001 and 20 April 2001, the Shareholders' Meeting of Inditex resolved to implement a new stock option plan under which option rights will be granted on a maximum of 3,018,400 common shares of Inditex of Euros 0.15 par value each. This Plan relates to the members of Inditex's Board of Directors and to senior executives and other key employees of the Group. Each option, when exercised, will give entitlement to one Inditex share.

The number of options to be granted will depend on the appreciation of Inditex's shares in the Continuous Market in the calendar year in which its shares are admitted to listing on the stock exchanges and in the following two calendar years (2002 and 2003).

The Plan foresees a maximum of 494,875 options will be granted to members of Inditex's Board of Directors and a maximum of 2,523,525 options to executives and key employees of the Group. A maximum of 69,000 options can be granted to any one director and a maximum of 57,575 options to any one executive or employee. In case certain minimum appreciation levels are not reached in any one of the above-mentioned years, no rights will vest for any of the Plan's beneficiaries in that year. The option exercise price will be Euros 2.93, and the periods for exercise will commence two years after each of the periods for calculating the above-mentioned appreciation.

The Shareholders' Meeting delegated to the Board of Directors the power to determine how the directors, executives and other key employees will be chosen as beneficiaries of the Plan, and the number of options to be granted to each, within the aforementioned limits. In 2001 option contracts were entered into with a group of directors and executives under which up to 1,382,913 stock options could be awarded.

In 2001 and 2002 certain objectives mentioned above were met and, consequently, the beneficiaries vested rights on the following options:

Year	Options granted	Options outstanding at 01.31.03	Exercise Date
2001	523,700	496,312	January 2004
2002	179,503	179,503	January 2005

The difference between options granted and those outstanding is due to the prescription or exercise of options by beneficiaries which no longer subscribe to the Plan. Note 23 includes information concerning the value of options vested during the year by the members of the board and the directors.

To cover the stock option plan, prior to the public offering of shares Banco Bilbao Vizcaya Argentaria, S.A. subscribed 3,018,400 of the shares in the capital increase carried out in January 2001, and signed a purchase option contract whereby Inditex could acquire the shares to be sold to the beneficiaries who exercise their options, should these options vest. Furthermore, Inditex arranged a swap with the aforementioned financial institution to determine the return on the investment in the Company's shares and regulate the monetary flows relating to this investment.

Should any shares remain once the stock option plan has been implemented, the shareholders of Inditex at their annual general meeting can resolve to allocate these shares to new plans for the directors of Inditex and/or Group employees prior to the deadline mentioned in the following paragraph.

If on January 30, 2007 there are any remaining shares held by Banco Bilbao Vizcaya Argentaria, S.A., Inditex undertakes to submit to the shareholders at their first annual meeting (ordinary or extraordinary) subsequent to that date a proposal for a capital reduction through the redemption of the subscribed shares held by Banco Bilbao Vizcaya Argentaria, S.A. which Inditex has not repurchased, at a price of Euros 2.93 per share.

LEGAL RESERVE

Under the revised Companies Act, 10% of the income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased capital stock amount.

Except as mentioned above, until the legal reserve exceeds 20% of capital stock, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The consolidated companies' legal reserves have generally reached the legally stipulated level.

REVALUATION RESERVES ROYAL DECREE-LAW 7/1996 JUNE, 7

From the date on which the tax authorities have reviewed and approved the balance of the "Revaluation Reserve" Royal Decree-Law 7/1996 June, 7 account (or the three-year period for review has expired), the aforementioned balance can be used, free of tax, to offset recorded losses (both prior years' accumulated losses and current year losses or losses which might arise in the future), and to increase capital stock. From February 1, 2007 (ten years from the date of the balance sheet which reflected the revaluation transactions), the balance of this account can be taken to unrestricted reserves, provided that the monetary surplus has been realized. The surplus will be deemed to have been realized in respect of the portion on which deprecation has been taken for accounting purposes or when the revalued assets have been transferred or retired from the accounting records.

Also, if leased assets are revalued, the aforementioned use of the "Revaluation Reserve" balance may not take place before the purchase option has been exercised.

If this balance were used in a manner other than that provided for in royal Decree-Law 7/1996, it would be subject to tax.

16. MINORITY INTERESTS

The variations in 2002 in this caption in the accompanying consolidated balance sheet were as follows:

Item	Amount
Opening balance	21,053
Allocation of 2002 income	4,385
Additions	0
Dividends	(3,275)
Other retirements	(2,827)
Closing balance	**19,336**

At 31 January 2003 details per company are as follows:

Company	Capital stock	Reserves	Income/(loss)	Total
Zara Mexico, S.A. de C.V.	492	477	899	1,868
Indipunt, S.L.	505	5,630	2,873	9,008
Stradivarius España, S.A.	60	1,046	557	1,663
Jema Creaciones Infantiles, S.L.	84	123	73	280
Zara Italia, S.R.L.	5,880	(126)	224	5,978
Oysho Italia, S.R.L.	845	(67)	(242)	536
Bershka México, S.A. de C.V.	1	1	1	3
Total	**7,867**	**7,084**	**4,385**	**19,336**

Inditex has a purchase option on 9.95% of the capital stock of Stradivarius España, S.A. owned by a minority shareholder which, in turn, has an option to sell this interest to Inditex. The period for exercising these options, which were granted when Inditex acquired a controlling interest, is from 2005 to 2010. The options were granted without any premium and can be exercised for Euros 11,960,000, plus 9.95% of the undistributed income of Stradivarius España, S.A. from the date of acquisition of the holding by Inditex until the date either of the options is exercised. The Group acquired its holding in Stradivarius España, S.A. in 1999 for Euros 108,242 thousand, which will be paid between 1999 and 2005 (notes 10 and 20).

Inditex also has a purchase option on 50% of the capital stock of Zara Deutschland GmbH, Oysho Deutschland GmbH and Massimo Dutti Deutschland GmbH owned by Otto GmbH which, in turn, has an option to sell its holdings in the aforementioned companies to Inditex. The period for exercising these options commenced in September 2001 and extends over the term of the agreement between the shareholders. The options were granted without any premiums and the exercise price will depend on the equity of the investee and the number of stores operated by this company at the date on which either option is exercised

Inditex has a purchase option on 50% of the capital stock of Zara Japan Corporation owned by The Bigi Group. The period for exercising this option is the term of the agreement between the shareholders. The option was granted without any premium and the exercise price will depend on the equity of the investee and the number of stores operated by this company at the date on which the option is exercised.

Inditex has a purchase option on 5% of the capital stock of Zara Mexico, S.A. de C.V. owned by the minority shareholder. The period for exercising this option is the term of the agreement between the shareholders. The option was granted without any premium and the exercise price will depend on the equity of the investee.

Furthermore, Inditex has a purchase option on 49% of the capital stock of Zara Italia, S.R.L. and Oysho Italia, S.R.L. owned by the Percassi Group, which in turn has an option to sell its interest to Inditex. The period for exercising these options is the term of the agreement between the shareholders. These options were granted without any premium and the exercise price will depend on the equity of the investee and on the number of stores operated by this company at the date on which either option is exercised.

The Directors of Inditex do not consider that any significant variations in the results of operations or in the financial position of Inditex or of the consolidated Group will arise as a result of the exercise of any of the abovementioned options.

17. DEFERRED REVENUES

At 31 January 2003 details are as follows:

Item	Balance at 01.31.03
Capital subsidies	6
Deferred interest	30
Exchange gains	2,437
Other deferred revenues	6,062
Total	**8,535**

"Other deferred revenues" mainly reflect contributions made by shopping centres for refurbishments of commercial premises where the Group operates. Group companies have recorded approximately Euros 509 thousand as extraordinary revenues and income in relation to these contributions.

18. PROVISIONS FOR CONTINGENCIES AND EXPENSES

The variations in this caption of the accompanying consolidated balance sheet is as follows:

Item	Balance at 02.01.02	Provisions	Amounts used	Other	Transfers	Balance at 01.31.03
Pension and similar commitments with employees	746	496	0	(80)	2,125	3,287
Provision for third-party liabilities	38,224	3,030	554	(776)	(2,125)	37,799
Other long-term provisions	0	61	0	0	0	61
Total	**38,970**	**3,587**	**554**	**(856)**	**0**	**41,147**

The "Provision for third-party liabilities" was made to cover risks associated with the Group's activity and includes Euros 18 million relating to an additional charge made by the Controlling Company for the whole amount of the investment in Argentina.

The "Other" column reflects the effect of translation differences in foreign subsidiaries

19. PAYABLE TO CREDIT ENTITIES

The detail of the Inditex Group's debts to credit entities as of January 31, 2003, is as follows:

Type of debt	Limit	Balance at 01.31.03
Loans		119,445
Credit facilities	453,181	104,942
Lease transactions		48,053
Other financial debts		1,425
Total	**453,181**	**273,865**

All accounts payable to credit entities bear interest at the corresponding financial market usual rates.

