INDUSTRIA DE DISEÑO TEXTIL, S.A.

ANNUAL ACCOUNTS AND DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2019

Translation of annual accounts originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

Opinion

We have audited the financial statements of Industria de Diseño Textil, S.A. ("the Company"), which comprise the balance sheet as at 31 January 2019, and the statement of profit or loss, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended ("2018").

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of the Company as at 31 January 2019, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company (identified in Note 2-a to the accompanying financial statements) and, in particular, with the accounting principles and rules contained therein.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of inventories	
Description	**Procedures applied in the audit**
As indicated in Note 10 to the accompanying financial statements, the value of the Company's inventories at 2018 year-end was EUR 855 million, representing 5.6% of the Company's total assets. These inventories relate mainly to finished goods and are distributed among the warehouses managed by the Company. Given the nature of the business of the Inditex Group, of which the Company is the parent, thousands of stock-keeping units (SKUs) are designed and put on sale over the course of the year; these SKUs rotate based on the season and customer demand, generating, therefore, a high volume of changes in inventories. We considered this matter to be key in our audit, due to the importance of the judgements and assumptions applied by the Company to determine the cost and recoverable amount of each SKU and the complexity of the logistics activities carried on by the Group in order to manage its products, which gives rise to numerous SKU movements between various different locations.	In response to this key matter, our audit included, among others, the following procedures: - An assessment of the consistency of the accounting policies and practices applied by the Company to measure its inventories at 31 January 2019 with the regulatory financial reporting framework applicable to it and with the accounting policies and practices applied in the previous year. - An assessment of the design, implementation and operating effectiveness of the key controls in place in the inventory management and measurement process, with the involvement of our IT experts in performing the tests on automatic controls applied to the relevant software involved in the process. - For a representative sample, verification that the finished goods inventories were correctly measured, calculating the measurement of those inventories on the basis of the cost of acquiring them from suppliers and considering the costs directly attributable to such goods. - An assessment of the key estimates used by Company management to determine the net realisable value and the consistency thereof with Company policies and actual historical and other information, such as sales and returns after the reporting date. - An assessment of whether the disclosures included in the notes to the financial statements are in conformity with the applicable regulatory framework. The results of the procedures performed in relation to the analysis of the accounting policies and practices and estimates applied by the Company, to the assessment of the key controls in place in the measurement process and to the disclosures included in the notes to the financial statements and the results of the performance of specific substantive tests were satisfactory.

Impairment of investments in Group companies	
Description	**Procedures applied in the audit**
As indicated in Note 8 to the accompanying financial statements, the Company has equity interests in the share capital of Group companies that are not listed on regulated markets the carrying amount of which at 31 January 2019 was EUR 3,957 million and which accounted for 26% of the total assets at that date. Whenever there are indications that these investments might have become impaired, the Company carries out an impairment test on the investments in order to estimate whether their recoverable amount is lower than their carrying amount. The measurement of these investments requires management to make significant judgements and estimates, as regards both identifying the investments for which there might be indications of impairment and considering the key assumptions established for calculating the recoverable amount of the investments. The aforementioned circumstances meant that we determined this matter to be one of the key matters in our audit.	In response to this key matter, our audit included, among others, the following procedures: - An analysis of the reasonableness of the indications of impairment established by the Company. - Verification of the arithmetical accuracy of the calculations performed and of the appropriateness of the valuation method used. - An analysis of the reasonableness of the key assumptions applied, such as changes in revenue and costs, gross margin assumptions, discount rates and perpetuity growth rates. - A review of the consistency of the assumptions used with other analyses performed by the Company, of the consistency of the future cash flow projections used in the analysis and of the methodology and key assumptions used, and we also performed a sensitivity analysis thereon. - A review of the achievement in 2018 of the most significant assumptions used by management in the previous year's impairment tests. - An assessment of whether the disclosures included in the notes to the financial statements are in conformity with the applicable regulatory framework. The results of the procedures performed as regards the determination of the applicable valuation method, the analysis of the criteria and assumptions used by the Company in its estimates and the disclosures included in the notes to the financial statements were satisfactory.

IT systems	
Description	**Procedures applied in the audit**
The significant volume of transactions, the high level of automation of business processes and the importance of the IT systems in financial information generation processes expose the Company to a high dependency on its IT system and the correct functioning thereof. In this connection, maintaining an adequate control environment for information systems is essential in order to ensure their correct functioning and, accordingly, adequate information processing. Due to their importance and the audit effort required, knowledge, evaluation and validation of the general financial reporting system controls, including controls relating to software maintenance and development, physical and logical security and system operations, were considered to constitute a key matter in our audit.	In response to this key matter, our work included, among others, the following procedures in which our audit team IT specialists were involved: - Identification of relevant IT elements and applications in the financial information preparation process. - Obtainment of the required understanding of the IT systems involved in the financial information preparation process and assessment of the level of internal control over the systems. Our understanding focused, among others, on the existence of an IT systems security policy and written procedures in relation to IT processes; on the structure, governance and organisation of the IT area; on the degree of outsourcing of certain tasks; and on the identification of the locations of the hardware that supports the relevant IT applications. - An assessment of the design, implementation and operating effectiveness of general IT controls relating to security, management of changes and operations and maintenance of the software we considered relevant. - An assessment of the design, implementation and operating effectiveness of the key automatic controls operating in certain especially significant business cycles, such as sales, inventories and the accounting closing. - A review of the cybersecurity risk management model for the main IT systems with an impact on financial information in the e-commerce environment. The results of these procedures were satisfactory and no significant matters were identified that might significantly affect the information included in the accompanying financial statements.

Other Information: Directors' Report

The *Other Information* comprises only the directors' report for 2018, the preparation of which is the responsibility of the Company's directors and which does not form part of the financial statements.

Our audit opinion on the financial statements does not cover the directors' report. Our responsibility relating to the information contained in the directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the non-financial information statement, as well as to certain information included in the Annual Corporate Governance Report, as defined in Article 35.2.b) of Spanish Audit Law 22/2015, which consists solely of checking that the aforementioned information has been provided in the directors' report, or, as the case may be, that the directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the financial statements, based on the knowledge of the Company obtained in the audit of those financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we have checked that the directors' report includes a reference to the fact that the non-financial information described in section a) above is presented in the consolidated directors' report of the Inditex Group of which the Company is the parent, that the information in the Annual Corporate Governance Report mentioned in that section is included in the directors' report, and that the other information in the directors' report is consistent with that contained in the financial statements for 2018 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Directors and of the Audit and Control Committee for the Financial Statements

The directors are responsible for preparing the accompanying financial statements so that they present fairly the Company's equity, financial position and results in accordance with the regulatory financial reporting framework applicable to the Company in Spain, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the process involved in the preparation and presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

Additional Report to the Audit and Control Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit and control committee dated 12 March 2019.

Engagement Period

The Company's Annual General Meeting held on 17 July 2018 appointed us as auditors for a period of one year from the year ended 31 January 2018.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the financial statements uninterruptedly since the year ended 31 January 2013.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Germán de la Fuente
Registered in ROAC under no. 15.976

12 March 2019

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the use by the directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's audit and control committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's audit and control committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Company's audit and control committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

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INDUSTRIA DE DISEÑO TEXTIL, S.A.

BALANCE SHEET AS AT 31 JANUARY 2019 AND 2018

(Amounts in millions of euros)	Notes	31/01/2019	31/01/2018
ASSETS			
NON-CURRENT ASSETS		**5,787**	**3,778**
Intangible assets	(5)	**136**	**104**
Patents and similar intangibles		4	4
Computer software		110	72
Intangible assets in progress and advances		22	28
Property, plant and equipment	(6)	**497**	**405**
Land and buildings		199	74
Plant and other items of property, plant and equipment		260	199
Property, plant and equipment in the course of construction and advances		38	132
Investment property	(7)	**552**	**566**
Land		101	102
Buildings		451	464
Current investments in Group companies, jointly controlled entities and associates	(8)	**4,352**	**2,480**
Equity instruments		3,957	2,304
Loans to companies	(15)	395	176
Non-current financial assets	(8)	**197**	**197**
Equity instruments		2	2
Other financial assets		195	195
Deferred tax assets	(16)	**53**	**26**
CURRENT ASSETS		**9,433**	**4,193**
Inventories	(10)	**855**	**845**
Goods held for resale		784	781
Raw materials and other supplies		71	64
Trade and other receivables		**497**	**392**
Trade receivables for sales and services		127	104
Trade receivables from Group companies and associates	(15)	296	247
Other accounts receivable from public authorities		74	41
Current investments in Group companies, jointly controlled entities and associates	(8 & 15)	**3,899**	**1,083**
Loans to companies		3,899	1,057
Other financial assets		-	26
Current financial assets	(8)	**9**	**-**
Derivatives		9	-
Current prepayments and accrued income		**14**	**16**
Cash and cash equivalents	(9)	**4,159**	**1,857**
Cash		4,159	1,854
Cash equivalents		-	3
TOTAL ASSETS		**15,220**	**7,971**

The accompanying Notes 1 to 21 and Annex I and II are an integral part of the balance sheet as at 31 January 2019.

INDUSTRIA DE DISEÑO TEXTIL, S.A.

BALANCE SHEET AS AT 31 JANUARY 2019 AND 2018

(Amounts in millions of euros)	Notes	31/01/2019	31/01/2018
EQUITY AND LIABILITIES			
EQUITY		**12,162**	**3,942**
SHAREHOLDERS' EQUITY	(11)	**12,167**	**3,955**
Share capital		**94**	**94**
Share capital		94	94
Share premium		**20**	**20**
Reserves		**1,749**	**1,543**
Legal and bylaw reserves		19	19
Other reserves		1,730	1,524
Treasury shares		**(77)**	**(77)**
Profit for the year		**10,381**	**2,375**
VALUATION ADJUSTMENTS		**(6)**	**(14)**
Hedges		(6)	(14)
GRANTS, DONATIONS AND BEQUESTS RECEIVED		**1**	**1**
NON-CURRENT LIABILITIES		**655**	**789**
Long-term provisions	(12)	**14**	**24**
Other provisions		14	24
Non-current payables	(14)	**5**	**3**
Obligations under finance leases		5	2
Other financial liabilities		-	1
Non-current payables to Group companies, jointly controlled entities and associates	(15)	**6**	**6**
Deferred tax liabilities	(16)	**12**	**15**
Non-current accruals and deferred income	(13)	**618**	**741**
CURRENT LIABILITIES		**2,403**	**3,240**
Current payables	(14)	**56**	**97**
Obligations under finance leases		3	1
Derivatives	(8)	12	57
Other financial liabilities		41	39
Current payables to Group companies, jointly controlled entities and associates	(15)	**513**	**1,519**
Trade and other payables		**1,711**	**1,501**
Payable to suppliers		546	522
Payable to suppliers - Group companies and associates	(15)	928	813
Sundry accounts payable		145	119
Remuneration payable		62	21
Current tax liabilities		-	1
Other accounts payable to public authorities		30	25
Current accruals and deferred income	(13)	**123**	**123**
TOTAL EQUITY AND LIABILITIES		**15,220**	**7,971**

The accompanying Notes 1 to 21 and Annex I and II are an integral part of the balance sheet as at 31 January 2019.

INDUSTRIA DE DISEÑO TEXTIL, S.A.

INCOME STATEMENT FOR THE YEARS ENDED 31 JANUARY 2019 AND 2018

(Amounts in millions of euros)	**Notes**	**2018**	**2017**
CONTINUING OPERATIONS			
Revenue	(18.1)	**16,692**	**10,242**
Sales		8,470	8,177
Services		52	50
Dividends	(15)	8,170	2,015
In-house work on non-current assets		**7**	**4**
Procurements	(18.2)	**(6,616)**	**(6,501)**
Cost of goods held for resale sold		(5,973)	(5,845)
Cost of raw materials and other consumables used		(554)	(573)
Work performed by other companies		(89)	(83)
Other operating income		**231**	**239**
Non-core and other current operating income	(7, 13 & 15)	230	238
Income-related grants transferred to profit or loss		1	1
Personnel expenses		**(259)**	**(204)**
Wages, salaries and similar expenses		(226)	(177)
Employee benefits	(18.3)	(33)	(27)
Other operating expenses		**(1,392)**	**(1,206)**
Outsourced services	(18.4)	(1,380)	(1,201)
Taxes other than income tax		(3)	(3)
Other current operating expenses		(9)	(2)
Amortisation and depreciation of non-current assets and investment property	(5, 6 & 7)	**(92)**	**(81)**
Impairment and gains or losses on disposals of fixed assets		**(3)**	-
Impairment and gains or losses on disposals of Group investments	(8)	**1,902**	-
Other gains and losses		**1**	**(1)**
INCOME FROM OPERATIONS		10,471	2,492
Finance income		**7**	**4**
From marketable securities and other financial instruments		7	4
Group companies and associates	(15)	-	1
Third parties		7	3
Finance costs		**(3)**	**(28)**
On debts to Group companies and associates	(15)	(3)	(2)
On debts to third parties		-	(26)
Exchange differences		**(9)**	**15**
Impairment and gains or losses on disposals of financial instruments		-	**1**
FINANCIAL RESULTS		(5)	(8)
INCOME BEFORE TAXES		10,466	2,484
Income tax	(16)	(85)	(109)
INCOME FOR THE YEAR		10,381	2,375

The accompanying Notes 1 to 21 and Annex I and II are an integral part of the income statement for the year ended 31 January 2019.