At 31 January 2003 details of the maturities of accounts payable by the Inditex Group to credit entities are as follows:

Debt Maturity	Amount
To January 31, 2004	144,522
To January 31, 2005	37,001
To January 31, 2006	41,178
To January 31, 2007	23,869
Subsequent years	27,295
Total	**273,865**

20. OTHER NON-TRADE PAYABLES

At 31 January 2003, details of "Long-term debt – Other accounts payable" and "Current liabilities Other non-trade payables" are as follows:

Long-term debt – Other accounts payable	Balance at 01.31.03
Guarantees received	254
Payable to fixed assets and other suppliers	9,374
Accrued taxes payable (note 21)	29,039
Other long-term accounts payable	2,776
Total	**41,443**

Current liabilities – Other non-trade payables	Balance at 01.31.03
Accrued taxes payable (note 21)	255,720
Compensation payable	56,011
Payable to fixed assets suppliers	32,327
Current account with multigroup companies	7,444
Other accounts payable	7,901
Total	**359,403**

Long and short-term accounts payable to fixed asset and other suppliers include Euros 6,070 thousand and Euros 20,434 thousand, respectively, related to deferred payments for the acquisition of the Group's holding in Stradivarius España, S.A. (notes 10 and 16).

Accrued taxes payable include deferred taxes, amounts payable for withholdings, mainly from personnel, VAT and Social Security for the last month of the year.

Details of the maturities of long-term balances payable to suppliers of fixed assets are as follows:

Debt Maturity	Amount
To January 31, 2005	6,213
To January 31, 2006	93
To January 31, 2007	109
To January 31, 2008	126
Thereafter	2,833
Total	**9,374**

21. TAX MATTERS

The consolidated companies file individual tax returns, except for Inditex and Indipunt, S.L. which file consolidated tax returns. Inditex is the Controlling Company of a subgroup comprising the following companies:

Choolet, S.A.	Pull & Bear España, S.A.
Comditel, S.A.	Kiddy´s Class España, S.A.
Denllo, S.A.	Brettos BRT España, S.A.
Confecciones Fíos, S.A.	Grupo Massimo Dutti, S.A.
Confecciones Goa, S.A.	Goa-Invest, S.A.
Hampton, S.A.	Oysho Logística, S.A.
Kenner, S.A.	Lefties España, S.A.
Nikole, S.A.	Pull & Bear Logística, S.A.
Oysho España, S.A.	Glencare, S.A.
Trisko, S.A.	Sircio, S.A.
Zintura, S.A.	Zara, S.A.
Yeroli, S.A.	Plataforma Europa, S.A.
Kettering, S.A.	Stear, S.A.
Zara España, S.A.	Massimo Dutti Logística, S.A.
Bershka BSK España, S.A.	Samlor, S.A.
Bershka Logística, S.A.	Textil Rase, S.A.
Zara Logística, S.A.	Stradivarius España, S.A.
Inditex, S.A.	

Indipunt, S.L. is the Controlling Company of the tax subgroup with the subsidiary Jema Creaciones Infantiles, S.A.

Spanish Group companies generally have open to inspection by the tax authorities all main applicable taxes for the last four years. During the prior year the tax group headed by Inditex was notified of the commencement of a general tax review of the years not yet statute-barred. The inspection has continued during the current year and to date no reports have been received from the tax authorities.

“Other non-trade payables” include the liability for applicable taxes, including the provision for income tax for 2002, net of withholdings and prepayments made during the year.

“Accounts receivable – other accounts receivable” include the amounts recoverable from the tax authorities, including net recoverable VAT and prepaid taxes..

Inditex has a 49% interest in eight economic interest groupings engaged in the lease of assets, which have availed themselves of the tax incentives provided for in Additional Provision Fifteen of the Corporate Income Tax Law, having requested and obtained this tax benefit from the Ministry of the Economy and Finance. In 2002 tax losses were incurred which reduced the income tax expense of Inditex. The Company has opted to allocate the entities' tax bases to the tax period in which the financial statements are approved. This investment is deemed to be a financial transaction and the estimated net return will be taken to income over its foreseeable life. The projected tax bases and accounting results for future years have given rise to a Euros 14,373 thousand adjustment to the corporate income tax expense.

The corporate income tax expense for 2002 was calculated on the basis of income reported for accounting purposes, by applying generally accepted accounting principles, which does not necessarily coincide with taxable income.

The corporate income tax expense of the companies composing the Spanish consolidated tax subgroups of which Inditex and Indipunt are the principal companies, respectively, was determined in accordance with Rule 6 of the Resolution of 9 October 1997 of the ICAC (the Spanish Accounting and Audit Institute), taking into account, in addition to the individual tax parameters, timing and permanent differences deriving from the consolidation process and the tax credits and tax relief for the amount applicable under the tax regime for corporate groups.

The corporate income tax expense for the Group was calculated by aggregating the tax expense of each of the individual companies determined in accordance with prevailing corporate and tax legislation in force in the countries where the different Group companies operate, taking into account the adjustments deriving from the application of consolidation methods, pursuant to Article 60 of Royal Decree 1815 of December 20, 1991 enacting the regulations governing the preparation of consolidated annual accounts.

The reconciliation of the Group's 2002 income per books to the taxable income for corporate income tax purposes is as follows:

	Amount
Income for the year per books	438,091
Accrued corporate income tax	172,574
Net permanent differences:	
Individual companies	(47,114)
Consolidation adjustments	(58,722)
Net timing differences:	
Individual companies	33,771
Consolidation adjustments	(18,926)
Taxable income	**519.674**

The Group has charged Euros 7,560 thousand relating to withholding tax to the "Other taxes" caption in the accompanying consolidated statement of income.

The companies have recorded the prepaid and deferred income taxes arising from timing differences relating to the different methods for recognising certain revenues and expenses for accounting and tax purposes. The related cumulative amounts as of January 31, 2003, were as follows:

	Amount
Deferred income taxes	61,031
Prepaid income taxes	39,306

These amounts include Euros 11,427 thousand of deferred taxes relating to transactions between the companies composing the tax group.

The companies comprising the consolidated Group have availed themselves of the tax credits provided by current corporate income tax legislation. Although the companies have not yet filed their corporate income tax returns for 2002, the provision for corporate income tax in the accompanying consolidated financial statements includes tax credits totalling Euros 33,236 thousand.

22. REVENUES AND EXPENSES

a) Transactions with multigroup, associated and related companies.

The detail of the Inditex Group's transactions in 2002 with companies carried by the equity method, multigroup companies and other non-consolidated related companies is as follows:

	Purchases and services received	Sales and services rendered	Financial revenues
Associated companies	12,186	175	277
Multigroup companies	80,511	31,595	0
Other related companies	5,633	51	0
Total	**98,330**	**31,821**	**277**

b) Net sales.

The breakdown, by activity and geographical market, of the net sales in 2002 is as follows:

	Spanish companies	Foreign companies	Total
Net sales at own stores	1,807,265	1,690,516	3,497,781
Net sales to franchises	223,823	8,733	232,556
Other textile sales	203,772	388	204,160
Services rendered	9,850	20,469	30,319
Other sales	7,187	1,970	9,157
Total	**2,251,897**	**1,722,076**	**3,973,973**

The accompanying directors' report provides more detailed information relating to net sales.

c) Employees.

The headcount as of January 31, 2003 is as follows:

	Number of employees
Spain	18,415
Abroad	14,120
Total	**32,535**

The breakdown of the employee welfare expenses is as follows:

	Amount
Employer social security costs	107,292
Other employee welfare expenses	13,957
Total	**121,249**

d) Distribution of net income.

The detail of the net income contributed by the consolidated companies, grouped by line of business, is as follows:

Line of business	Amount
Retail distribution	401,813
Manufacturing	29,842
Others	6,436
Total	**438,091**

f) Foreign currency transactions.

The transactions performed by the Group in the year, by currency, are as follows:

Currency	Net revenues	% of net revenues
Euro	3,284,749	83%
Other European currencies	170,768	4%
US Dollar	55,858	1%
Other American currencies	441,680	11%
Other currencies	20,918	1%
Total	**3,973,973**	**100%**

Approximately 20% of the purchases were made in US Dollars and the remaining 80% in Euros.

g) Extraordinary revenues and expenses.

The losses on fixed assets relate mainly to the retirement of facilities due to refurbishing at commercial premises where the Group operates.

The “Extraordinary expenses” caption includes Euros 7,765 thousand reflecting donations undertaken, of which Euros 6,000 thousand have been allocated to mitigate the environmental effect of the “Prestige” shipping accident.

Other extraordinary revenues and expenses comprise non-recurring revenues and expenses which are not material at an individual level.

23. DIRECTORS’ COMPENSATION AND TRANSACTIONS WITH RELATED PARTIES

DIRECTORS’ COMPENSATION

In 2002 the members of the Controlling Company’s board of directors earned total remuneration of Euros 5,535 thousand, as follows:

	Executive Directors	Independent Directors	Total
Fixed and variable remuneration	3,501	0	3,501
Remuneration of board members	415	626	1,041
Stock options (*)	402	591	993
Total	**4,318**	**1,217**	**5,535**

(*) Calculated on the basis of the closing quotation of shares at December 30, 2002.

The Inditex Group has not granted any loans or advances to any of the directors and it does not have any pension or life insurance commitments with them. In accordance with the relevant employment contracts, the executive directors, except for the Chairman, receive an indemnity equivalent to one year’s salary if they resign or their services are terminated.

TRANSACTIONS WITH RELATED COMPANIES

In 2002 the Group has earned revenues on transactions with the members of the board of directors and related companies totalling Euros 4,395,405, mainly in relation to work carried out by the Group construction company. These transactions have been invoiced at market prices.

Group companies have leased a total of 31 commercial premises owned by a company related to two directors of the Controlling Company. The majority of these lease contracts were entered into prior to 1994 and expire between 2014 and 2016. The existence of these contracts was mentioned in the information memorandum for the public sale offer by Inditex submitted to the National Securities Market Commission on 27 April 2001. Rental instalments paid by the Group in 2002 for the aforementioned premises, calculated at market prices, amount to Euros 5,264,231.

At January 31, 2003 Group company balances receivable from and payable to members of the board of directors total Euros 161,863 and Euros 5,856, respectively. These balances derive from the aforementioned transactions.

Furthermore, in 2002 one of the Group companies made a contribution of Euros 300,506 to the Paideia Foundation, which is related to one of the members of the board of directors, pursuant to a mutual collaboration agreement which expires in 2003. The total future commitments undertaken by the Group in relation to this contract amount to Euros 300,506.

INTERESTS HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS IN CAPITAL STOCK

According to the public records of the National Securities Market Commission, at January 31, 2003 the members of the board of directors held the following direct or indirect interests in the capital stock of Inditex.

Board member or representative	Owner of shares	Number of shares	Percentage of ownership
Mr. Amancio Ortega Gaona	Gartler, S.L.	369,600,063	59.29%
Ms. Rosalía Mera Goyenechea	Rosp Corunna, S.L.	43,590,000	6.99%
Mr. Juan Carlos Rodríguez Cebrián	Individual	3,235,337	0.52%
Mr. José María Castellano Ríos	Individual	1,409,663	0.23%
Mr. Antonio Abril Abadín	Individual	178,276	0.03%
Mr. Carlos Espinosa de los Monteros	Individual	1,990	0.00%
Mr. J. Manuel Urgoiti López de Ocaña	Individual	1,000	0.00%
Mr. Francisco Luzón López	Individual	565	0.00%
Total		**418,016,894**	**67.06%**

The board members not mentioned above held no shares at year end.

24. EXTERNAL AUDITORS

The stockholders of the Controlling Company at their meeting on July 19, 2002 approved the appointment of KPMG Auditores, S.L. as the external auditors of the accounts of the Inditex Group.

This appointment was proposed by the Board of Directors and, subsequent to a selection process involving the main international auditing firms, supervised by the Inditex Audit and Compliance Committee. KPMG has also performed limited review procedures for quarterly closes of certain Group companies.

Details of the fees and expenses accrued by firms associated to KPMG International in relation to the services rendered to Group companies in 2002 are as follows:

	Amount
Audit of annual accounts and review of quarterly closes (*)	1,343
Legal advice in foreign subsidiaries	533
Other services	177
Totales	**2,053**

(*) This amount does not include the review of the figures for the first quarter of 2002, carried out by other auditors. It includes all fees in relation to the audit of the annual accounts for 2002, irrespective of the date of invoice.

Legal advisory services rendered to foreign subsidiaries relate to fees invoiced in relation to litigations. These services were contracted prior to the appointment mentioned above.

Fees and expenses for other services mainly reflect supplier workshop review work, within the framework of the corporate responsibility programme.

On the basis of information received from the auditors, fees received from the Inditex Group by KPMG or associated firms do not exceed 0.03% of total revenues.

Furthermore, the accounts of several foreign subsidiaries in which the Group holds a majority interest have been audited by other auditing firms which invoiced fees totalling Euros 118,000 in 2002.

APPENDIX I
COMPOSITION OF THE INDITEX GROUP

The companies composing the consolidated group as of 31 January 2003 are as follows:

Company Subsidiaries	Effective % of ownership	Location	Consolidation method	Closing date	Chain	Line of business
Industria de Diseño Textil, S.A.	Controlling company	La Coruña, Spain	Global int.	01/31/2003	Zara	Controlling Company
Comditel, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Zara	Textile purchasing centre
Inditex Asia, Ltd.	100,00%	Hong Kong, China	Global int.	01/31/2003	Zara	Textile purchasing centre
Zara Asia, Ltd.	100,00%	Hong Kong, China	Global int.	01/31/2003	Zara	Textile purchasing centre
Choolet, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Confecciones Fíos, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Confecciones Goa, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Denllo, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Hampton, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Jema Creaciones Infantiles, S.L.	45,90%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Kenner, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Kettering, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Nikole S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Samlor, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Sircio, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Stear, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Textil Rase, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Trisko, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Yeroli, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Zintura, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Glencare, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
Indipunt, S.L.	51,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Textile manufacturing
UAB Rofestas	100,00%	Vilnius, Lithuania	Global int.	01/31/2003	Zara	Textile manufacturing
Zara España, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Retailing
Zara Argentina, S.A.	100,00%	Buenos Aires, Argentina	Global int.	01/31/2003	Zara	Retailing
Zara Belgique, S.A.	100,00%	Brussels, Belgium	Global int.	01/31/2003	Zara	Retailing
Zara Chile, S.A.	100,00%	Santiago de Chile, Chile	Global int.	12/31/2002	Zara	Retailing
Zara USA Inc.	100,00%	New York, USA	Global int.	01/31/2003	Zara	Retailing
Zara France, S.A.R.L.	100,00%	Paris, France	Global int.	01/31/2003	Zara	Retailing
Zara UK, Ltd.	100,00%	London, UK	Global int.	01/31/2003	Zara	Retailing
Zara Hellas, S.A.	100,00%	Athens, Greece	Global int.	01/31/2003	Zara	Retailing
Zara México, S.A. de C.V.	95,00%	Mexico DF, Mexico	Global int.	12/31/2002	Zara	Retailing
Zara Portugal Confecçoes Lda.	100,00%	Lisbon, Portugal	Global int.	01/31/2003	Zara	Retailing
Zara Venezuela, S.A.	100,00%	Caracas, Venezuela	Global int.	01/31/2003	Zara	Retailing
Grupo Zara Uruguay, S.A.	100,00%	Montevideo, Uruguay	Global int.	01/31/2003	Zara	Retailing
Zara Brasil, Lda.	100,00%	Sao Paulo, Brazil	Global int.	12/31/2002	Zara	Retailing
Zara Nederland, B.V.	100,00%	Amsterdam, Holland	Global int.	01/31/2003	Zara	Retailing
Zara Österreich Clothing GmbH	100,00%	Vienna, Austria	Global int.	01/31/2003	Zara	Retailing
Zara Danmark A/S	100,00%	Copenhagen, Denmark	Global int.	01/31/2003	Zara	Retailing
Zara Sverige, AB	100,00%	Stockholm, Sweden	Global int.	01/31/2003	Zara	Retailing
Zara Norge, AS	100,00%	Oslo, Norway	Global int.	01/31/2003	Zara	Retailing
Zara Canada, Inc.	100,00%	Montreal, Canada	Global int.	01/31/2003	Zara	Retailing
Zara Suisse, S.A.R.L.	100,00%	Freiburg, Switzerland	Global int.	01/31/2003	Zara	Retailing
Zara Luxembourg, S.A.	100,00%	Luxembourg, Luxembourg	Global int.	01/31/2003	Zara	Retailing
Za Giyim Ithalat Ihracat Ve Ticaret Ltd.	100,00%	Istanbul, Turkey	Global int.	01/31/2003	Zara	Retailing
Zara Italia, S.R.L.	51,00%	Milan, Italy	Global int.	01/31/2003	Zara	Retailing
Zara Ceskä Republika, S.R.O.	100,00%	Prague, Czech Republic	Global int.	01/31/2003	Zara	Retailing
Zara Puerto Rico, Inc.	100,00%	San Juan, Puerto Rico	Global int.	01/31/2003	Zara	Retailing
Za Clothing Ireland, Ltd.	100,00%	Dublin, Ireland	Global int.	01/31/2003	Zara	Retailing
Kiddy's Class España, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Kiddy's	Retailing
Kiddy's Class Portugal Conf. Lda.	100,00%	Lisbon, Portugal	Global int.	01/31/2003	Kiddy's	Retailing