INDUSTRIA DE DISEÑO TEXTIL, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 JANUARY 2019 AND 2018

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE

(Amounts in millions of euros)	2018	2017
PROFIT PER STATEMENT OF PROFIT OR LOSS (I)	10,381	2,375
Income and expense recognised directly in equity		
Cash flow hedges (Note 8)	(8)	(19)
Tax effect (Note 16)	2	5
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY (II)	(6)	(14)
Transfers to profit or loss		
Cash flow hedges (Note 8)	19	(4)
Tax effect (Note 16)	(5)	1
TOTAL TRANSFERS TO PROFIT OR LOSS (III)	14	(3)
TOTAL RECOGNISED INCOME AND EXPENSE (I+II+III)	10,389	2,358

The accompanying Notes 1 to 21 and Annex I and II are an integral part of the statement of recognised income and expense for the year ended 31 January 2019.

INDUSTRIA DE DISEÑO TEXTIL, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 JANUARY 2019 AND 2018

B) STATEMENT OF CHANGES IN TOTAL EQUITY

(Amounts in millions of euros)

	Share capital	Share premium	Reserves	Treasury shares	Profit for the year	Valuation adjustments	Grants, donations and bequests received	Total
2017 ADJUSTED OPENING BALANCE	**94**	**20**	**1,451**	**(87)**	**2,216**	**3**	**1**	**3,698**
Total recognised income and expense	-	-	-	-	2,375	(17)	-	**2,358**
Transactions with shareholders or owners								
Transfers	-	-	99	-	(99)	-	-	-
Dividends paid	-	-	-	-	(2,117)	-	-	**(2,117)**
Other changes	-	-	(7)	-	-	-	-	(7)
Treasury shares	-	-	-	10	-	-	-	**10**
2017 CLOSING BALANCE	**94**	**20**	**1,543**	**(77)**	**2,375**	**(14)**	**1**	**3,942**
2018 ADJUSTED OPENING BALANCE	**94**	**20**	**1,543**	**(77)**	**2,375**	**(14)**	**1**	**3,942**
Total recognised income and expense	-	-	-	-	10,381	8	-	**10,389**
Transactions with shareholders or owners								
Transfers	-	-	40	-	(40)	-	-	-
Dividends paid	-	-	-	-	(2,335)	-	-	**(2,335)**
Other changes	-	-	166	-	-	-	-	**166**
2018 CLOSING BALANCE	**94**	**20**	**1,749**	**(77)**	**10,381**	**(6)**	**1**	**12,162**

The accompanying Notes 1 to 21 and Annex I and II are an integral part of the statement of changes in total equity for the year ended 31 January 2019.

INDUSTRIA DE DISEÑO TEXTIL, S.A.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 JANUARY 2019 AND 2018

(Amounts in millions of euros)	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES (I)			
INCOME BEFORE TAXES		**10,466**	**2,484**
Adjustments to profit			
Amortisation and depreciation	(5, 6 & 7)	92	81
Impairment losses	(8)	(8)	(1)
Changes in provisions		20	17
Gains/Losses on derecognition and disposal of fixed assets		3	-
Gains/Losses on derecognition and disposal of financial instruments	(8)	(1,894)	(1)
Finance income		(7)	(3)
Finance costs		3	28
Exchange differences		18	(18)
Other income and expenses		(106)	(106)
Dividends from investments in equity instruments of Group companies	(15)	(8,170)	(2,015)
Changes in working capital			
Inventories		(15)	(79)
Trade and other receivables		(437)	(295)
Other current assets		-	(8)
Trade and other payables		270	(122)
Other current liabilities		(44)	(16)
Other non-current assets and liabilities		-	(1)
Other cash flows from operating activities			
Interest paid		(3)	(1)
Dividends received		8,181	1,995
Interest received		7	8
Income tax paid		(105)	(258)
Other collections (payments)		7	(3)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**8,278**	**1,686**
CASH FLOWS FROM INVESTING ACTIVITIES (II)			
Payments relating to investment			
Group companies and associates		(2,449)	(43)
Intangible assets	(5)	(53)	(35)
Property, plant and equipment	(6)	(197)	(66)
Investment property	(7)	(10)	(10)
Collections relating to divestments			
Group companies and associates		-	341
Property, plant and equipment		6	-
Other financial assets	(8)	13	146
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		**(2,690)**	**333**
CASH FLOWS FROM FINANCING ACTIVITIES (III)			
Collections and payments relating to equity instruments			
Purchase of equity instruments		-	(12)
Collections and payments relating to financial liability instruments			
Collections relating to other borrowings		-	2
Repayment of borrowings from Group companies and associates		(950)	(84)
Repayment of other borrowings		(1)	-
Dividends and returns on other equity instruments paid			
Dividends		(2,335)	(2,117)
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		**(3,286)**	**(2,211)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**2,302**	**(192)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,857**	**2,049**
CASH AND CASH EQUIVALENTS AT END OF YEAR		**4,159**	**1,857**

The accompanying Notes 1 to 21 and Annex I and II are an integral part of the statement of cash flows for the year ended 31 January 2019.

Translation of annual accounts originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 2 and 21). In the event of a discrepancy, the Spanish-language version prevails.

INDUSTRIA DE DISEÑO TEXTIL, S.A.

NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 JANUARY 2019

1 Activity and description of the Company

Industria de Diseño Textil, S.A. ("Inditex" or "the Company") was incorporated as a public limited liability company on 12 June 1985. Its current registered office is located at Avenida Diputación, s/n "Edificio Inditex", in Arteixo, A Coruña.

Industria de Diseño Textil, S.A. is the parent of a group of companies, whose main activity is the distribution of fashion items, particularly clothing, footwear, accessories and household textile products. The Group carries out its activity through various retail concepts such as Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. Inditex is listed on all four Spanish stock exchanges and, together with its subsidiary companies, comprises the Inditex Group.

Each concept is carried out through a store and online integrated model, managed directly by companies over which Inditex exercises control through the ownership of the majority of the share capital and of the voting rights, with the exception of certain countries where, for various reasons, the activity is performed through franchises. Certain franchise agreements entered into by the Group include purchase options which, if exercised, would essentially enable the Group to have access to the lease rights over the premises in which the franchised stores operate and the assets associated with these stores. These options may be exercised after a certain period of time has elapsed from the signing of the franchise agreement.

The information relating to Inditex's ownership interests in Group companies and jointly controlled entities is detailed in Annex I hereto.

The Company engages mainly in:

a. The purchase and procurement of fashion items, particularly clothing and accessories, and the distribution and sale thereof to the companies that market the ZARA concept.

b. The provision of corporate services to the other Group companies.

c. Management of the ownership interests in its subsidiaries, from which it receives income in the form of dividends.

Pursuant to corporate law, the Company's Directors prepared separately consolidated annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union, which reflected a consolidated profit attributable to the Parent of EUR 3,444 million (2017: EUR 3,368 million) and consolidated equity attributable to the Parent of EUR 14,653 million (2017: EUR 13,497 million).

The Group's consolidated annual accounts for 2017 were prepared by the Directors of Industria de Diseño Textil, S.A. at the Board of Directors meeting held on 13 March 2018 and were filed at the A Coruña Mercantile Registry, while the consolidated annual accounts of the Inditex Group for 2018 were prepared on 12 March 2019.

As indicated in Note 15, a significant portion of the Company's operations are carried on with companies in the Group to which it belongs.

The Company, together with other companies, belongs to a group which, in turn, is controlled by the same individual, who has control over other companies. The company with the most assets in this group of companies, Pontegadea Inversiones, S.L., files its annual accounts at the A Coruña Mercantile Registry. Industria de Diseño Textil, S.A. and Pontegadea Inversiones, S.L. are managed independently.

2 Basis of presentation of the annual accounts

a) *Regulatory financial reporting framework applicable to the Company*

These annual accounts were formally prepared by the Directors in accordance with the regulatory financial reporting framework applicable to the Company, which consists of:

a. The Spanish Commercial Code and all other Spanish Corporate Law.

b. The Consolidated Spanish Companies Act.

c. The General Accounting Plan (*approved by Royal Decree 1514/2007, of 16 November*) and its subsequent amendments.

d. The mandatory rules approved by the Spanish Accounting and Auditing Institute in order to implement the General Accounting Plan and the relevant secondary legislation.

e. All other applicable Spanish accounting legislation.

b) *Fair presentation*

The annual accounts for the year ended 31 January 2019 ("2018"), which were obtained from the Company's accounting records, are presented in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein and, accordingly, present fairly the Company's equity, financial position, results of operations and cash flows for 2018.

These annual accounts, which were formally prepared by the Company's Directors, will be submitted for approval by the Annual General Shareholders´ Meeting, and it is considered that they will be approved without any changes. The annual accounts for the year ended 31 January 2018 ("2017") were approved by the Annual General Shareholders´ Meeting held on 17 July 2018.

Unless otherwise stated, the amounts shown in these annual accounts are expressed in millions of euros.

c) *Accounting principles*

The Company's Directors formally prepared these annual accounts taking into account all the obligatory accounting principles and standards. In particular, the annual accounts for 2018 were prepared using the "*going concern basis of accounting*". All obligatory accounting principles were applied.

d) *Key issues in relation to the measurement and estimation of uncertainty*

In preparing the accompanying annual accounts estimates were occasionally made in order to quantify certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

a. The assessment of possible impairment losses on certain assets.

b. The determination of inventory costs.

c. The useful life of the property, plant and equipment, intangible assets and investment property.

d. The determination of the fair value of certain financial instruments.

e. The calculation of the provisions required for contingencies relating to litigation in progress and doubtful debts.

f. The recovery of deferred tax assets.

Although these estimates were made on the basis of the best information available at 31 January 2019, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the income statements for the years affected.

e) Comparative information

The information relating to 2017 included in these notes to the annual accounts is presented solely for comparison purposes with that relating to 2018.

f) Grouping of items

Certain items in the balance sheet, income statement, statement of changes in equity and statement of cash flows are grouped together to facilitate their understanding; however, whenever the amounts involved are material, the information is broken down in the related notes to the annual accounts.

g) Correction of errors

In preparing these annual accounts no significant errors were detected that would have made it necessary to restate the amounts included in the annual accounts for 2017.

h) Changes in accounting policies

In the year ended 31 January 2019 there were no significant changes in accounting policies with respect to those applied in 2017.

i) Materiality

In preparing these annual accounts the Company omitted any information or disclosure which, not requiring disclosure due to their qualitative importance, was considered not to be material.

3 Distribution of profit

The proposed distribution of the Company's profit for 2018 that its Directors will submit for approval by the Annual General Shareholders´ Meeting is as follows:

Basis of distribution	
Profit for the year	**10,381**
Distribution	
Dividends	2,740
Voluntary reserves	7,641

The Board of Directors will propose to the Annual General Shareholders´ Meeting the distribution of a dividend of EUR 0.88 per share, comprising of an ordinary dividend of EUR 0.66 per share and an extraordinary dividend of EUR 0.22 gross per share on the total outstanding shares.

From the total amount of EUR 0.88 per share, to be distributed as a dividend, EUR 0.44 per share are payable on 2 May 2019 in concept of interim ordinary dividend and EUR 0.44 per share are payable on 4 November 2019 as an extraordinary dividend and bonus dividend.

At 31 January 2019 and 2018, the restricted reserves amounted to EUR 19 million.

4 Accounting policies

The principal accounting policies used by the Company in preparing these annual accounts for 2018 were as follows:

a) Intangible assets

Intangible assets are recognised initially at acquisition or production cost and this initial measurement is subsequently adjusted for any accumulated amortisation and any accumulated impairment losses on the assets. Whenever there are signs of impairment, the Company tests the intangible assets for impairment (see Note 4-d) to determine whether the recoverable amount of the assets has been reduced to below their carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

In-house work performed by the Company to develop certain items of computer software that is capitalised to intangible assets is measured at accumulated cost (external costs plus in-house costs and, as the case may be, in-house personnel costs incurred in the development of this software).

Intangible assets with finite useful lives are amortised systematically over the years of useful life of the assets, as follows:

	Useful life (years)
Patents and similar intangibles	10
Computer software	5

b) Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition or production cost revalued pursuant to various laws (including Law 16/2012, of 27 December) (see Notes 6, 7 and 11) and this initial measurement is subsequently adjusted for any accumulated depreciation and any accumulated impairment losses on the assets. Whenever there are signs of impairment, the Company tests the property, plant and equipment for impairment (see Note 4-d) to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss as they are incurred. However, the costs of expansion, modernisation or improvements leading to a lengthening of the useful lives of the assets are capitalised.

The balances of assets retired as a result of modernisation or for any other reason are derecognised from the related cost, accumulated depreciation and, if appropriate, impairment loss accounts.

The Company transfers items of property, plant and equipment in the course of construction to property, plant and equipment in use when they are ready for their intended use, at which time they start to be depreciated.

The property, plant and equipment in use is depreciated using the straight-line method, on the basis of the acquisition or production cost (revalued, if appropriate) of the assets less their residual value; the land on which the buildings and other structures stand has an indefinite useful life and, accordingly, is not depreciated.