Company	Effective % of ownership	Location	Consolidation method	Closing date	Chain	Line of business
Oysho España, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Oysho	Retailing
Oysho Venezuela, S.A.	100,00%	Caracas, Venezuela	Global int.	01/31/2003	Oysho	Retailing
Oysho Portugal, Conf. Lda.	100,00%	Lisbon, Portugal	Global int.	01/31/2003	Oysho	Retailing
Oysho Mexico, S.A. de C.V.	100,00%	Mexico DF, Mexico	Global int.	12/31/2002	Oysho	Retailing
Oysho Italia, S.R.L.	51,00%	Milan, Italy	Global int.	01/31/2003	Oysho	Retailing
Oysho Nederland, B.V.	100,00%	Amsterdam, Holland	Global int.	01/31/2003	Oysho	Retailing
Oysho Hellas, S.A.	100,00%	Athens, Greece	Global int.	01/31/2003	Oysho	Retailing
Oysho Österreich, GmbH	100,00%	Vienna, Austria	Global int.	01/31/2003	Oysho	Retailing
Grupo Massimo Dutti, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Massimo Dutti	Retailing
Massimo Dutti Hellas, S.A.	100,00%	Athens, Greece	Global int.	01/31/2003	Massimo Dutti	Retailing
Massimo Dutti Giyím Ithalat Ih. Ve Tic. Ltd	100,00%	Istanbul, Turkey	Global int	.01/31/2003	Massimo Dutti	Retailing
Massimo Dutti Venezuela, S.A.	100,00%	Caracas, Venezuela	Global int.	01/31/2003	Massimo Dutti	Retailing
Massimo Dutti France, S.A.R.L.	100,00%	Paris, France	Global int.	01/31/2003	Massimo Dutti	Retailing
Massimo Dutti UK, Ltd.	100,00%	London, UK	Global int.	01/31/2003	Massimo Dutti	Retailing
Massimo Dutti, Suisse, S.A.R.L.	100,00%	Freiburg, Switzerland	Global int.	01/31/2003	Massimo Dutti	Retailing
Massimo Dutti Sverige, AB	100,00%	Stockholm, Sweden	Global int.	01/31/2003	Massimo Dutti	Retailing
Massimo Dutti Norge, AS	100,00%	Oslo, Norway	Global int.	01/31/2003	Massimo Dutti	Retailing
Vajo, N.V.	100,00%	Brussels, Belgium	Global int.	01/31/2003	Massimo Dutti	Retailing
Pull & Pear España, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Pull & Bear	Retailing
Pull & Bear Hellas, S.A.	100,00%	Athens, Greece	Global int.	01/31/2003	Pull & Bear	Retailing
Pull & Bear Portugal Conf. Lda.	100,00%	Lisbon, Portugal	Global int.	01/31/2003	Pull & Bear	Retailing
Pull & Bear Giyím Ith. Ihrac Ve Tic. Ltd.	100,00%	Istanbul, Turkey	Global int.	01/31/2003	Pull & Bear	Retailing
Pull & Bear Venezuela	100,00%	Caracas, Venezuela	Global int.	01/31/2003	Pull & Bear	Retailing
Pull & Bear Mexico, S.A. de C.V.	100,00%	Mexico DF, Mexico	Global int.	12/31/2002	Pull & Bear	Retailing
Pull & Bear Belgique, S.A.	100,00%	Brussels, Belgium	Global int.	01/31/2003	Pull & Bear	Retailing
Bershka BSK España, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Bershka	Retailing
Bershka Portugal Conf. Soc. Unip. Lda.	100,00%	Lisbon, Portugal	Global int.	01/31/2003	Bershka	Retailing
Bershka Hellas, S.A.	100,00%	Athens, Greece	Global int.	01/31/2003	Bershka	Retailing
Bershka Mexico, S.A. de C.V.	99,97%	Mexico DF, Mexico	Global int.	12/31/2002	Bershka	Retailing
Bershka BSK Venezuela, S.A.	100,00%	Caracas, Venezuela	Global int.	01/31/2003	Bershka	Retailing
Bershka Giyím Ithalat Ihracat Ve Tic. Ltd.	100,00%	Istanbul, Turkey	Global int.	01/31/2003	Bershka	Retailing
Bershka Belgique, S.A.	100,00%	Brussels, Belgium	Global int.	01/31/2003	Bershka	Retailing
Bershka France, S.A.R.L.	100,00%	Paris, France	Global int.	01/31/2003	Bershka	Retailing
Bershka Suisse, S.A.R.L.	100,00%	Freiburg, Switzerland	Global int.	01/31/2003	Bershka	Retailing
Bershka Nederland, B.V.	100,00%	Amsterdam, Holland	Global int.	01/31/2003	Bershka	Retailing
Stradivarius España, S.A.	90,05%	Barcelona, Spain	Global int.	01/31/2003	Stradivarius	Retailing
Stradivarius Hellas, S.A.	90,15%	Athens, Greece	Global int.	01/31/2003	Stradivarius	Retailing
Pigaro 2100 Portugal, Conf. Unip. Lda.	90,05%	Lisbon, Portugal	Global int.	01/31/2003	Stradivarius	Retailing
Stradivarius Giyim Ithalat Ih. Ve Tic. Ltd.	90,15%	Istanbul, Turkey	Global int.	01/31/2003	Stradivarius	Retailing
Bershka Logística, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Bershka	Logistics
Massimo Dutti Logística, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Massimo Dutti	Logistics
Oysho Logística, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Oysho	Logistics
Pull & Bear Logística, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Pull & Bear	Logistics
Zara Logística, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Logistics
Plataforma Europa, S.A.	100,00%	Zaragoza, Spain	Global int.	01/31/2003	Zara	Logistics
Corporación de Servicios XXI, S.A. de C.V.	100,00%	Mexico DF, Mexico	Global int.	12/31/2002	Zara	Services
Zara Financiën B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Zara	Finance
Zara Mexico, B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Zara	Finance
Zara Holding, B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Zara	Portfolio
Massimo Dutti Holding, B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Massimo Dutti	Portfolio
Zalapa, B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Zara	Portfolio
Zara Merken, B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Zara	Exploitation of trademarks

Company	Effective % of ownership	Location	Consolidation method	Closing date	Chain	Line of business
Goa-Invest, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Construction and real estate
Zara Vastgoed, B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Zara	Real estate
Vastgoed Asia, Ltd.	100,00%	Hong Kong, China	Global int.	01/31/2003	Zara	Real estate
SNC Zara France Immobiliere	100,00%	Paris, France	Global int.	12/31/2002	Zara	Real estate
SCI Vastgoed Ferreol PO3302	100,00%	Paris, France	Global int.	12/31/2002	Zara	Real estate
SCI Vastgoed France PO3301	100,00%	Paris, France	Global int.	12/31/2002	Zara	Real estate
SCI Vastgoed Geneal Leclerc PO3303	100,00%	Paris, France	Global int.	12/31/2002	Zara	Real estate
SCI Vastgoed Nancy PO3304	100,00%	Paris, France	Global int.	12/31/2002	Zara	Real estate
Zara Vastgoed Hellas, S.A.	100,00%	Athens, Greece	Global int.	01/31/2003	Zara	Real estate
Invercarpro, S.A.	100,00%	Madrid, Spain	Global int.	01/31/2003	Zara	Real estate
Robustae S.G.P.S. Unip. Lda.	100,00%	Lisbon, Portugal	Global int.	01/31/2003	Zara	Real estate
Vehils, S.A.	100,00%	Barcelona, Spain	Global int.	01/31/2003	Zara	Real estate
Inditex Cogeneración, AIE	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Cogeneration plant
Inditex, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Inactive as of 01.31.03
Zara Italia, B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Zara	Inactive as of 01.31.03
Fruminga, B.V.	100,00%	Breda, Holland	Global int.	01/31/2003	Zara	Inactive as of 01.31.03
Zara, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Inactive as of 01.31.03
Zara, S.A.	100,00%	Buenos Aires, Argentina	Global int.	01/31/2003	Zara	Inactive as of 01.31.03
Brettos BRT España, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Inactive as of 01.31.03
Lefties España, S.A.	100,00%	La Coruña, Spain	Global int.	01/31/2003	Zara	Inactive as of 01.31.03
Multigroup companies						
Tempe, S.A.	50,00%	Alicante, Spain	Prop int.	01/31/2003	Zara	Marketing of footwear
Tempe Logística, S.A.	50,00%	Alicante, Spain	Prop int.	01/31/2003	Zara	Logistics
Zara Japan Corp.	50,00%	Tokyo, Japan	Prop int.	01/31/2003	Zara	Retailing
Zara Deutschland, GmbH	50,00%	Hamburg, Germany	Prop int.	01/31/2003	Zara	Retailing
Massimo Dutti Deutschland GmbH	50,00%	Hamburg, Germany	Prop int.	01/31/2003	Massimo Dutti	Retailing
Oysho Deutschland, GmbH	50,00%	Hamburg, Germany	Prop int.	01/31/2003	Oysho	Retailing
Group Zara Australia Pty. Ltd.	50,00%	Sydney, Australia	Prop int.	01/31/2003	Zara	Inactive as of 31.01.03
Associated companies						
Fibracolor Decoración, S.A.	39,97%	Barcelona, Spain	Equity	12/31/2002	Zara	Decoration
Fibracolor, S.A.	39,97%	Barcelona, Spain	Equity	12/31/2002	Zara	Purchase and treatment of cloth
JSC Verpstas	64,40%	Vilnius, Lithuania	Equity	01/31/2003	Zara	Textile manufacturing
Naviera Elealva, AIE	49,00%	Las Palmas, Spain	Equity	12/31/2002	Zara	Asset leasing
Naviera Celeste, AIE	49,00%	Las Palmas, Spain	Equity	12/31/2002	Zara	Asset leasing
Naviera del Miño, AIE	49,00%	Las Palmas, Spain	Equity	12/31/2002	Zara	Asset leasing
Naviera del Sil, AIE	49,00%	Las Palmas, Spain	Equity	12/31/2002	Zara	Asset leasing
Naviera Venus, AIE	49,00%	Las Palmas, Spain	Equity	12/31/2002	Zara	Asset leasing
Naviera Berlin, AIE	49,00%	Las Palmas, Spain	Equity	12/31/2002	Zara	Asset leasing
Naviera Covadonga, AIE	49,00%	Las Palmas, Spain	Equity	12/31/2002	Zara	Asset leasing
Naviera Guadiana, AIE	49,00%	Las Palmas, Spain	Equity	12/31/2002	Zara	Asset leasing