The annual depreciation charge on property, plant and equipment is recognised under "Amortisation and Depreciation of Assets and Investment Property" in the income statement, based on the years of estimated useful life of the assets, except in the case of leased assets, in which case it is based on the shorter of the useful life of the asset and the lease term. The annual depreciation rates used correspond to the following years of estimated useful life:

	Useful life (years)
Buildings	25 to 50
Plant and machinery	7 to 20
Other fixtures, tools and furniture	10 to 20
Other items of property, plant and equipment	5 to 10

c) *Investment property*

The assets included under "Investment Property" in the balance sheet correspond to assets leased, mainly, to Group companies. This investment property is measured as described in Note 4-b on "Property, Plant and Equipment".

d) *Impairment of non-current assets*

The Company periodically assesses whether there are any indications that its non-current assets might have become impaired, for the purpose of determining whether their recoverable amount is lower than their carrying amount (impairment loss).

In this regard, whenever there are signs of impairment on intangible assets, property, plant and equipment and investment property, the Company tests these assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

Similarly, if there is an indication of a recovery in the value of an impaired item of property, plant and equipment, the Company recognises the reversal of the impairment loss recognised in prior periods, with a credit to the income statement, and adjusts the future depreciation charges accordingly. In no circumstances the reversal of an impairment loss on an asset may raise its carrying amount above that which it would have if no impairment losses had been recognised in prior years.

Also, the Company has developed a general, systematic procedure for carrying out these impairment tests, based on the monitoring of certain events or circumstances which indicate that the value of an asset may not be recovered in full. Non-current investments in Group companies and associates and non-current financial assets are reviewed at least once a year.

Calculation of the recoverable amount

The recoverable amount of assets is the higher of fair value less costs to sell and value in use. Value in use is established on the basis of the expected future cash flows for the period in which these assets are expected to generate revenue, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset, and other factors that market participants would consider in pricing the future cash flows to be derived from the asset.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

In the case of investments in Group companies, the Company has defined each of the investees as basic cash-generating units. The cash flows were based on the budgets and business plans of the various companies, which generally cover a three-year period. The key assumptions on which the budgets and business plans are based are estimated sales growth and the evolution of the operating expenses and gross profit of each of the cash-generating units, based on experience and knowledge of the trends in each of the markets in which the Company operates and on the macroeconomic indicators that reflect the current and foreseeable economic situation for each market.

The estimated cash flows are extrapolated for the period not covered by the plan using a steady growth rate and an expense structure that is similar to that of the last year of the business plan. Where the growth rates exceed the industry or country rates, the latter reflect the Company's best estimates regarding the business performance, based on its understanding of each market.

The discount rate applied is usually a pre-tax measure based on the risk-free rate for ten-year bonds issued by the governments in the relevant markets (or similar bonds, if there are no ten-year bonds), adjusted to reflect the risk increase. The average discount rate applied to calculate the present value of the estimated cash flows was 5.39% for 2018 (2017: 6.02%).

Also, the Company analysed the sensitivity of the result of the impairment test to the following changes in assumptions:

- Increase of 100 basis points in the discount rate.
- 5% reduction in future cash flows.

These sensitivity analyses, performed separately for each of the aforementioned assumptions, did not disclose the potential existence of any additional impairment of the assets.

e) Leases

Leases are classified as *"finance leases",* whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as *"operating leases"*.

Finance leases

At the commencement of the lease term, the Company recognises an asset and a liability for the lower of the fair value of the leased asset or the present value of the minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The initial direct costs are added to the amount recognised as an asset. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Company under finance leases are the same as those described in Note 4-b (property, plant and equipment). However, if there is no reasonable certainty that the Company will obtain ownership of the assets at the end of the lease term, they are amortised over the shorter of their useful life and the lease term.

Operating leases

In operating leases, the ownership of the leased asset and substantially all the risks and rewards relating to the leased asset remain with the lessor.

Both when the Company acts as the lessor and when it acts as the lessee, lease income and expenses are recognised in the income statement in the year in which they accrue.

f) Financial instruments

A *"financial instrument"* -is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

An *"equity instrument"* -is a contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A *"financial derivative"* -is a financial instrument whose value changes in response to the change in an observable market variable *(such as an interest rate, financial instrument price or market index)*, whose initial investment is very small compared with other financial instruments with a similar response to changes in market factors, and which is generally settled at a future date.

Financial assets

The financial assets held by the Company are classified in the following categories:

1. *"Loans, receivables and other financial assets".* These comprise financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business, or financial assets which, not having commercial substance, are not equity instruments or derivatives, have fixed or determinable payments and are not traded in an active market.

   These financial assets are measured at their nominal value since they do not have an established interest rate and are expected to be collected in the short term.

   The Company recognises the appropriate impairment losses on receivables if there is a reduction or delay in the estimated future cash flows as a result of debtor insolvency. The amount of the impairment loss is the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows.

2. *"Equity investments in Group companies and jointly controlled entities". "Group companies"* are defined as companies over which the Company has the capacity to exercise control; control is, in general but not exclusively, presumed to exist when the Company directly or indirectly owns half or more of the voting power of the investee or, even if this percentage is lower or zero, when, as in the case of agreements with shareholders of the investee, the Company is granted control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Jointly controlled entities include companies over which, by virtue of an agreement, the Company exercises joint control with one or more other venturers.

   Investments in Group companies and jointly controlled entities are measured at acquisition cost net, where appropriate, of any accumulated impairment losses. These losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment. Unless there is better evidence, the recoverable amount of the investment is taken to be the value of the equity of the investee, adjusted by the amount of the unrealised gains existing at the date of measurement *(including any goodwill)*. Impairment losses recognised and reversed are charged and credited, respectively, to the income statement.

The Company derecognises a financial asset when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership of the financial asset have also been transferred.

Financial liabilities

Financial liabilities include those debits and accounts payable that have arisen from the purchase of goods or services in the normal course of the Company's business and those which, not having commercial substance, cannot be classified as derivative financial instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These liabilities are subsequently measured at amortised cost using the *"effective interest method"*, as described above. However, the financial liabilities with no set interest rate, and those which mature or are expected to be received in the short term, where the effect of discounting is not material, are measured at nominal value.

The Company derecognises financial liabilities when the obligations giving rise to them cease to exist.

Equity instruments

Equity instruments issued by the Company are recognised in "Equity" in the balance sheet at the proceeds received, net of issue costs.

Treasury shares acquired by the Company are presented separately at cost as a reduction of shareholders' equity in the balance sheet. No gain or loss is recognised in the income statement on treasury share transactions.

The related transaction costs are recognised as a reduction of reserves, after consideration of any tax effect.

Derivative financial instruments

Financial instruments acquired by the Company to hedge forecast transactions in foreign currencies are recognised at fair value.

Foreign currency hedges relating to forecast transactions are treated as cash flow hedges, and therefore any gains or losses derived from measuring the hedging instrument at fair value which correspond to the effective portion of the hedge are recognised in equity. The ineffective portion is charged to finance costs or credited to finance income, as appropriate.

Amounts recognised in equity are taken to income when the forecast transaction takes place with a charge or credit to the income statement in which it was recognised. Also, gains or losses recognised in equity are reclassified to finance income or costs when the forecast transaction is no longer expected to occur. The fair value of the hedges is recognised, depending on whether it is positive or negative, under "Current Financial Assets" or "Current Payables" in the accompanying balance sheet.

In order for these financial instruments to qualify for hedge accounting, they are initially designated as hedging instruments and the hedging relationship is documented. Also, the Company verifies, both at inception and periodically over the term of the hedge, using "effectiveness tests", that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument. In addition, the ineffective portion of the hedging instrument is recognised immediately in the income statement.

The fair value of the hedging instruments was calculated using valuation techniques based on the spot exchange rate and yield curves according to the fair value hierarchy shown below:

- Level 1: fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

- Level 2: fair value is calculated on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: Unobservable inputs for the asset or liability.

The measurement methodology, based on the aforementioned hierarchy, is as follows:

Level 2 instruments

The Company assigns the assets and liabilities associated with its OTC derivative positions to this level and measures them using observable market inputs.

The Company does not have financial instruments included in Level 1 or 3.

Accordingly, the fair value of the hedging instruments arranged by the Company is calculated as follows:

Foreign currency forwards

Foreign currency forwards are basically measured by comparing the contract strike price (agreed delivery price) with the market forward rate for the maturity of the contract. Once the estimated future settlement of the contract has been obtained based on the aforementioned comparison (in euros), the settlement is discounted using the risk-free zero coupon yield curve (or the interbank yield curve). This risk-free valuation is subsequently adjusted to include each parties' credit risk, both the risk corresponding to the counterparty (Credit Value Adjustment ("CVA") or counterparty default risk) and own risk (Debit Value Adjustment ("DVA") or own default risk).

The CVA and the DVA are calculated by multiplying the estimated exposure by the probability of default and the loss severity (which measures the loss given default). Where possible, the probability of default and the assumed recoverable amount in the event of default are obtained from quoted CDSs or from other observable market inputs. The CVA and the DVA calculations are netted for each counterparty with which the entity has a netting agreement for the derivative positions in the event of default.

g) *Inventories*

Inventories are measured at the lower of acquisition cost and net realisable value.

The cost of inventories comprises all costs of purchase and costs of conversion, as well as design, logistics and transport costs and any directly allocable costs incurred in bringing the inventories to their present location and condition.

Cost is calculated on a FIFO basis.

The cost of inventories is adjusted through "Cost of Goods Held for Resale Sold" in the income statement when cost exceeds net realisable value. Net realisable value is understood to be:

- Raw materials and other supplies: replacement cost. However, raw materials and other supplies are not written down below cost if the finished goods in which they will be incorporated are expected to be disposed of at or above production cost.

- Finished goods for sale: estimated selling price in the normal course of business.

h) *Grants, donations and bequests received*

Grants, donations and bequests received are recognised as income in equity when they are officially granted, as the case may be, and when the conditions attached to them have been complied with and there is reasonable assurance that they will be received.

Grants related to assets are recognised in profit or loss in proportion to the depreciation taken on the assets financed with them or, where applicable, when the assets are disposed of, derecognised or an impairment loss is recognised.

i) Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal, contractual, constructive or tacit) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are quantified on the basis of the best information available at the date of preparation of the annual accounts and are reviewed at the end of each reporting period.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, provisions are reversed.

There are no risks that might give rise to significant future contingencies affecting the Company that have not already been taken into account in these annual accounts.

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Company's control. Unlike provisions, contingent liabilities are not recognised in the balance sheet, but are disclosed in the accompanying Notes to the annual accounts, unless the possibility of an outflow in settlement is considered to be remote.

j) Employee benefits

The provisions for long-term incentives are recognised at year-end at the present value of the estimated future payments to be made in order to meet the obligations acquired (see Note 20). The expense accrued during the year is determined based on the best estimate of the degree to which the conditions giving entitlement to payment have been met, with a charge to personnel costs and finance costs. Any change in the estimates made are recognised with a charge or credit to the income statement for the year, based on their nature.

k) Income tax

The Company files consolidated income tax returns as part of a tax group of which it is the parent.

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior years effectively offset in the current year reduce the current income tax expense. These tax benefits are measured at face value unless the period for recovery is more than one year, in which case they are measured at present value, provided that this differs significantly from face value.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent that it is considered probable that the Company will have taxable profits in the future against which the deferred tax assets can be utilised, provided that they will be utilised within a maximum of ten years, unless there is clear evidence that they will be recovered within a period of more than ten years or there are deferred tax liabilities with an identical period of reversal.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

As required by the Spanish Accounting and Auditing Institute, the Group's policies establish that for each of the companies that belongs to the consolidated tax group, the income tax expense or benefit for the year is calculated on the basis of accounting profit before tax, increased or decreased, as appropriate, by the permanent differences from the taxable profit, net of the tax relief and tax credits corresponding to each company in the tax group under the consolidated tax regime.

l) Revenue and expense recognition

Revenue and expenses are recognised when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Revenue from sales is recognised when the commitment obligations with the customer have been satisfied and which, in general, occurs when the goods are given to the customer and the customer pays for them. Revenue is recognised for the value of the consideration received. Refunds of sales, whether actual or forecast, are considered part of the total price of each sales transaction.

Sales to franchises are recognised following the same criteria.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Interest income from financial assets is recognised using the effective interest method and dividend income, which is recognised under "Revenue" since it forms part of the ordinary business of the Company, is recognised when the shareholders' right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income.

m) Current / non-current classification

The Company classifies assets and liabilities as current and non-current items in the balance sheet. Assets and liabilities are classified as current when they are expected to be realised or settled within twelve months of the balance sheet date, and are otherwise classified as non-current liabilities.

n) Foreign currency transactions

The Company's functional currency is the euro. Assets whose acquisition cost is denominated in a foreign currency are translated to euros at the exchange rate prevailing at the date of each acquisition or at the date on which the related items are included in assets.