consolidated management report

1. CONSOLIDATED FINANCIAL STATEMENTS

INDITEX GROUP 2002 PROFIT & LOSS ACCOUNT

millions of euros	FY 2002	FY 2001	VAR % 02/01
Net Sales	3,974.0	3,249.8	22%
Cost of sales	(1,926.2)	(1,563.1)	
Gross Profit	**2,047.8**	**1,686.7**	**21%**
Gross margin	51.5%	51.9%	
Operating expenses	(1,179.7)	(982.3)	20%
Operating cash flow (EBITDA)	**868.1**	**704.5**	**23%**
EBITDA margin	21.8%	21.7%	
Fixed assets depreciation	(185.4)	(158.2)	17%
Goodwill amortisation	(9.5)	(17.1)	
Provisions	(13.7)	(11.6)	
Operating income (EBIT)	**659.5**	**517.5**	**27%**
EBIT margin	16.6%	15.9%	
Net financial expenses	(30.0)	(21.3)	
Ordinary income	**629.5**	**496.2**	**27%**
Ordinary margin	15.8%	15.3%	
Extraordinary income (loss)	(14.5)	(1.1)	
Income before taxes	**615.1**	**495.1**	**24%**
EBT margin	15.5%	15.2%	
Taxes	(172.6)	(149,9)	
Net income before minorities	**442.5**	**345.2**	**28%**
	11.1%	10.6%	
Minorities	(4,4)	(4,8)	
Net Income	**438.1**	**340.4**	**29%**
Net income margin	11.0%	10.5%	
Earnings per share, euro cents (*)	**70.3**	**54.6**	**29%**

(*) On 623.330.400 shares

INDITEX GROUP CONSOLIDATED BALANCE SHEET AS OF JANUARY 31, 2003

millions of euros	JANUARY 31 2003	JANUARY 31 2002
ASSETS		
Net fixed assets (*)	1,791.3	1,646.3
Goodwill	62.6	72.1
Deferred charges	13.9	16.5
Total fixed assets	**1,867.8**	**1,734.9**
Inventories	382.4	353.8
Receivables	237.7	184.2
Cash & cash equivalents	516.0	309.1
Accruals	9.8	6.6
Total current assets	**1,146.0**	**853.7**
TOTAL ASSETS	**3,013.8**	**2,588.6**
SHAREHOLDERS´EQUITY & LIABILITIES		
Shareholders´equity	**1,761.3**	**1,486.2**
Minority interest, deferred revenues & provisions	69.0	64.9
Long term financial debt	129.3	138.2
Other long term payables	41.4	65.0
Long term liabilities	**239.8**	**268.1**
Short term financial debt	144.5	118.5
Trade and other non-trade payables	868.2	715.7
Current liabilities	**1,012.7**	**834.2**
TOTAL LIABILITIES	**3,013.8**	**2,588.6**

(*) Includes Treasury stock for € 0.45 million in Jan 2003 and 2002

INDITEX GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

millions of euros	FY 2002	FY 2001	VAR % 02/01
Net income	**438.1**	**340.4**	**29%**
Adjustments to income			
Depreciation and amortization	197.5	175.3	
Changes in provisions	26.3	34.0	
Gains on fixed assets disposals	(1.4)	(8.6)	
Losses on fixed assets disposals	14.3	14.1	
Income (loss) attributed to minority interest	4.4	4.8	
deferred and prepaid tax	8.0	(9.5)	
Other	29.7	7.5	
Funds from operations	**716.8**	**558.1**	**28%**
Changes in assets and liabilities			
Increase in inventories	(28.6)	(108.8)	
Increase in accounts receibable	(49.0)	(34.3)	
Increase in accrual accounts	(2.6)	0.1	
Decrease in current liabilities	110.4	150.5	
Changes in working capital	**30.3**	**7.5**	
Cash from operations	**747.0**	**565.6**	**32%**
Intangible assets investments	(68.6)	(64.6)	
Tangible assets investments	(396.5)	(348.7)	
Acquisitions of businesses	(1.2)	(17.3)	
Addition to other long-term financial investments	(14.5)	(14.1)	
Other assets investments	(5.1)	(4.0)	
Fixed assets sales and retirements	18.7	17.3	
Capital expenditure	**(467.2)**	**(431.4)**	**8,3%**
Increase in long-term financial debt	0.0	9.5	
Decrease in long-term financial debt	(8.3)	(54.7)	
Net decrease in other long-term debt	(27.4)	(1.3)	
Net increase in current debt	29.2	21.6	
Dividends	(71.8)	(6.0)	
Other financing activities	5.5	1.8	
Cash used in financing activities	**(72.9)**	**(29.0)**	
Net increase in cash and cash equivalents	207.0	105.2	
Cash and cash equivalents at beginning of the year	309.1	203.9	
Cash and cash equivalents at end of the year	**516.0**	**309.1**	

2. COMMENTS ON THE CONSOLIDATED RESULTS

In FY2002, operating margins have grown at higher rates than net sales, favouring the leverage on the Group's results. Inditex has maintained its strategy focussed on international and multiconcept growth.

Fundamentals (mainly like-for-like sales growth and operating expenses) have had a similar performance as in previous years, resulting in the expansion of operating margins, despite the impact of a 40% weighted average devaluation of the Latin-American currencies.

The growth in sales of the first 10 months of FY2002 slowed in the two weeks before Christmas, to recover in the last week of December and the month of January 2003. Both this fact and a general strike in Venezuela (23 stores were closed for the last two months of the fiscal year) have reduced the growth rate of the fourth quarter.

On the other hand, the Group's expansion in European markets has resulted in an increased weight of this area on total sales and a higher contribution to Group profits.

In this context, INDITEX has reached in FY2002 an operating income of 16.6% on sales, a 11.0% net income on sales, and return on capital employed (ROCE) has increased to 41% (vs. 39% in FY2001).

At FYE, there were 1,558 stores opened in 44 countries, with seven different concepts: Zara, Kiddy's Class, Pull & Bear, Massimo Dutti, Bershka, Stradivarius and Oysho. Annex III includes a list of the stores opened as at FYE by concept and by country.

2.1. SALES

Net sales reached € 3,974.0 million, an increase of 22% over the previous year (28% on a constant currency). Sales in constant currency increased by 22% in the fourth quarter over the same period of the previous year.