Accounts receivable and payable denominated in foreign currency are translated to euros at the exchange rates prevailing at the transaction date and are subsequently translated at the end of the reporting period using the closing exchange rates. Any resulting gains or losses are recognised directly in profit or loss in the year in which they arise.

o) Related party transactions

The Company performs its transactions with Group companies and related parties on an arm's length basis. Also, the transfer pricings are adequately supported and, therefore, the Company's

Directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

p) *Statement of cash flows*

The following terms are used in the statement of cash flows:

a. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

b. Operating activities: the principal revenue-producing activities of the Company and other activities that are not investing or financing activities.

c. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

d. Financing activities: activities that result in changes in the size and composition of the equity and borrowings of the Company that are not operating activities.

q) *Statement of changes in equity*

The statement of changes in equity presented in these annual accounts shows the total changes in equity in the year. This information is in turn presented in two statements: the statement of recognised income and expense and the statement of changes in total equity. The main characteristics of the information contained in the two parts of the statement are explained below:

Statement of recognised income and expense

This part of the statement of changes in equity presents the income and expenses generated by the Company as a result of its business activity in the year, and a distinction is made between the income and expenses recognised in the income statement for the year and the other income and expenses recognised, in accordance with current regulations, directly in equity.

Accordingly, this statement presents:

a. Profit for the year.

b. The net amount of income and expenses recognised directly in equity *(the income, net of the expenses arising during the year, recognised directly in equity, which remains under this line item even if in the same year it is transferred to profit or loss, to the initial carrying amount of other assets or liabilities, or is reclassified to another line item)*.

c. The amount transferred to profit or loss from equity *(the amount of the revaluation gains and losses and the asset-related grants previously recognised in equity, albeit in the same year, which are recognised in the income statement)*.

d. The total recognised income and expense, calculated as the sum of a) to c) above.

The amounts of these items are presented gross and the related tax effect is recognised under "Tax Effect" in this statement.

Statement of changes in total equity

This part of the statement of changes in equity presents all the changes in equity, including those arising from changes in accounting policies and from the correction of misstatements. Accordingly, this statement presents a reconciliation of the carrying amount at the beginning and end of the year of all the equity items, and the changes are grouped together on the basis of their nature into the following items:

a. Adjustments due to changes in accounting policies and to errors: include the changes in equity arising as a result of the retrospective restatement of the balances in the annual accounts due to changes in accounting policies or to the correction of misstatements.

b. Income and expense recognised in the year: includes, in aggregate form, the total of the aforementioned items recognised in the statement of recognised income and expense.

c. Other changes in equity: includes the remaining items recognised in equity, including, inter alia, increases and decreases in the Company's share capital, distribution of profit, transactions involving own equity instruments, share-based payments, transfers between equity items and any other increases or decreases in equity.

5 Intangible assets

The changes in 2018 and 2017 in the intangible asset accounts and in the related accumulated amortisation were as follows:

2018

	Opening balance	Additions (charge for the year)	Disposals	Transfers	Closing balance
Patents and similar items intangibles	14	1	-	-	15
Computer software	137	42	(1)	23	201
Intangible assets in progress and advances	28	17	-	(23)	22
Cost	**179**	**60**	**(1)**	**-**	**238**
Patents and similar items intangibles	(10)	(1)	-	-	(11)
Computer software	(65)	(27)	1	-	(91)
Accumulated amortisation	**(75)**	**(28)**	**1**	**-**	**(102)**
Net carrying amount	**104**				**136**

2017

	Opening balance	Additions (charge for the year)	Transfers	Closing balance
Patents and similar items intangibles	13	1	-	14
Computer software	93	12	32	137
Intangible assets in progress and advances	34	26	(32)	28
Cost	**140**	**39**	**-**	**179**
Patents and similar items intangibles	(9)	(1)	-	(10)
Computer software	(47)	(18)	-	(65)
Accumulated amortisation	**(56)**	**(19)**	**-**	**(75)**
Net carrying amount	**84**			**104**

Additions

The main additions in 2018 and in 2017 relate to the amount paid for the investment in new IT developments, which was recognised under "Computer Software" and "Intangible Assets in Progress and Advances".

Fully amortised intangible assets

The Company's intangible assets include certain items which had been fully amortised at 31 January 2019 and 2018, the total cost and accumulated amortisation of which were as follows:

	31/01/2019	31/01/2018
Patents and similar items intangibles	6	5
Computer software	19	16
Total	**25**	**21**

6 Property, plant and equipment

The changes in 2018 and 2017 in the property, plant and equipment accounts and in the related accumulated depreciation were as follows:

2018

	Opening balance	Additions (charge for the year)	Disposals	Transfers (Note 7)	Closing balance
Land	11	-	(1)	13	23
Buildings	84	57	(4)	62	199
Plant and machinery	94	37	(2)	33	162
Other fixtures, tools and furniture	41	5	(1)	-	45
Other items of property, plant and equipment	200	19	(8)	5	216
Property, plant and equipment in the course of construction and advances	132	23	-	(117)	38
Cost	**562**	**141**	**(16)**	**(4)**	**683**
Buildings	(21)	(3)	1	-	(23)
Plant and machinery	(49)	(9)	-	-	(58)
Other fixtures, tools and furniture	(25)	(2)	1	-	(26)
Other items of property, plant and equipment	(62)	(23)	6	-	(79)
Accumulated depreciation	**(157)**	**(37)**	**8**	**-**	**(186)**
Net carrying amount	**405**				**497**

2017

	Opening balance	Additions (charge for the year)	Disposals	Transfers (Note 7)	Closing balance
Land	11	-	-	-	11
Buildings	81	3	(9)	8	84
Plant and machinery	91	7	(8)	4	94
Other fixtures, tools and furniture	40	1	-	-	41
Other items of property, plant and equipment	175	15	-	10	200
Property, plant and equipment in the course of construction and advances	62	98	-	(28)	132
Cost	**460**	**124**	**(17)**	**(6)**	**562**
Buildings	(18)	(3)	-	-	(21)
Plant and machinery	(44)	(5)	-	-	(49)
Other fixtures, tools and furniture	(22)	(3)	-	-	(25)
Other items of property, plant and equipment	(42)	(20)	-	-	(62)
Accumulated depreciation	**(126)**	**(31)**	**-**	**-**	**(157)**
Net carrying amount	**334**				**405**

Additions

The additions in 2018 relate mainly to expansion projects carried out at the Company's head office in Arteixo (A Coruña) and with the new logistics centre in A Laracha (A Coruña).

Asset revaluation

On 1 February 2013, the items of investment property were revalued pursuant to Law 16/2012, of 27 December; this had an effect on equity, net of tax, of EUR 9 million. The impact of this revaluation on the depreciation charge for 2018 was EUR 0.2 million (2017: EUR 0.3 million).

Fully depreciated property, plan and equipment

At 31 January 2019 and 2018, the property, plant and equipment and the investment property described in Note 7 included certain fully depreciated assets still in operation, the total cost and accumulated depreciation of which were as follows:

	31/01/2019	31/01/2018
Buildings	95	92
Plant and machinery	25	24
Other fixtures, tools and furniture	11	10
Other items of property, plant and equipment	26	25
Total	**157**	**151**

Property, plant and equipment acquired from the Group

The detail of the property, plant and equipment and investment property acquired from Group companies at 31 January 2019 and 2018 is as follows:

At 31 January 2019

	Cost	Accumulated depreciation	Total
Land and buildings	826	(262)	564
Plant and machinery	140	(43)	97
Other items of property, plant and equipment	7	(4)	3
Total	**973**	**(309)**	**664**

At 31 January 2018

	Cost	Accumulated depreciation	Total
Land and buildings	719	(241)	478
Plant and machinery	81	(35)	46
Other items of property, plant and equipment	5	(4)	1
Property, plant and equipment in the course of construction	32	-	32
Total	**837**	**(281)**	**556**

Insurance

The Company takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed. The Company's Directors consider that the policies arranged at 31 January 2019 are sufficient to cover the risks inherent to its business activities.

7 Investment property

The changes in 2018 and 2017 in "Investment Property" were as follows:

2018

	Opening balance	Additions (charge for the year)	Disposals	Transfers (Note 6)	Closing balance
Land	102	-	(1)	-	101
Buildings	744	10	(2)	4	756
Cost	**846**	**10**	**(3)**	**4**	**857**
Buildings	(280)	(27)	2	-	(305)
Accumulated depreciation	**(280)**	**(27)**	**2**	**-**	**(305)**
Net carrying amount	**566**				**552**

2017

	Opening balance	Additions (charge for the year)	Transfers (Note 6)	Closing balance
Land	102	-	-	102
Buildings	728	10	6	744
Cost	**830**	**10**	**6**	**846**
Buildings	(249)	(31)	-	(280)
Accumulated depreciation	**(249)**	**(31)**	**-**	**(280)**
Net carrying amount	**581**			**566**

Investment property relates mainly to land and buildings leased by the Company to Group companies whose corporate purpose is the provision of logistics services.

The lease income from the Company's investment property in 2018 and 2017 amounted to EUR 38 million per year and is recognised under "Other Operating Income - Non-Core and Other Current Operating Income" in the accompanying income statements (see Note 15).

The operating expenses related to the investment properties owned by the Company amounted to EUR 2 million in 2018 (2017: EUR 1 million).

Additions

The additions in 2018 related mainly to expansion and improvement projects carried out at the Narón (A Coruña) and Zaragoza logistics centres.

Asset revaluation

On 1 February 2013, the items of investment property were revalued pursuant to Law 16/2012, of 27 December; this had an effect on equity, net of tax, of 35 million. The effect of this revaluation on the depreciation charge for 2018 and 2017 was EUR 1 million per year.

Insurance

The Company takes out insurance policies to cover the possible risks to which its investment property is exposed. The Company's Directors consider that the insurance coverage arranged is adequate.

8 Investments in Group companies and financial assets (current and non-current)

The detail of investments in Group companies and financial assets (current and non-current) at 31 January 2019 and 2018 is as follows:

	31/01/2019	31/01/2018
Non-current investments in Group companies, jointly controlled entities and associates		
Equity investments	4,035	2,390
Impairment losses	(78)	(86)
Loans to companies (Note 15)	395	176
Total	**4,352**	**2,480**
Non-current financial assets		
Equity instruments		
Cost	14	14
Impairment losses	(12)	(12)
Other financial assets	195	195
Total	**197**	**197**
Current investments in Group companies, jointly controlled entities and associates (Note 15)		
Loans to companies	3,899	1,057
Other financial assets	-	26
Total	**3,899**	**1,083**
Current financial assets		
Derivatives	9	-
Total	**9**	**-**

Non-current investments in Group companies, jointly controlled entities and associates Equity instruments

The most significant information in relation to Group companies, jointly controlled entities and associates at 31 January 2019 is detailed in Annex I.

The main changes in investments in equity instruments correspond to subsidiaries 100% own located in Italy, United Kingdom, Holland, Sweden and the United States of America, and are the result of the decisions taken by Group management regarding the management of operations.

Thus, acquisitions and capital increases totalling EUR 1,895 million were performed in 2018 (2017: EUR 26 million). Also, in 2018 non-monetary contributions were carried out amounting to EUR 352 million, reimbursements of contributions amounting to EUR 215 million, and sales to other subsidiaries of certain investments in Group companies the acquisition cost of which totalled EUR 387 million. The impact of these transactions has led to a credit amounting to EUR 137 million in the "Other Reserves" line item of the balance sheet and a profit of EUR 1,894 million recorded in the "Impairment and Gains or Losses on Disposal of Financial Instruments of Group Companies and Associates" line item of the income statement.

Impairment losses totalling EUR 8 million were reversed, based on the criteria detailed in Note 4-d, which were recognised under the same heading (2017: EUR 0.7).

None of the investees of Industria de Diseño Textil, S.A. are listed on the stock exchange.

Current investments in Group companies, jointly controlled entities and associates
Loans to companies and other financial assets

At the close of 2018 the loans to Group companies recognised under non-current assets in the balance sheet relate to the financing of their activities and the purchase of property, plant and equipment. These loans accrue a market rate of interest.

In order to optimise the financial resources generated, the Company has implemented a centralised cash system among certain Group companies by setting up current accounts, the balances of which can be receivable or payable, depending on the particular circumstances of each company and which, in practice, are settled depending on each company's needs. These balances bear interest at a market rate which is settled on an annual basis. In this connection, the balances receivable included under "Current Investments in Group Companies, Jointly Controlled Entities and Associates" correspond to these current accounts. When the related balances are payable, they are recognised under "Current Payables to Group Companies, Jointly Controlled Entities and Associates" (see Note 15).

The balances arising on tax consolidation are also recognised under this heading (see Note 15).

Non-current financial assets

At 31 January 2019, the balance of "Non-Current Financial Assets - Other Financial Assets" included mainly advances made as a result of future payment obligations.

Derivative financial instruments

Merchandise and goods for resale are acquired partly through orders placed with foreign suppliers in US dollars. The Company, in accordance with prevailing foreign currency risk management policies established by the Inditex Group, uses derivative financial instruments (basically forwards) to hedge fluctuations in the cash flows related to these transactions and associated with the exchange rate.

The maturity dates of the hedging instruments were negotiated so that they coincide with those of the hedged items. In this connection, in 2018 and 2017 there were no highly probable forecast transactions to which hedge accounting was applied that did not ultimately occur.

At 31 January 2019 and 2018, the Company had open derivative positions (basically forward US dollar purchases), which are shown under "Current Financial Assets" or "Current Payables" in the accompanying balance sheet, depending on their balance. The detail of the fair value of these hedging instruments for 2018 and 2017 is as follows:

2018

CURRENT FINANCIAL ASSETS					
Description	Level	Fair value at beginning of year	Amount taken to profit or loss	Gain or loss recognised directly in equity	Fair value at end of year
Foreign currency forwards	2	-	17	(8)	9
Total		**-**	**17**	**(8)**	**9**

CURRENT PAYABLES					
Description	Level	Fair value at beginning of year	Amount taken to profit or loss	Amount transferred to profit or loss from equity	Fair value at end of year
Foreign currency forwards	2	57	(26)	(19)	12
Total		**57**	**(26)**	**(19)**	**12**

2017

CURRENT FINANCIAL ASSETS					
Description	Level	Fair value at beginning of year	Amount taken to profit or loss	Amount transferred to profit or loss from equity	Fair value at end of year
Foreign currency forwards	2	41	(40)	1	-
Options	2	5	-	(5)	-
Total		**46**	**(40)**	**(4)**	**-**

CURRENT PAYABLES					
Description	Level	Fair value at beginning of year	Amount taken to profit or loss	Gain or loss recognised directly in equity	Fair value at end of year
Foreign currency forwards	2	10	28	19	57
Total		**10**	**28**	**19**	**57**

There have been no transfers between the different levels.

The changes in the fair value of the hedging instruments detailed depend mainly on the changes in the US dollar contract rate and the changes in the short-term yield curves.

9 Cash and cash equivalents

The cash balances include cash in hand and demand deposits at banks.

All the balances under these line items are unrestricted as to their use and there are no guarantees or pledges attached to them.

10 Inventories

The detail of this line item at 31 January 2019 and 2018 is as follows:

	31/01/2019	**31/01/2018**
Goods held for resale	784	781
Raw materials and other supplies	71	64
Total	**855**	**845**

The Company takes out insurance policies to cover the possible risks to which its inventories are exposed. The Company's Directors consider that the insurance coverage arranged is adequate.

11 Equity

Shareholders' equity

Share capital

At 31 January 2019 and 2018, the Company's share capital was represented by 3,116,652,000 fully subscribed and paid-up shares of EUR 0.03 par value each, which confer identical voting rights upon their holders, and which are represented by book entries.

INDITEX shares are listed on the four Spanish stock exchanges. The Company issues shares represented by book entries. Notwithstanding the above, pursuant to Article 497 of the Spanish Companies Act, Inditex has hired to Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) its services related to the provision of the daily share ownership notification.

As per the Company's Shareholder Register, as well as the public registers of the Spanish National Securities Market Commission (CNMV), the Company's significant shareholders at 31 January 2019 and 2018 were as follows:

	31/01/2019		31/01/2018	
Shareholder	**Number of shares**	**Percentage of ownership**	**Number of shares**	**Percentage of ownership**
Pontegadea Inversiones, S.L.	1,558,637,990	50.01%	1,558,637,990	50.01%
Partler 2006, S.L.	289,362,325	9.28%	289,362,325	9.28%
Rosp Corunna Participaciones Empresariales, S.L.	157,474,030	5.05%	157,474,030	5.05%
Total	**2,005,474,345**	**64.34%**	**2,005,474,345**	**64.34%**

At 31 January 2019 and 2018, the members of the Board of Directors or their related companies controlled approximately 59.364% and 59.362%, respectively, of the Company's share capital, as detailed in Annex II.

Legal reserve

Under the Spanish Companies Act, the Company must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. At 31 January 2019 and 2018, the legal reserve had reached the legally required minimum.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Revaluation reserve

Pursuant to Law 16/2012, of 27 December, in 2013 the Company revalued its property, plant and equipment and investment property assets. The amount of the revaluation, net of the 5% tax charge, was EUR 44 million (see Note 6 and Note 7).

Dividends

The dividends paid by the Company in 2018 and 2017 amounted to EUR 2,335 million and EUR 2,117 million, respectively. These amounts correspond to payments of EUR 0.75 per share in 2018 and EUR 0.68 per share in 2017. The distribution of profit for 2018 proposed by the Board of Directors is shown in Note 3.

Treasury shares

The Annual General Shareholders´ Meeting held on 19 July 2016 approved the 2016-2020 Long-Term Incentive Plan (see Note 20) and authorised the Board of Directors to derivatively acquire treasury shares to cater for this Plan.

At 31 January 2019, the Company owned 2,950,143 treasury shares, representing 0.095% of the share capital.

12 Long-term provisions

The detail of "Long-Term Provisions" at 31 January 2019 and 2018 and of the changes therein in 2018 is as follows:

	Balances at 31/01/2018	Charge for the year and transfers to short term	Balances at 31/01/2019
Long-term provisions			
Other provisions			
Provisions for third-party liability	3	(2)	1
Provision for pensions and similar obligations to personnel	21	(8)	13
Total	**24**	**(10)**	**14**

Provisions for third-party liability

The balances of this line item relate to provisions recognised to cover any risks that might arise for the Company in the performance of its ordinary activities. An analysis is performed each year of the portion that will foreseeably have to be settled the following year, and the related amount is reclassified to current liabilities.

In estimating the amounts provisioned at year-end, the Company used the following hypotheses and assumptions:

- Maximum amount of the contingency
- Foreseeable evolution and factors on which the contingency depends

The Company's Directors consider that the provisions recognised in the balance sheet adequately cover the risks relating to litigation, arbitration and other contingencies and do not expect any liabilities additional to those recognised to arise therefrom.

Provision for pensions and similar obligations to personnel

The Company has undertaken to settle specific obligations to personnel. The Company has recorded a provision to cover the liability corresponding to the estimated vested portion of these obligations at 31 January 2019. The estimated average payment period for the amounts provisioned is three years.

13 Non-current and current accruals and deferred income

These line items include mainly the amount not yet recognised in profit or loss of the income arising from transfers of assets between Group companies, which were paid in full in 2013. The amount transferred to profit or loss in 2018 and 2017 in this connection was EUR 123 million, which was recognised under "Other Operating Income - Non-Core and Other Current Operating Income" (See Note 15).

14 Non-current and current liabilities

The breakdown of the balances of "Non-Current Payables" and "Current Payables" in the accompanying balance sheets as at 31 January 2019 and 2018 is as follows:

	31/01/2019			31/01/2018		
	Current liabilities	Non-current liabilities	Total	Current liabilities	Non-current liabilities	Total
Obligations under finance leases	3	5	8	1	2	3
Derivatives (Note 8)	12	-	12	57	-	57
Other financial liabilities						
Payable to non-current asset suppliers	5	-	5	4	-	4
Other payables	36	-	36	35	1	36
Total	**56**	**5**	**61**	**97**	**3**	**100**

"Other Payables" includes mainly deposits received from franchises and other counterparties to secure the payment for the supply of finished goods and other transactions, as well as the debts recognised as a result of the existence of cross call and put options between the Company and the owners of some of the shares of certain of the subsidiaries, since these cross options are considered to be a deferred acquisition of the shares constituting the underlying. The variations in the option prices are due basically to the fact that the prices are linked to the number of stores operated and to the shareholders' equity and the profit or loss of these subsidiaries.

Following is a description of the main cross put and call options on those investments:

a) Subsidiary domiciled in Mexico

The Company holds a call option on 5% of the share capital of Zara México, S.A. de C.V. owned by a non-controlling shareholder. The strike price is set on the basis of the non-controlling shareholders' share of the equity of the investee when the call option is exercised.

b) Subsidiary domiciled in South Korea

The Company holds a call option on 20% of the share capital of Zara Retail Korea, Ltd. This ownership interest is held by Lotte Shopping Co., Ltd., which in turn holds an option to sell the full amount of this holding to Industria de Diseño Textil, S.A. The strike price is set on the basis of the non-controlling shareholders' share of the equity of the investee when the call option is exercised.

The Company had been granted credit facilities with a limit of EUR 698 million at 31 January 2019 (31 January 2018: EUR 689 million). At 31 January 2019 and 2018, no balances had been drawn down.

15 Balances and transactions with Group and related companies

Balances

The detail of the Company's balances with Group entities, jointly controlled entities and related companies at 31 January 2019 and 2018 is as follows:

	31/01/2019			31/01/2018		
	Short term	Long term	Total	Short term	Long term	Total
Trade receivables	296	-	296	247	-	247
Loans (Note 8)	3,675	395	4,070	751	176	927
Receivables arising from filing of consolidated tax returns (Notes 8 & 16)	224	-	224	306	-	306
Other current financial assets	-	-	-	26	-	26
Total	**4,195**	**395**	**4,590**	**1,330**	**176**	**1,506**
Payables to suppliers	928	-	928	813	-	813
Payables	509	6	515	1,517	6	1,523
Payables arising from filing of consolidated tax returns (Note 16)	4	-	4	2	-	2
Total	**1,441**	**6**	**1,447**	**2,332**	**6**	**2,338**

Transactions

The detail of the transactions with Group and related companies in 2018 and 2017 is as follows:

2018

	Group Companies	Jointly controlled entities	Other related parties	Total
Expenses and Incomes				
Purchases	4,318	1	-	4,319
Other expenses	980	-	-	980
Finance costs	2	1	-	3
Total Expenses	**5,300**	**2**	**-**	**5,302**
Sales	7,436	-	-	7,436
Dividends	8,150	20	-	8,170
Operating lease income (Note 7)	38	-	-	38
Other income	180	18	-	198
Total Income	**15,804**	**38**	**-**	**15,842**
Other Transactions				
Disposals of Group investments (Note 8)	2,281	-	-	2,281
Disposals of property, plant and equipment	5	-	1	6

2017

	Group Companies	Jointly controlled entities	Total
Expenses and Incomes			
Purchases	4,178	-	4,178
Other expenses	890	-	890
Finance costs	2	-	2
Total Expenses	**5,070**	**-**	**5,070**
Sales	7,130	-	7,130
Dividends	1,993	22	2,015
Operating lease income (Note 7)	38	-	38
Other income	183	41	224
Finance income	1	-	1
Total Income	**9,345**	**63**	**9,408**
Other Transactions			
Disposals of property, plant and equipment	17	-	17

The main transactions relate to the sales of products to subsidiaries worldwide and the services provided thereto, such as those relating to franchise fees or rentals and the transfer of assets (see Note 13) -all of which are performed through the agreements entered into by the Company with the companies in its Group in order to carry on the activities described in Note 1, as well as the dividends received from subsidiaries. "Other Expenses" includes mainly logistics and design services provided by Group companies. The finance costs and finance income arise from the financial balances held by the Company with the Group companies described above.

16 Taxes

Income tax

Industria de Diseño Textil, S.A. files consolidated tax returns as the parent of a tax group formed by the following subsidiaries:

Bershka BSK España, S.A.	Hampton, S.A.	Oysho España, S.A.	Tordera Logística, S.L.
Bershka Diseño, S.L.	Indipunt, S.L.	Oysho Logística, S.A.	Trisko, S.A.
Bershka Logística, S.A.	Inditex, S.A.	Plataforma Cabanillas, S.A.	Uterque Diseño, S.L.
Born, S.A.	Inditex Logística, S.A.	Plataforma Europa, S.A.	Uterqüe España, S.A.
Choolet, S.A.	Invercarpro, S.A.	Plataforma Logística León, S.A.	Uterqüe Logística, S.A.
Comditel, S.A.	Kiddy's Class España, S.A.	Plataforma Logística Meco, S.A.	Uterqüe, S.A.
Confecciones Fíos, S.A.	Lefties España, S.A.	Pull & Bear Diseño, S.L.	Zara Diseño, S.L.
Confecciones Goa, S.A.	Lefties Logística, S.A.	Pull & Bear España, S.A.	Zara España, S.A.
Denllo, S.A.	Massimo Dutti Diseño, S.L.	Pull & Bear Logística, S.A.	Zara Home Diseño, S.L.
Fashion Logistics Forwarders, S.A.	Massimo Dutti Logística, S.A.	Samlor, S.A.	Zara Home España, S.A.
Fashion Retail, S.A.	Massimo Dutti, S.A.	Stear, S.A.	Zara Home Logística, S.A.
Fibracolor, S.A.	Nikole, S.A.	Stradivarius Diseño, S.L.	Zara Logística, S.A.
Glencare, S.A.	Nikole Diseño, S.L.	Stradivarius España, S.A.	Zara, S.A.
Goa-Invest, S.A.	Oysho Diseño, S.L.	Stradivarius Logística, S.A.	Zintura, S.A.
Grupo Massimo Dutti, S.A.			

The reconciliation of the accounting profit for 2018 and 2017 to the taxable profit for income tax purposes is as follows:

2018

	Increase	Decrease	Total
Income and expense for the year			10,381
Income tax			85
Profit before taxes			10,466
Permanent differences			
Individual company	19	(10,071)	(10,052)
Temporary differences			
Of the individual company arising in the year	37	-	37
Of the individual company arising in prior years	15	(22)	(7)
Consolidation adjustments	15	(16)	(1)
Taxable profit			**443**

2017

	Increase	Decrease	Total
Income and expense for the year			2,375
Income tax			109
Profit before taxes			2,484
Permanent differences			
Individual company	19	(2,017)	(1,998)
Temporary differences			
Of the individual company arising in the year	39	-	39
Of the individual company arising in prior years	15	(12)	3
Consolidation adjustments	19	(15)	4
Taxable profit			**532**

The most significant permanent differences correspond to expenses which are not considered as tax deductible amounting to EUR 19 million which nearly completely are donations (same amount in 2017); EUR 6,784 million due to the application of the exemption from international double taxation on dividends and capital gains (EUR 900 million in 2017) and EUR 3,280 million due to the application of the exemption from internal double taxation on dividends, including that relating to dividends of companies in the tax group (EUR 1,115 million in 2017).