NUMBER OF STORES AND OPENINGS

The list of the openings and existing stores at the end of the period is as follows:

Concept	Net openings		Current stores	
	2002	2001	31 Jan 2003	31 Jan 2002
Zara	65	60	531	466
Kiddy´s Class	18	(2)	59	41
Pull & Bear	47	20	296	249
Massimo Dutti	27	25	250	223
Bershka	46	47	197	151
Stradivarius	33	20	153	120
Oysho	38	34	72	34
Total	**274**	**204**	**1,558**	**1,284**

COMPANY-MANAGED STORES AND FRANCHISES

The breakdown of company-managed stores and franchised stores at FYE is the following:

Company-managed and franchised stores

Concept	2002			2001		
	Co. Mag.	Franchises	Total	Co. Mag.	Franchises	Total
Zara	487	44	531	435	31	466
Kiddy´s Class	59	-	59	41	-	41
Pull & Bear	262	34	296	220	29	249
Massimo Dutti	162	88	250	135	88	223
Bershka	191	6	197	146	5	151
Stradivarius	118	35	153	86	34	120
Oysho	71	1	72	34	-	34
Total	**1,350**	**208**	**1,558**	**1.097**	**187**	**1,284**

SELLING AREA

The selling area of company-managed stores and franchised stores at FYE is as follows:

Selling area (sqM) in company-managed and franchised stores
Total selling area

Concept	31 Jan 2003	31 jan 2002	Var % 02/01
Zara	561,800	479,600	17%
Kiddy´s Class	12,200	8,800	39%
Pull & Bear	51,700	38,500	34%
Massimo Dutti	51,600	43,000	20%
Bershka	64,400	49,800	29%
Stradivarius	39,100	31,000	26%
Oysho	11,100	5,900	88%
Total	**791,900**	**656,600**	**21%**

LIKE-FOR-LIKE SALES (LFL)

Store sales are those that occur in company-managed stores and franchised stores of any of the Group's concepts, net of any consumption tax and converted to euros at the average exchange rates for the fiscal year.

The Group's like-for-like sales grew by 11% compared to the previous year. This increase represents the annual change in store sales of any concept of the Group that were opened for the whole of fiscal years 2002 and 2001, converted to a fixed exchange rate.

Below is shown the increase in like-for-like sales bi-annually for the last five fiscal years:

LFL sales

	2002	2001	2000	1999	1998
First Half	12%	9%	13%	6%	13%
Second Half	10%	9%	9%	5%	12%
Full Year	**11%**	**9%**	**9%**	**5%**	**11%**

The like-for-like sales calculation of the whole year includes 62% of the selling area as at FYE2002 (stores opened for the last two complete years).

The increase in like-for-like sales in the European markets in which the Group is focussing its expansion is above the average.

FOREIGN CURRENCY EXCHANGE RATES EFFECT ON SALES

The table below shows the quarterly growth in sales in constant currency:

	1 Q	2 Q	3 Q	4 Q	FY
Stores sales in constant currency	**30%**	**28%**	**33%**	**22%**	**28%**

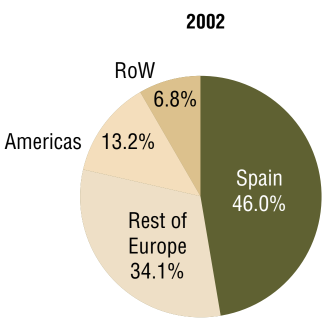
SALES BY CONCEPT

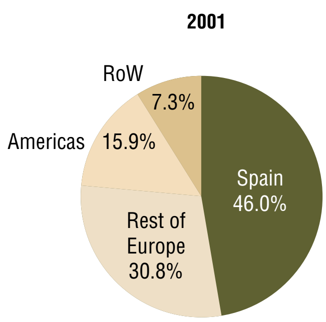
Net sales by concept in FY2002 and FY2001 are shown in the table below:

	Net Sales (millions of euros)			(%) sales on total	
Concept	2002	2001	% Chng. 02/01	2002	2001
Zara	2,913.4	2,435.1	20%	73.3%	74.9%
Kiddy´s Class	60.4	47.6	27%	1.5%	1.5%
Pull & Bear	266.2	225.7	18%	6.7%	6.9%
Massimo Dutti	287.3	241.4	19%	7.2%	7.4%
Bershka	299.3	202.0	48%	7.5%	6.2%
Stradivarius	124.1	93.5	33%	3.1%	2.9%
Oysho	23.4	4.5	n/a	0.6%	0.1%
Total sales	**3,974.0**	**3,249.8**	**22%**	**100%**	**100%**

STORE SALES BY GEOGRAPHIC AREA

The following graph shows the weight of store sales by geographic areas:





European markets ex-Spain are absorbing the greatest part of the international growth (330 basis points of participation), compared to the reduction of weight of the Rest of the World and of the Americas, mainly due to the above-mentioned effect of the Latin-American currencies depreciation.

The percentage of store sales of each concept outside Spain vs. its total store sales is the following:

% International sales

Concept	2002	2001
Zara	62.5%	61.7%
Kiddy´s Class	14.7%	16.4%
Pull & Bear	29.6%	31.3%
Massimo Dutti	40.6%	38.8%
Bershka	32.0%	32.3%
Stradivarius	18.5%	20.5%
Oysho	46.5%	33.3%
Total	**54.0%**	**54.0%**

SALES IN COMPANY-MANAGED AND FRANCHISED STORES

The table below shows the breakdown of sales in company-managed and franchised stores for each of the concepts of the Group:

Store sales in company-managed and franchised stores

	2002		2001	
Concept	Company Managed	Franchised	Company Managed	Franchised
Zara	92%	8%	92%	8%
Kiddy´s Class	100%	0%	100%	0%
Pull & Bear	92%	8%	91%	9%
Massimo Dutti	60%	40%	58%	42%
Bershka	98%	2%	99%	1%
Stradivarius	79%	21%	74%	26%
Oysho	99%	1%	100%	0%
Total	**90%**	**10%**	**89%**	**11%**

2.2. GROSS MARGIN

The gross margin has risen to ¤ 2,047.8 million, 21% higher than the previous year. It has decreased by 37 basis points to reach 51.5% of sales (51.9% in FY2001). This performance was mainly due to lower margins in those countries where the currency has depreciated vs. euro and to the impact of higher markdowns during the winter sales period.

2.3. OPERATING CASH FLOW (EBITDA)

The EBITDA of FY2002 comes to € 868.1 million, an increase of 23% compared to the previous year.

A detail of operating expenses and their evolution is as follows:

millions of euros	2002	2001	Var 02/01
Personnel expenses	569.9	489.8	16%
Other operating expenses	609.8	492.4	24%
Total operating expenses	**1,179.7**	**982.3**	**20%**

Operating expenses have grown at a lower rate than sales and include all the start-up costs of new openings (essentially rents and salaries paid before the opening of the new stores).

2.4. OPERATING INCOME (EBIT)

EBIT comes to € 659.5 million, an increase of 27% in comparison with the previous year, standing at 16.6% of sales (15.9% in FY2001).

Goodwill amortisation decreases due to the Group's full amortisation in FY2001 of the goodwill generated by the acquisition of Zara Turkey for an amount of € 7.3 million.

Provisions charged in FY2002 and FY2001 correspond, mainly, to the Group's estimated write-downs of not fully depreciated assets as a result of the refurbishment of existing stores.

EBIT by concept

The breakdown of the operating income (EBIT) by concept is the following:

	EBIT by concept (millions of euros)			% EBIT on sales		EBIT by concept (%) on Total	
Concept	**2002**	**2001**	**Var % 02/01**	**2002**	**2001**	**2002**	**2001**
Zara	540.4	440.7	23%	18.5%	18.1%	81.9%	85.2%
Kiddy´s Class	14.1	10.8	31%	23.4%	22.7%	2.1%	2.1%
Pull & Bear	34.9	32.8	6%	13.1%	14.5%	5.3%	6.3%
Massimo Dutti	37.5	25.3	48%	13.1%	10.5%	5.7%	4.9%
Bershka	48.1	25.2	91%	16.1%	12.5%	7.3%	4.9%
Stradivarius	8.7	6.2	42%	7.0%	6.6%	1.3%	1.2%
Oysho	(14.9)	(6.3)	n/a	n/a	n/a	-2.3%	-1.2%
Goodwill	(9.4)	(17.1)	n/a	n/a	n/a	-1.4%	-3.3%
Total EBIT	**659.5**	**517.5**	**27%**	**16.6%**	**15.9%**	**100.0%**	**100.0%**

2.5. ORDINARY INCOME

Ordinary income of FY2002 stands at € 629.5 million, an increase of 27% over the previous year.
Net financial results breakdown is as follows:

millions of euros	2002	2001
Net financial expeses	6.2	12.2
Foreign exchanges losses	23.7	7.3
Net losses of companys carried by the equity method	0.1	1.8
Total	**30.0**	**21.3**

Net financial expenses are lower than in the previous year due to the decrease in net financial debt. Foreign exchange losses are principally due to the impact of exchange rates over inter-company balances, mainly with Latin American subsidiaries.

2.6. INCOME BEFORE TAXES

Income before taxes comes to € 615.1 million, 24% higher than in previous year.

Extraordinary results for FY2002 include a € 6 million donation to alleviate the effects of the "Prestige" oil spill along the Galician coast and the write-off of assets in Latin America.

At FYE2002, the INDITEX capital investment in Argentina is fully provisioned, and the excess of the provision over the Shareholders' equity of the Argentine subsidiary is shown as a provision for liabilities and expenses.

2.7. NET INCOME BEFORE MINORITIES AND NET INCOME

Net income before minorities for FY2002 reached € 442.5 million, an increase of 28%. The tax rate for the fiscal year is 28% versus 30% in FY2001.

Net income comes to € 438.1 million, an increase of 29% over FY2001.

DIVIDEND PROPOSAL

Inditex's Board of Directors will propose to the General Shareholders Meeting the payment of a dividend of € 87.2 million (€ 14 cents per share), 27% higher than in FY2001.

RETURN ON EQUITY (ROE)

The table below shows the detail and evolution of Return on equity, defined as net income on average Shareholder's equity.

Return on equity

Description	2002	2001	2000	1999	1998	1997
Net income	438.1	340.4	259.2	204.8	153.1	117.4
Shareholders equity-previous year	1,486.2	1,170.9	893.2	673.4	529.9	414.9
Shareholders equity-current year	1,761.3	1,486.2	1,170.9	893.2	673.4	529.9
Average equity	1,623.7	1,328.5	1,032.0	783.3	601.6	472.4
Return on equity	**27%**	**26%**	**25%**	**26%**	**25%**	**25%**

RETURN ON CAPITAL EMPLOYED (ROCE)

The table below shows the detail and calculation of Return on capital employed , defined as EBIT on average capital employed in the year (Shareholder's equity plus net financial debt).

Return on Capital employed

Description	2002	2001	2000	1999	1998	1997
EBIT	659.5	517.5	379.9	296.2	241.5	191.5
AVERAGE CAPITAL EMPLOYED						
Average shareholders´equity	1,623.7	1,328.5	1,032.0	783.3	601.6	472.4
Average net financial debt (*)	0.0	0.0	100.3	121.5	73.1	72.1
Total average capital employed	**1,623,7**	**1,328.5**	**1,132.3**	**904.8**	**674.7**	**544.5**
RETURN ON CAPITAL EMPLOYED	**41%**	**39%**	**34%**	**33%**	**36%**	**35%**

(*) Zero when net cash

ROCE BY CONCEPT

The table below shows the Return on Capital Employed by concept:

ROCE by concept

Concept	2002	2001
Zara	43%	42%
Kiddy´s Class	131%	166%
Pull & Bear	39%	51%
Massimo Dutti	49%	46%
Bershka	49%	30%
Stradivarius (*)	12%	12%
Oysho	-	-
Total	**41%**	**39%**

(*) Before goodwill amortisation

3. COMMENTS ON THE BALANCE SHEET

The Consolidated Balance Sheet of INDITEX maintains a similar structure to that it showed at FY2001, without net financial debt and negative working capital, a consequence of the business model.

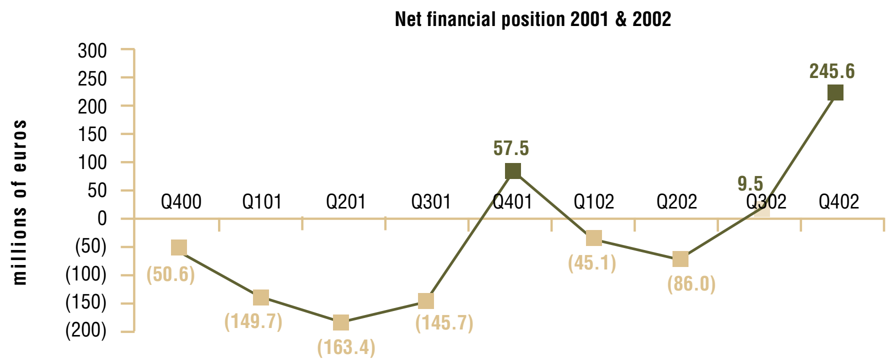
NET FINANCIAL POSITION

The net financial position is shown in the table below:

Net financial cash (Debt) (millions of euros)

Description	January 31 2003	January 31 2002
Cash & cash equivalents	516.0	309.1
Long term financial debt	(129.3)	(138.2)
Short term financial debt	(144.5)	(118.5)
Deferred financial expenses	3.4	5.1
NET FINANCIAL CASH (DEBT)	**245.6**	**57.5**

FYE coincides with the moment of greatest liquidity. However, the average level of financial debt has been higher during the year, due to the seasonal nature of sales and supplies. The evolution of the net financial position during the last eight quarters has been the following:



WORKING CAPITAL

The table below shows a breakdown of working capital of the last two fiscal years:

Working Capital (millions of euros)

Description	January 31 2003	January 31 2002
Inventories	382.4	353.8
Receivables	237.7	184.2
Accruals	9.8	6.6
Short term liabilities	(868.2)	(715.7)
Operating working capital	**(238.3)**	**(171.1)**
Cash & cash equivalents	516.0	309.1
Short term financial debt	(144.5)	(118.5)
Financial working capital	**371.5**	**190.6**
total working capital	**133.2**	**19.5**

Financing obtained through the working capital has grown by 39%, to reach € 238.3 million (€ 171.1 million in FY2001). This evolution is mainly due to the 8% increase in inventories, well below the growth in sales.

RETIREMENT LIABILITIES

The employees of certain companies of the Group are entitled to a retirement bonus upon reach of a certain age. The actuarial liability accrued at January 31st 2003 amounts to € 3.3 million and it is fully provisioned in the Balance sheet. There is no other actuarial obligation with employees that may result in further liabilities.

4. COMMENTS ON THE CASH FLOW STATEMENT

The summary of the cash flow statement is the following:

Cash flow summary

	F 2002	F 2001	Var % 02/01
Net income	438.1	340.4	29%
Funds from operations	716.8	558.1	28%
Changes in working capital	30.3	7.5	
Cash from operations	747.0	565.6	32%
Net capital expenditure	(467.2)	(431.4)	8%
Free cash flow	279.9	134.2	109%
Dividends	(71.8)	(6.0)	
Net debt decrease	(213.5)	(130.0)	
Others	5.5	1.8	

Growth in cash from operations is higher than the increase in sales and EBITDA due to the increase in financing from working capital, as a result of a larger Balance sheet and the business model.

5. OTHER RELEVANT INFORMATION OF FY2002

STAFF

At FYE 2002, the Group employed 32,535 people (26,724 in FY2001).

SECOND PHASE OF THE EMPLOYEE STOCK PARTICIPATION PLAN

In FY2002 the second phase of the Employee Stock Participation Plan was executed, in accordance with the resolutions of the General Shareholders' Meeting of July 2002. A total of 809,790 shares, remaining from the first phase of the Plan, were delivered to the employees of Inditex and those of certain companies of the Group who fulfilled the Plan requirements, each receiving 62 or 63 shares.

The cost of the Plan was fully provided for in previous years.

LAUNCH OF A HOMEWARE CONCEPT

In FY2002, the Group has been working in the launch of a homeware concept, which is expected to open its first stores in the second half of 2003. This concept, under the brand Zara Home, will offer to its customers home furnishing, mainly focused in textiles: bed linen, towels, table linen and domestic merchandise.

With this new format, the Group aims to take advantage of a complementary business opportunity to that of the existing concepts and to obtain synergies in operations within the Group.

RESEARCH AND DEVELOPMENT EXPENSES

Inditex has not carried out, and has not engaged third parties to carry out research and development projects, to be performed over several years and for which investment is earmarked to develop products expected to generate revenues in more than one year.

Nevertheless, since the incorporation of the company, management has applied available technology in all areas of its activity to improve manufacturing and distribution processes and developed, with own resources or the assistance of third parties, instruments with which to improve business management. Examples include point-of-sale terminals, stock administration and management systems, distribution centre systems, communication with stores and in-store garment labelling systems.

6. START OF FY2003

No significant event has occurred during the seven weeks following FYE 2002. The Spring-Summer 2003 collections have been well-received by our customers.

Store openings foreseen for FY2003 are the following:

FY 2003 Openings forecast

Concept	Range	% International	Total 2002
Zara	75 - 90	80%	65
Kiddy´s Class	35 - 40	10%	18
Pull & Bear	40 - 50	30%	47
Massimo Dutti	25 - 30	50%	27
Bershka	45 - 50	40%	46
Stradivarius	20 - 25	15%	33
Oysho	10 - 15	20%	38
Zara Home	10 - 15	0%	-
Total	**260 - 315**		**274**

Approximately 70% of these locations have been secured, but in some cases openings may not take place in FY2003.

Despite the fact that nearly half of the new openings will be in Spain, the Group expects the volume of international sales to grow more than domestic sales, as has been occurring in the last few fiscal years, due to the greater weight of Zara in the total selling area of the Group.

Expected CAPEX in FY2003 is between € 500 million and € 550 million. The opening of new stores and the refurbishment of existing stores will represent the majority of the CAPEX.