Income tax expense

The calculation of the income tax expense for 2018 and 2017 is as follows:

2018

	Profit or loss
Income and expense for the year before income tax	10,466
Tax charge at 25%	2,617
Non-deductible expenses	5
Exemption from double taxation on dividends and capital gains	(2,516)
Tax relief and tax credits in the current year	(6)
Other adjustments	(15)
Income tax expense	**85**

2017

	Profit or loss
Income and expense for the year before income tax	2,484
Tax charge at 25%	621
Non-deductible expenses	5
Exemption from international double taxation on dividends	(504)
Tax relief and tax credits in the current year	(25)
Other adjustments	12
Income tax expense	**109**

Deferred taxes

The detail of deferred tax assets and of the changes therein at 31 January 2019 and 2018 is as follows:

2018

	31/01/2018	Profit or loss	Equity	31/01/2019
Valuation adjustments	5	-	-	5
Assets tax group	-	27	-	27
Provisions for obligations to personnel	12	3	-	15
Limitation on deductibility of depreciation and amortisation - Law 16/2012	3	-	-	3
Unused tax credits relating to the reversal of temporary measures - Law 16/2012	1	-	-	1
Foreign currency hedges	5	-	(3)	2
Total	**26**	**30**	**(3)**	**53**

2017

	31/01/2017	Profit or loss	Equity	31/01/2018
Valuation adjustments	5	-	-	5
Unused tax credits	3	(3)	-	-
Provisions for obligations to personnel	6	6	-	12
Limitation on deductibility of depreciation and amortisation - Law 16/2012	4	(1)	-	3
Unused tax credits relating to the reversal of temporary measures - Law 16/2012	1	-	-	1
Foreign currency hedges	-	-	5	5
Total	**19**	**2**	**5**	**26**

The detail of deferred tax liabilities and of the changes therein at 31 January 2019 and 2018 is as follows:

2018

	31/01/2018	Profit or loss	31/01/2019
Valuation adjustments	(11)	3	(8)
Inventories of companies in the tax group	(4)	-	(4)
Total	**(15)**	**3**	**(12)**

2017

	31/01/2017	Profit or loss	Equity	31/01/2018
Foreign currency hedges	(1)	-	1	-
Valuation adjustments	(15)	4	-	(11)
Inventories of companies in the tax group	(4)	-	-	(4)
Total	**(20)**	**4**	**1**	**(15)**

The deferred tax liabilities include those corresponding to intra-Group transactions, as a result of the application of the consolidated tax regime.

Of the change in the net balance of deferred tax assets and liabilities, EUR 3 million were recognised with a debit to equity (EUR 6 million credited to equity in 2017) and EUR 33 million were credited to profit or loss (2017: EUR 6 million credited to profit or loss in 2017).

Industria de Diseño Textil, S.A. generated tax credits amounting to EUR 6 million in relation to donations (2017: EUR 3 million).

The income tax expense for the year includes withholdings borne abroad and not deducted relating to income received from foreign subsidiaries, amounting to EUR 15 million (EUR 10 million in 2017).

As a result of the transactions described, the breakdown of the income tax expense for 2018 and 2017 is as follows:

	2018	2017
Current tax	118	115
Deferred tax	(33)	(6)
Total income tax expense	**85**	**109**

Other tax disclosures

Pursuant to Transitional Provision 16 of Spanish Income Tax Law 27/2014, as amended by Royal Decree-Law 3/2016, the Company made a positive adjustment of EUR 21 million to the accounting profit in relation to the reversal of the impairment losses on certain investees. The impairment losses pending of reversal at 31 January 2019 amount to EUR 42 million.

Currently, there is a tax audit open in relation to the Corporate Income Tax of the tax group of which Inditex is the parent company for the fiscal years 2013, 2014, 2015 and 2016. The company does not expect that significant additional liabilities may arise as a result of such tax audit or other tax audits it has to face in the future.

At the date of preparation of the annual accounts, the statute-of-limitations period for Corporate Income Tax of 2013 and subsequent years had not expired, and neither had the other tax obligations relating to 2015 and subsequent tax periods.

17 Guarantee commitments to third parties

At 31 January 2019 and 2018, the Company had provided third parties with certain guarantees to various public authorities and entities, with the following limits:

	31/01/2019	31/01/2018
Customs authorities	30	30
Spanish tax authorities	10	15
Other entities	18	10
Total	**58**	**55**

The Company's Directors consider that any losses or liabilities not foreseen at 31 January 2019 that might arise from the aforementioned guarantees provided would not in any event be material.

18 Income and expenses

18.1 Revenue

The breakdown, by geographical markets, of the Company's revenue for 2018 and 2017 is as follows:

	2018	2017
Revenue from the sale of goods		
Spain	1,398	1,449
Rest of Europe	3,854	3,253
Americas	1,224	1,091
Rest of the world	1,994	2,384
Revenue from the rendering of services		
Spain	25	24
Rest of Europe	27	26
Dividends and other income		
Spain	3,280	1,115
Rest of Europe	4,821	740
Americas	23	63
Rest of the world	46	97
Total	**16,692**	**10,242**

18.2 Procurements

The detail of "Procurements" in the accompanying Income Statements for 2018 and 2017 is as follows:

	2018	2017
Purchases of goods held for resale, raw materials and other supplies	6,539	6,490
Changes in inventories of raw materials, goods held for resale and other supplies	(1)	(82)
Changes in provisions	(11)	10
Work performed by other companies	89	83
Total	**6,616**	**6,501**

The detail of the purchases made by the Company in 2018 and 2017 based on the geographical location of suppliers, is as follows:

	2018	2017
Purchases of goods held for resale		
Spain	1,808	1,754
Rest of Europe	3,907	3,939
Rest of the world	257	220
Purchases of raw materials		
Spain	213	204
Rest of Europe	308	313
Rest of the world	46	60
Total	**6,539**	**6,490**

18.3 Employee benefits

The detail of "Employee Benefits" in the statements of profit or loss for 2018 and 2017 is as follows:

	2018	2017
Employer social security costs	26	22
Other employee benefit costs	7	5
Total	**33**	**27**

The number of employees at 31 January 2019 and 2018, by professional category and gender, was as follows:

2018

	Gender		
	Men	**Women**	**Total**
Corporate central services	423	542	965
Commercial central services	489	625	1,114
Total	**912**	**1,167**	**2,079**

2017

	Gender		
	Men	Women	Total
Corporate central services	429	563	992
Commercial central services	407	534	941
Total	**836**	**1,097**	**1,933**

In 2018 the average number of employees at the Company was 948 in corporate central services and 1,054 in commercial central services. In 2017 the average number of employees was 907 in corporate central services and 829 in commercial central services.

At 31 January 2019 there were 15 employees with a disability greater than or equal to thirty three percent (2017: 22 such employees). The average number of such employees in 2018 was 21 (2017: 19 employees).

In 2018 and 2017 and at 31 January 2019 and 2018 the Board of Directors comprised six men and three women.

18.4 Outsourced services

"Other Operating Expenses - Outsourced Services" includes mainly logistics and design services provided by other Group companies amounting to EUR 692 million (2017: EUR 641 million), and other indirect selling costs incurred on services provided by third parties amounting to EUR 487 million (2017: EUR 364 million). This line item also includes all the audit and consultancy services received, insurance premiums, travel expenses and utilities.

18.5 Foreign currency balances and transactions

The Company's revenue includes EUR 3,777 million (2017: EUR 3,492 million) relating mainly to sales in currencies other than the euro, including the US dollar, the pound sterling, the Japanese yen, the Mexican peso and other foreign currencies. "Procurements" includes purchases made mainly in US dollars amounting to EUR 1,707 million (2017: EUR 2,278 million). As a result of these transactions, the Company's balance sheet includes accounts receivable in currencies other than the euro, mainly in US dollars, amounting to EUR 60 million at 31 January 2019 (31 January 2018: EUR 85 million), and accounts payable amounting to EUR 415 million at 31 January 2019, mainly in US dollars (31 January 2018: EUR 465 million).

19 Information on the nature and level of risk

The Company's activities are exposed to various financial risks: market risk (including foreign currency risk), credit risk, liquidity risk and cash flow interest rate risk. she Company's risk management focuses on uncertainty in the financial markets and aims to minimise the potential adverse effects on the profitability of its business.

This note provides information on the Company's exposure to each of the aforementioned risks, the Company's objectives, policies and processes for managing risk, the methods used to measure these risks, any changes from the previous year and the financial instruments used to mitigate the risks.

Foreign currency risk

The Company operates in an international environment and, accordingly, is exposed to foreign currency risk on transactions in currencies, in particular the US dollar and, to a lesser extent, the Mexican peso, Russian rouble, the Chinese yuan, the Japanese yen and the UK pound sterling.

Foreign currency risk arises on future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency risk is managed in line with the corporate risk management model guidelines, which establish the ongoing monitoring of exchange rate fluctuations and other measures designed to mitigate this risk, mainly through the optimisation of the Group's operations in order to minimise the impact, using natural hedges, the benefits of diversification and the arrangement of financial hedges.

Merchandise and goods for resale are acquired partly through orders placed with foreign suppliers in US dollars. In accordance with prevailing foreign currency risk management policies, the Company's management arranges derivatives, mainly foreign currency forwards (see Note 8), to hedge fluctuations in cash flows relating to the EUR-USD exchange rate. Occasionally the Company also uses non-derivative financial instruments as hedges (e.g. deposits held in currencies other than the euro).

The Company supplies its subsidiaries with goods for sale to the end customers. With a view to reducing the fluctuations in value of the expected foreign currency cash flows arising from these intercompany transactions (denominated in currencies other than the euro), the Company uses financial derivatives such as foreign currency forwards.

As described in Note 4-f, the Company applies hedge accounting to mitigate the volatility that would arise in the income statement as a result of the existence of significant foreign currency transactions. Hedge accounting has been used because the Company complies with the requirements detailed in Note 4-f on accounting policies in order to be able to classify financial instruments as hedges for accounting purposes.

The Company applies the hedge accounting rules established in the applicable accounting standards. As a result, certain financial instruments were formally designated as hedging instruments and the Company verified that the hedges are highly effective. The maturity dates of the hedging instruments were negotiated so that they coincide with those of the hedged items. In 2018, using hedge accounting, no significant amounts were recognised in profit or loss either as a result of transactions that ultimately did not occur or as a result of the ineffectiveness of the hedges.

Approximately 70% of the cash flows associated with hedges in US dollars are expected to occur in the six months subsequent to the year-end, while the remaining 30% are expected to fall due between six months and one year. Also, the impact on the income statement will foreseeably occur in those periods. The derivatives hedging the cash flows from intra-Group transactions to supply goods for sale to end customers have short-term time horizons aligned with the expected cash flows.

The fair value of the hedging instruments was calculated as described in Note 4-f.

As part of its financial risk management policy, the Group to which the Company belongs uses the Cash-Flow-at-Risk (CFaR) methodology to estimate the potential impact of exchange rate changes on consolidated profit before tax and, if applicable, determine the relevant mitigation strategies. CFaR is methodology widely used in risk management. It is an evolution of the Value-at-Risk (VaR) method focused on the possible loss related to future cash flows. Given a portfolio, exposed to one or more risks, the CFaR represents the maximum expected loss for a defined time horizon with a given confidence interval. The CFaR measures risk in aggregate terms, considering the potential diversification benefit resulting from the correlations between the components of the portfolio of exposures.

The underlying portfolio used in the CFaR calculation comprises future flows denominated in currencies other than the euro up to a period of one year. It is estimated that this portfolio represents substantially all of the Group's exposure to foreign currency risk and that the possible adverse changes in exchange rates would affect the consolidated profit of the following year. The main parameters and assumptions used in the CFaR calculation relate to the horizon of the estimated flows, the scenario simulation technique and the selected confidence interval. The cash flows considered have a duration of up to one year, taking as a time horizon the maturity date of each cash flow. Distributions are simulated using the Monte Carlo method by generating random scenarios based on market changes over the previous three years. A 95% confidence interval is selected.

As regards the limitations of the calculation, it should be noted that the actual maximum loss could be higher than the estimated loss, since when opting for a 95% confidence level there are 5% of scenarios in which the expected loss is higher. In addition, future market changes do not necessarily coincide with the behaviour of the previous three years. It may also be the case that the estimated flows, i.e. the portfolio used for the calculation, differ from the actual flows.

It is estimated that the resulting negative impact on the 12-month expected cash flows, attributable to an adverse change in the exchange rate resulting from the CFaR calculation, could be EUR 140 million at 31 January 2019 (31 January 2018: EUR 154 million).

Credit risk

The Company´s main financial assets are trade and other receivables and loans to Group companies, which represent the Company's principal exposure to credit risk.

At 31 January 2019, the accounts receivable from franchises were secured by deposits and by guarantees provided by banks of recognised solvency of which Industria de Diseño Textil, S.A. is the beneficiary.

The Company adopts prudent criteria in its investment policy the main objectives of which are to mitigate the credit risk associated with investment products and the counterparty risk associated with banks by establishing highly detailed analysis criteria.

Investment vehicles are rated using a selection of criteria, including, inter alia, the ratings of the three main rating agencies, the size of the investment vehicle, location and returns. All the investment vehicles have the highest possible credit rating.

In addition to taking into account the credit ratings issued by the three main rating agencies, the Company considers the solvency, liquidity, asset quality and managerial prudence of the banks, as well as the performance potential of the bank in stressed conditions and standard probability of default models.

Based on the aforementioned counterparty risk considerations, the Company assigns a rating that determines the maximum permissible exposure to a given bank. A rigorous analysis of the counterparty does not completely eliminate credit risk and, therefore, these limits seek to guarantee a broad diversification of the banks used by the Company. This principle of diversification is also applied to the jurisdiction in which assets are held and the range of financial products used for investing purposes. In the specific case of short-term money market funds, the credit analysis and diversification principles are satisfied by the requisite fulfilment by the investment vehicle of domestic and regulatory requirements.

The credit risk resulting from the arrangement of financial derivatives is mitigated by the requirement that such instruments be subject to an ISDA master agreement. Occasionally, where deemed necessary, the Company requests that additional security be provided in the form of pledged collateral.

In relation to credit risk arising from commercial transactions, impairment losses are recognised for trade receivables when objective evidence exists that the Group will be unable to recover all the outstanding amounts in accordance with the original contractual conditions of the receivables. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the income statement. In 2018 there were no significant additions to or applications in this connection.

At 31 January 2019 and 2018, there were no material past-due balances. Furthermore, based on available historical data, the Company's Directors did not consider it necessary to make valuation adjustments to receivables.

Liquidity risk

The Company is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows required in its normal operations. If the Company has a specific financing requirement, either in euros or in other currencies, it resorts to loans, credit facilities or other types of financial instruments (see Note 14).

Note 14 contains a detail of the financial liabilities, along with their scheduled maturities.

Interest rate risk

The Company's exposure to interest rate risk, which in no case is significant, arises principally in relation to the following items:

- Cash and cash equivalents: given the Company's investment policy, any changes in interest rates at year-end would not significantly affect profits.

- Financial debt: given the amount of the Company's external financing, any change in interest rates at year-end would not significantly affect profits.

- Discount rates: used in the calculation of the impairment losses on non-current assets (property, plant and equipment and intangible assets) (see Note 4-d).

- Derivatives: given the type of hedging instruments arranged, the interest rate risk is not material.

The Company does not have any financial assets or liabilities designated as at fair value through profit or loss. A potential change in the fair value would not have a significant impact.

Country risk

The international presence of the Company's subsidiaries exposes it to the country risk of numerous geographical regions, mainly in its supply activities. The Company adapts its administrative and business processes in order to minimise country risk and take advantage of the benefits of geographical diversification.

One of the most significant manifestations of country risk is foreign currency risk and the possibility of exposure to limits or controls on the free circulation of cash flows due to a lack of currency convertibility, in current or capital account terms, or to unexpected restrictions on the movement of capital. The Company manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum.

At 31 January 2019, there was no significant risk in relation to the repatriation of funds or any material cash surpluses not available for use by the Company or its subsidiaries. Similarly, there are no significant restrictions on the Company's ability to access the assets and settle the liabilities of its subsidiaries.

Brexit-related Risks

Since the announcement of the referendum on the permanence of the United Kingdom in the European Union in 2016, measures have been taken to mitigate the potential impact of this process for the Group. Even though there is still uncertainty about the possible date of entry into force of Article 50 of the EU Treaty, as a result of which the United Kingdom would leave the European Union, it is certain that a no-deal Brexit would mean significant changes in the regulatory framework in which the group operates in the United Kingdom, as well as in trade relations between the United Kingdom and the EU, as these would be governed by the rules of the World Trade Organisation (WTO).

In anticipation that the United Kingdom may leave the European Union without a negotiated agreement, the Group has comprehensively evaluated what the potential impact for the business in this market would be, and for the Group as a whole. The areas of the Group responsible for management and control of the different risks, have conducted a coordinated analysis of the causes, repercussions, as well as the supposed deadlines for materialisation of the different impacts of a no-deal Brexit scenario. This year's proposal has been twofold Firstly, to determine the criticality of the different risks and assess their impact, and secondly to design an action plan with specific mitigation measures, responsible for its execution, and the latest dates for its implementation.

Among the main risks arising from a no-deal Brexit is the possibility of transient disruptions in the supply of services and goods necessary for the normal operation of the Group's multi-channel commercial offer in the United Kingdom. Another of its manifestations would be the introduction of tariffs, as well as increased commercial friction resulting from the elimination of the free movement of goods and services. In all likelihood, the pound sterling would weaken, and consumption could slow down. An environment of regulatory uncertainty would generate tensions in the British labour market, as a result of the limitations on the free movement of persons and the change of residence and work regulations. In addition, the ensuing change to the regulation could compromise the supply of goods and services that the Group receives outside the United Kingdom from companies domiciled in that jurisdiction. Some of these suppliers may experience difficulties, which would deteriorate the level of their services. Despite the importance of a no-deal Brexit, the analysis exercise shows that the residual risk for the Group, once the mitigation actions have been implemented, would not be significant.

Capital management

The Company's capital management objectives are to safeguard its ability to continue operating as a going concern, so that it can continue to generate returns for shareholders and benefit other stakeholders, and to maintain an optimum capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments thereto in response to changes in economic conditions. The current capital management policy is based on self-financing through funds generated by operations.

There were no significant changes to capital management in the year.

20 Other disclosures

2016-2020 Long-Term Incentive Plan

The Annual General Shareholders´ Meeting held on 19 July 2016 approved the 2016-2020 Long-Term Incentive Plan ("the Plan") for members of the management team and other personnel of Inditex. Under this Plan, each of the beneficiaries will be entitled, provided the terms and conditions established therein are fulfilled, to receive up to a maximum amount of the incentive allocated.

The Plan combines a multi-year cash bonus and a promise to deliver free share which, after a specified period of time has elapsed and the achievement of specific targets has been verified, will be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The Plan has a total duration of four years and is structured into two mutually independent time cycles. The first cycle of the Plan has elapsed and spanned the period from 1 February 2016 to 31 January 2019. The second cycle spans the period from 1 February 2017 to 31 January 2020.

The Plan is linked to critical business targets and the creation of shareholder value.

The Plan does not expose the Company to any material risks.

The liability relating to the cash-settled component of the Plan is recognised under "Provisions" and "Remuneration payable" in the balance sheet and the related period provision is reflected under "Personnel Expenses" in the income statement. The impact of these obligations on the income statement and the balance sheet is not significant.

The amount relating to the equity-settled component of the Plan is recognised under "Equity" in the balance sheet and the related period charge is reflected under "Personnel Costs" in the income statement. The impact of these obligations on the income statement and the balance sheet is not significant.

To cater for this Plan, the Company acquired, as a plan asset, a sufficient number of treasury shares to be able to settle the future obligations (see Note 11).

The incentive to be received will be calculated as provided for in the resolution seven of the Annual General Shareholders´ Meeting held on 19 July 2016.

Extraordinary profit-sharing plan

In response to the Group's development, in 2015 Inditex approved an extraordinary employee participation plan in the growth of the Company's profits for the 2015 and 2016. In 2017, the Group approved a new plan for employee participation in the growth of the Company's profits for the 2017 and 2018, with characteristics similar to the previous one.

In 2018, the part corresponding to 2017 was paid, following the criteria set out in Note 20 of the 2016 Notes to the annual accounts. During 2019, the part corresponding to 2018 will be paid.

Remuneration and other benefits paid to the Company's Directors and Senior Management

The amounts included in the following tables and paragraphs are expressed in thousands of euros.

The total remuneration earned by the Directors and Senior Management of Inditex in 2018 was as follows:

	Thousands of euros	
	Directors	**Senior Management**
Remuneration	11,419	22,682
Termination benefits	-	-
Total	**11,419**	**22,682**

The total remuneration earned by the Directors and Senior Management of Inditex in 2017 was as follows:

	Thousands of euros	
	Directors	**Senior Management**
Remuneration	12,620	16,604
Termination benefits	-	-
Total	**12,620**	**16,604**

According to the public registers of the Spanish National Securities Market Commission (CNMV), at 31 January 2019 the members of the Board of Directors held the direct and indirect ownership interests in the share capital of Inditex detailed in Annex II.

The aforementioned remuneration for 2018 includes the accrued amount corresponding to the first cycle (2016-2019) of the 2016-2020 Long-term Incentive Plan. The amount accrued during 2018 for this incentive is EUR 3,052 thousand for Directors and EUR 9,260 thousand for the Senior

Management, instrumented in (i) a cash incentive, for a total gross amount of EUR 1,348 thousand for Directors and a gross amount of EUR 5,064 thousand for the Senior Management, and (ii) a share-based incentive, equivalent to a total of 69,985 shares, corresponding to a gross amount of EUR 1,704 thousand for Directors, and a total of 172,322 shares, corresponding to a gross amount of EUR 4,196 thousand for Senior Management.

The amounts accrued in 2017 corresponding to the second cycle (2014-2017) of the Shares Long-term Incentive Plan (2013-2017), were EUR 4,120 thousand for Directors and EUR 5,388 thousand for the Senior Management and were paid in the first half of 2017.

In 2018 and 2017 no contributions were made to the defined contribution benefit Plan.

The Company has taken out a third-party liability insurance policy that covers its Directors, Senior Management and other Managers and employees. The premium for 2018 amounted to EUR 176 thousand (2017: EUR 157 thousand).

In 2018 and 2017 the Company did not pay any remuneration to natural persons representing it on the managing bodies of other companies.

Disclosures required pursuant to Article 229 of Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated Text of the Spanish Companies Act

As established in Article 229 of the Spanish Companies Act, amended by Law 31/2014, of 3 December, reforming that Law in order to improve corporate governance, it is hereby disclosed that the Directors did not report any situation of direct or indirect conflict of interest that they or persons related to them might have with the Company.

Notwithstanding the foregoing, Mr Rodrigo Echenique Gordillo, Mr Emilio Saracho Rodriguez de Torres and Ms Pilar López Álvarez hold positions on the boards of directors of Banco Santander, International Consolidated Airlines Group and Microsoft Iberica, respectively, and perform their functions as independent directors, without prejudice to the commercial relationships that Inditex has had with these companies for years. In any case, the Board of Directors ensures, through the Audit and Control Committee, that transactions with directors and/or significant shareholders, or with the respective related persons, are carried out under arm's length conditions and with respect to the principle of equal treatment of shareholders.

When the Board of Directors deliberated on the appointment or re-election of a director, on the acknowledgment and acceptance of his/her resignation, on the placement of his/her office at the disposal of the Board, on remuneration or on any other resolution involving a director or a person or company related to a director, the person concerned left the meeting room during the deliberation of and voting on the corresponding resolution.

Disclosures on the average period of payment to suppliers

Set out below are the disclosures required by Additional Provision Three of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December), prepared in accordance with the Spanish Accounting and Auditing Institute (ICAC) Resolution of 29 January 2016 on the disclosures to be included in notes to annual accounts in relation to the average period of payment to suppliers in commercial transactions.

	2018	2017
	Days	
Average period of payment to suppliers	46.76	46.56
Ratio of transactions settled	47.30	47.34
Ratio of transactions not yet settled	40.61	38.61
	Amount	
Total payments made	1,012	930
Total payments outstanding	88	91

These balances relate to suppliers that because of their nature are trade creditors for the supply of goods and services and, therefore, they include the figures relating to "Payable to Suppliers", "Payable to Suppliers - Group Companies and Associates" and "Sundry Accounts Payable" under "Current Liabilities" in the accompanying balance sheet at 31 January 2019 and 2018.

"Average period of payment to suppliers" is taken to be the period that elapses from the delivery of the goods or the provision of the services by the supplier to the effective payment of the transaction.

In addition, if for any reason the quality of the goods or services once received is lower than expected or agreed upon, it is the Company's policy not to make payments until the situation is rectified.

Fees paid to auditors

In 2018 and 2017 the fees for financial audit services provided by the auditor of the Company's annual accounts, or by any firms related to this auditor as a result of a relationship of control, common ownership or common management, amounted to EUR 0.3 million.

In addition, the auditor billed the Company for other services amounting to EUR 0.05 million in 2018 (2017: EUR 0.1 million).

Information on environmental activities

In view of the business activity performed by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the annual accounts.

Events after the reporting period

No significant events took place subsequent to 2018 year-end that have not been adequately disclosed in these annual accounts.

21 Explanation added for translation to English

These annual accounts are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2-a). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Annex I

List of Company of investments in Group companies at 31 January 2019.