ANNEX I

INCOME STATEMENT: QUARTERLY RESULTS

millions of euros	2002				2001				% Var. 2002/2001			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	850.4	809.8	1.097.9	1.215.8	664.3	667.5	859.9	1.058.1	28%	21%	28%	15%
Cost of sales	(412.8)	(398.0)	(497.0)	(618.4)	(323.9)	(329.9)	(391.5)	(517.7)	27%	21%	27%	19%
Gross Profit	**437.6**	**411.8**	**601.0**	**597.4**	**340.4**	**337.6**	**468.3**	**540.4**	**29%**	**22%**	**28%**	**11%**
Gross Margin	51.5%	50.8%	54.7%	49.1%	51.2%	50.6%	54.5%	51.1%				
Operative expenses	(271.5)	(270.3)	(302.7)	(335.1)	(221.1)	(231.3)	(249.6)	(280.3)	23%	17%	21%	20%
	32%	33%	28%	28%	33%	35%	29%	26%				
Operating cash flow (EBITDA)	**166.2**	**141.4**	**298.2**	**262.3**	**119.3**	**106.4**	**218.7**	**260.1**	**39%**	**33%**	**36%**	**1%**
EBITDA Margin	19.5%	17.5%	27.2%	21.6%	18.0%	15.9%	25.4%	24.6%				
Fixed assets depreciation	(43.0)	(48.5)	(49.0)	(44.9)	(34.9)	(38.2)	(39.9)	(45.2)	23%	27%	23%	-1%
Goowill amortisation	(2.4)	(2.4)	(2.5)	(2.3)	(2.6)	(2.6)	(2.6)	(9.3)	-7%	-10%	-6%	-76%
Provisions	(4.9)	(2.6)	(3.1)	(3.1)	(2.4)	(7.4)	(5.3)	3.4	104%	-65%	-41%	-189%
Operating income (EBIT)	**115.9**	**87.9**	**243.6**	**212.1**	**79.4**	**58.2**	**171.0**	**209.0**	**46%**	**51%**	**43%**	**1%**
EBIT Margin	13.6%	10.9%	22.2%	17.4%	12.0%	8.7%	19.9%	19.7%				
Net financial expenses	(14.0)	(6.1)	(7.1)	(2.9)	(4.3)	2.4	(4.8)	(14.7)				
Ordinary income	**101.8**	**81.9**	**236.6**	**209.2**	**75.1**	**60.6**	**166.2**	**194.3**	**36%**	**35%**	**42%**	**8%**
Extraordinary income (loss)	(0.1)	(8.6)	(7.9)	2.1	(0.8)	1.4	9.9	(11.6)				
Income before taxes	**101.7**	**73.3**	**228.7**	**211.3**	**74.3**	**62.1**	**176.1**	**182.7**	**37%**	**18%**	**30%**	**16%**
Taxes	(33.6)	(18.9)	(72.6)	(47.4)	(23.8)	(19.8)	(56.4)	(49.9)				
Net income before minorities	**68.2**	**54.3**	**156.1**	**163.9**	**50.5**	**42.2**	**119.7**	**132.8**	**35%**	**29%**	**30%**	**23%**
Minorities	(1.3)	(0.3)	(2.8)	0.1	0.0	(1.1)	(2.6)	(1.1)				
Net Income	**66.8**	**54.1**	**153.2**	**164.0**	**50.5**	**41.2**	**117.1**	**131.7**	**32%**	**31%**	**31%**	**25%**
Net income margin	7.9%	6.7%	14.0%	13.5%	7.6%	6.2%	13.6%	12.4%				

ANNEX II

SUMMARY OF NET OPENINGS AND NET STORES OPENED BY QUARTER IN 2002 AND 2001

Number of net store openings in each quarter

Concept	1Q 2002	2Q 2002	3Q 2002	4Q 2002	Total 2002	1Q 2001	2Q 2001	3Q 2001	4Q 2001	Total 2001
Zara	15	3	31	16	**65**	9	6	21	24	**60**
Kiddy´s Class	0	1	8	9	**18**	(2)	0	0	0	**(2)**
Pull & Bear	9	5	18	15	**47**	5	4	8	3	**20**
Massimo Dutti	5	5	8	9	**27**	6	3	6	10	**25**
Bershka	5	8	18	15	**46**	9	15	8	15	**47**
Stradivarius	3	8	13	9	**33**	8	5	1	6	**20**
Oysho	16	9	11	2	**38**	0	0	14	20	**34**
Total openings	**53**	**39**	**107**	**75**	**274**	**35**	**33**	**58**	**78**	**204**

Number of stores by the end of each quarter

Concept	1Q 2002	2Q 2002	3Q 2002	4Q 2002	1Q 2001	2Q 2001	3Q 2001	4Q 2001
Zara	481	484	515	531	415	421	442	466
Kiddy´s Class	41	42	50	59	41	41	41	41
Pull & Bear	258	263	281	296	234	238	246	249
Massimo Dutti	228	233	241	250	204	207	213	223
Bershka	156	164	182	197	113	128	136	151
Stradivarius	123	131	144	153	108	113	114	120
Oysho	50	59	70	72	-	-	14	34
Total stores	**1,337**	**1,376**	**1,483**	**1,558**	**1,115**	**1,148**	**1,206**	**1,284**

ANNEX III

LIST OF STORES BY CONCEPT AND COUNTRY AS AT 31 JANUARY 2002

Country	Zara	Kiddy´s Class	Pull and Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Total
Spain	200	52	200	155	135	128	48	**918**
Portugal	35	7	38	32	20	14	9	**155**
France	71			1		1		**73**
Belgium	15		1	13	4			**33**
Netherlands	4			1				**5**
United Kingdom	17			2				**19**
Germany	21			3				**24**
Sweden				2				**2**
Norway				1				**1**
Andorra	1			1				**2**
Austria	4							**4**
Denmark	2							**2**
Luxembourg	2			1				**3**
Iceland	1							**1**
Ireland			5					**5**
Finland	1							**1**
Italy	3						2	**5**
Switherland	2			2	2			**6**
Poland	4							**4**
Czech Republic	1							**1**
Greece	23		7	3	5		1	**39**
Malta	1		3					**4**
Cyprus	3		2	1	2	2		**10**
Israel	11		14					**25**
Lebanon	2		1	2				**5**
Turkey	8							**8**
Kuwait	3		2	1		1	1	**8**
UAE	4		4	4	4	2		**18**
Saudí Arabia	8		0	4		3		**15**
Bahrain	1		1	1				**3**
Qatar	1		1	1		1		**4**
Jordan			1	1		1		**3**
Canadá	8							**8**
USA	9							**9**
Rep. Dominicana	1							**1**
México	29		10	16	19		9	**83**
Venezuela	7		6	2	6		2	**23**
El Salvador	1							**1**
Brasil	10							**10**
Argentina	5							**5**
Chile	3							**3**
Uruguay	2							**2**
Japan	6							**6**
Singapore	1							**1**
Total stores	**531**	**59**	**296**	**250**	**197**	**153**	**72**	**1,558**

ANEXO IV

SEVEN-YEAR FINANCIAL SUMMARY

millions of euros Description	2002	2001	2000	1999	1998	1997	1996	CAGR 02/96
P&L								
Net sales	3,974.0	3,249.8	2,614.7	2,035.1	1,614.7	1,217.4	1,008.5	26%
YoY%	22%	24%	28%	26%	33%	21%		
EBITDA	868.1	704.5	521.5	410.4	325.7	253.6	202.1	27%
YoY%	23%	35%	27%	26%	28%	25%		
EBIT	659.5	517.5	379.9	296.2	241.5	192.6	150.3	28%
YoY%	27%	36%	28%	23%	25%	28%		
Net Income	438.1	340.4	259.2	204.7	153.1	117.4	72.7	35%
YoY%	29%	31%	27%	34%	30%	61%		
Balance Sheet								
Shareholders´ equity	1,761.3	1,486.2	1,170.9	893.2	673.4	529.9	414.9	27%
YoY%	19%	27%	31%	33%	27%	28%		
Total Balance sheet	3,013.8	2,588.6	2,107.6	1,772.9	1,326.3	977.2	820.3	24%
YoY%	16%	23%	19%	34%	36%	19%		
Net financial position	245.6	57.5	(50.6)	(149.9)	(93.0)	(38.3)	(105.8)	
Stores								
Number of stores at FY-end	1,558	1,284	1,080	922	748	622	541	
Net openings	274	204	158	174	126	81	33	
Number of countries with stores	44	39	33	30	21	14	10	
Other information								
% international sales	54%	54%	52%	49%	46%	42%	36%	
LFL	11%	9%	9%	5%	11%	7%	4%	
ROE	27%	26%	25%	26%	25%	25%	20%	
ROCE	41%	39%	34%	33%	36%	35%	29%	
Number of employees	32,535	26,724	24,004	18,200	15,576	10,891	8,412	

Zara | Fukuoka | Japan


ZARA
ZARA

Annual Report 2002 is available
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