Company	Effective % of ownership	Location	Reporting date	Line of business	Shareholders' equity	Net investment
Comditel, S.A.	100.00%	Barcelona - Spain	31-jan	Buyer	2	-
Zara Asia, Ltd.	100.00%	Hong Kong SAR	31-jan	Retail sales	75	-
Choolet, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	1	1
Confecciones Fíos, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	4	1
Confecciones Goa, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	3	3
Denllo, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	3	-
Hampton, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	1	-
Nikole, S.A.	100.00%	A Coruña - Spain	31-jan	Buyer	4	1
Samlor, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	1	5
Stear, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	2	-
Trisko, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	1	1
Zintura, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	1	-
Glencare, S.A.	100.00%	A Coruña - Spain	31-jan	Textile Manufacturing	1	-
Indipunt, S.L.	100.00%	A Coruña - Spain	31-jan	Logistics	11	26
Zara España, S.A.	100.00%	A Coruña - Spain	31-jan	Retail sales	61	89
Zara Argentina, S.A.	100.00%	Buenos Aires - Argentina	31-jan	Retail sales	28	95
Zara Belgique, S.A.	100.00%	Brussels - Belgium	31-jan	Retail sales	33	66
Zara Chile, S.A.	100.00%	Santiago de Chile - Chile	31-dec	Retail sales	26	2
Zara USA, Inc.	100.00%	New York - USA	31-jan	Retail sales	698	-
Zara France, S.A.R.L.	100.00%	Paris - France	31-jan	Retail sales	260	230
Zara UK, Ltd.	100.00%	London - UK	31-jan	Retail sales	12	-
Zara Mexico, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Holding company	29	-
Zara Hellas, S.A.	100.00%	Athens - Greece	31-jan	Retail sales	44	24
Zara México, S.A. de C.V.	95.00%	Mexico City - Mexico	31-dec	Retail sales	14	-
Zara Portugal- Confecçoes, S.A.	100.00%	Lisbon - Portugal	31-jan	Retail sales	197	-
G.Zara Uruguay, S.A.	100.00%	Montevideo - Uruguay	31-jan	Retail sales	13	10
Zara Financiën B.V. Ireland	100.00%	Dublin - Ireland	31-jan	Financial services	1,432	-
Zara Brasil, LTDA.	100.00%	Sao Paulo - Brazil	31-dec	Retail sales	131	84
Zara Nederland, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Retail sales	14	13
Zara Österreich Clothing, GmbH	100.00%	Vienna - Austria	31-jan	Retail sales	12	8
Zara Danmark, AS.	100.00%	Copenhaguen - Denmark	31-jan	Retail sales	19	31
Zara Sverige, AB.	100.00%	Stockholm - Sweden	31-jan	Retail sales	3	34
Zara Norge, AS.	100.00%	Oslo - Norway	31-jan	Retail sales	5	7
Zara Canada, Inc.	100.00%	Montreal - Canada	31-jan	Retail sales	45	-
Zara Suisse, S.A.R.L.	100.00%	Fribourg - Switzerland	31-jan	Retail sales	21	6
Zara Luxembourg, S.A.	100.00%	Luxembourg - Luxembourg	31-jan	Retail sales	3	1
Za Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	31-jan	Retail sales	3	18
Zara Italia, S.R.L.	100.00%	Milan - Italy	31-jan	Retail sales	390	-
Zara Japan Corp.	100.00%	Tokyo - Japan	31-jan	Retail sales	127	-
Zara Ceská Republika, S.R.O.	100.00%	Prague - Czech Republic	31-jan	Retail sales	7	13
Zara Puerto Rico, Inc.	100.00%	San Juan - Puerto Rico	31-jan	Retail sales	9	3
Za Clothing Ireland, Ltd.	100.00%	Dublin - Ireland	31-jan	Retail sales	19	15
Zara Magyarorszag, KFT.	100.00%	Budapest - Hungary	31-jan	Retail sales	10	7
Zara Holding, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Holding company	2,648	2,025
Zara Monaco, SAM	100.00%	Monte Carlo - Monaco	31-jan	Retail sales	18	-
Zara Commercial (Shanghai), Co Ltd.	100.00%	Shanghai - China	31-dec	Retail sales	119	26
Zara Commercial (Beijing), Co Ltd.	100.00%	Beijing - China	31-dec	Retail sales	45	8
Zara Macau, Ltd.	100.00%	Macao SAR	31-dec	Retail sales	15	-
Zara Polska, Sp. Zo.o.	100.00%	Warsaw - Poland	31-jan	Retail sales	7	40
JSC "Zara CIS"	100.00%	Moscow - Russia	31-dec	Retail sales	64	39
Zara Deutschland, GmbH	100.00%	Hamburg - Germany	31-jan	Holding company	125	114
Zara Bucuresti, Srl	100.00%	Bucharest - Romania	31-dec	Retail sales	39	7
Zara Ukraine LLC	100.00%	Kiev - Ukraine	31-dec	Retail sales	12	6
Zara Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	31-jan	Retail sales	6	4
ITX Taiwan B.V. Zara - Taiwan Branch	100.00%	Taipei - Taiwan	31-jan	Retail sales	-	-
Zara Croatia, Ltd.	100.00%	Zagreb - Croatia	31-jan	Retail sales	18	9
Zara Retail Korea, Co Ltd.	80.00%	Seoul - South Korea	31-jan	Retail sales	115	45
Zara Bulgaria Ltd	100.00%	Sofia - Bulgaria	31-dec	Retail sales	6	3
Zara Immobiliare Italia SRL	100.00%	Milan - Italy	31-jan	Real estate	-	-

Company	Effective % of ownership	Location	Reporting date	Line of business	Shareholders' equity	Net investment
Zara Diseño, S.L.	100.00%	A Coruña - Spain	31-jan	Design	40	-
Zara Management, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Holding company	-	-
Zara Retail NZ Limited	100.00%	Auckland - New Zealand	31-jan	Retail sales	3	-
KG ZARA Deutschland B.V. & Co.	100.00%	Hamburg - Germany	31-jan	Retail sales	97	-
Zara Retail South Africa (Propietary), LTD.	90.00%	Johannesburg - South Africa	31-jan	Retail sales	12	-
Group Zara Australia Pty. Ltd.	100.00%	Sydney - Australia	31-jan	Retail sales	31	-
Limited Liability Company "ZARA BLR"	100.00%	Minsk - Belarus	31-dec	Retail sales	1	-
Zara S, TRGOVSKO PODJETJE D.O.O.	100.00%	Ljubljana - Slovenia	31-jan	Retail sales	3	-
ITX Financien, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Financial services	249	-
ITX Taiwan, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Holding company	8	-
Zara Vittorio 11 Italia S.R.L.	100.00%	Milan - Italy	31-jan	Real estate	6	-
Zara BH, D.O.O.	100.00%	Sarajevo - Bosnia Herzegovina	31-dec	Retail sales	7	3
Zara Serbia, D.O.O. Belgrade	100.00%	Belgrade - Serbia	31-jan	Retail sales	3	6
Nikole Diseño, S.L.	100.00%	A Coruña - Spain	31-jan	Design	2	-
Inditex Montenegro, D.O.O. Podgorica	100.00%	Podgoricaa - Montenegro	31-dec	Retail sales	3	-
Inditex Vastgoed Korea, Ltd.	100.00%	Seoul - South Korea	31-jan	Real estate	1	1
Inditex Trent Retail India Private Ltd	51.00%	Gurgaon - India	31-mar	Retail sales	56	5
Kiddy´s Class España, S.A.	100.00%	A Coruña - Spain	31-jan	Retail sales	5	1
Fibracolor, S.A.	100.00%	Barcelona - Spain	31-jan	Dormant	10	10
ITX Holding, S.A.	100.00%	Fribourg - Switzerland	31-jan	Holding company	2,223	-
Zara Finland, OY	100.00%	Helsinki - Finland	31-jan	Retail sales	2	-
Retail Group Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	31-dec	Retail sales	10	-
ITX Financien III, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Financial services	226	-
ITX Albania SHPK	100.00%	Tirana - Albania	31-dec	Retail sales	9	-
Zara Fashion (Shanghai) CO., Ltd.	100.00%	Shanghai - China	31-dec	Retail sales	2	-
Oysho España, S.A.	100.00%	Barcelona - Spain	31-jan	Retail sales	12	18
Oysho Portugal - Confecçoes, S.A.	100.00%	Lisbon - Portugal	31-jan	Retail sales	8	-
Oysho Mexico, S.A. de C.V.	100.00%	Mexico City - Mexico	31-dec	Retail sales	12	-
Oysho Italia, S.R.L.	100.00%	Milan - Italy	31-jan	Retail sales	14	-
Oysho Hellas, S.A.	100.00%	Athens - Greece	31-jan	Retail sales	7	-
Oysho Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	31-jan	Retail sales	6	-
Oysho Polska, Sp zo.o	100.00%	Warsaw - Poland	31-jan	Retail sales	4	-
Oysho CIS, Ltd.	100.00%	Moscow - Russia	31-dec	Retail sales	11	-
Oysho France, S.A.R.L.	100.00%	Paris - France	31-jan	Retail sales	5	-
Oysho MAGYARORSZAG, KFT	100.00%	Budapest - Hungary	31-jan	Retail sales	1	-
Oysho Ro, Srl	100.00%	Bucharest - Romania	31-dec	Retail sales	3	-
Oysho Ukraine, Llc	100.00%	Kiev - Ukraine	31-dec	Retail sales	1	-
Oysho Diseño, S.L.	100.00%	Barcelona - Spain	31-jan	Design	2	-
Oysho Bulgaria, Ltd	100.00%	Sofia - Bulgaria	31-dec	Retail sales	1	-
Oysho Commercial & Trading (Shangai) Co., Ltd.	100.00%	Shanghai - China	31-dec	Retail sales	13	-
Oysho Korea, Ltd	100.00%	Seoul - South Korea	31-jan	Retail sales	2	-
Oysho Croacia, Ltd	100.00%	Zagreb - Croatia	31-jan	Retail sales	-	-
Oysho Serbia, D.O.O. Belgrade	100.00%	Belgrade - Serbia	31-jan	Retail sales	-	-
Oysho Macau, Ltd	100.00%	Macao SAR	31-dec	Retail sales	2	-
Oysho Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	31-dec	Retail sales	2	-
Oysho Hong Kong Ltd	100.00%	Hong Kong SAR	31-jan	Retail sales	(1)	-
Oysho Belgique, S.A.	100.00%	Brussels - Belgium	31-jan	Retail sales	1	-
Limited Liability Company "OYSHO BLR"	100.00%	Minsk - Belarus	31-dec	Retail sales	-	-
Oysho Suisse SÀRL	100.00%	Fribourg - Switzerland	31-jan	Retail sales	1	-
Oysho Ceska Republica, SRO	100.00%	Prague - Czech Republic	31-jan	Retail sales	-	-
Grupo Massimo Dutti, S.A.	100.00%	Barcelona - Spain	31-jan	Retail sales	36	23
Massimo Dutti Hellas, S.A.	100.00%	Athens - Greece	31-jan	Retail sales	10	-
Massimo Dutti Giyim Ithalat Ih.Ve.Tic. Ltd.	100.00%	Istanbul - Turkey	31-jan	Retail sales	6	-
Massimo Dutti France, S.A.R.L.	100.00%	Paris - France	31-jan	Retail sales	34	-
Massimo Dutti UK, Ltd.	100.00%	London - UK	31-jan	Retail sales	10	-
Massimo Dutti Suisse, S.A.R.L.	100.00%	Fribourg - Switzerland	31-jan	Retail sales	4	-
Massimo Dutti Sverige, AB	100.00%	Stockholm - Sweden	31-jan	Retail sales	2	-
Massimo Dutti Norge, AS.	100.00%	Oslo - Norway	31-jan	Retail sales	3	-
Massimo Dutti Italia, S.R.L.	100.00%	Milan - Italy	31-jan	Retail sales	24	-
Massimo Dutti Ireland., Ltd.	100.00%	Dublin - Ireland	31-jan	Retail sales	3	-
Massimo Dutti USA, INC.	100.00%	New York - USA	31-jan	Retail sales	4	-
Massimo Dutti Danmark AS	100.00%	Copenhagen - Denmark	31-jan	Retail sales	1	-
LLC Massimo Dutti	100.00%	Moscow - Russia	31-dec	Retail sales	30	-
Massimo Dutti Deutschland, GmbH	100.00%	Hamburg - Germany	31-jan	Holding company	13	-

Company	Effective % of ownership	Location	Reporting date	Line of business	Shareholders’ equity	Net investment
Massimo Dutti Mexico, S.A. de C.V.	100.00%	Mexico City - Mexico	31-dec	Retail sales	40	-
Massimo Dutti, S.A.	100.00%	A Coruña - Spain	31-jan	Dormant	1	-
Massimo Dutti Hong Kong, Ltd.	100.00%	Hong Kong SAR	31-jan	Retail sales	2	-
Massimo Dutti Polska, Sp z.o.o.	100.00%	Warsaw - Poland	31-jan	Retail sales	5	-
Massimo Dutti Ro, Srl	100.00%	Bucharest - Romania	31-dec	Retail sales	7	-
Massimo Dutti Macau Ltd.	100.00%	Macao SAR	31-dec	Retail sales	4	-
Massimo Dutti Ukraine, Llc	100.00%	Kiev - Ukraine	31-dec	Retail sales	3	-
Massimo Dutti Ceská Republika, s.r.o.	100.00%	Prague - Czech Republic	31-jan	Retail sales	1	-
Massimo Dutti Commercial Beijing Co, Ltd.	100.00%	Beijing - China	31-dec	Retail sales	5	-
Massimo Dutti Bulgaria, Ltd	100.00%	Sofia - Bulgaria	31-dec	Retail sales	4	-
Massimo Dutti Croatia, Ltd	100.00%	Zagreb - Croatia	31-jan	Retail sales	3	-
Massimo Dutti Korea, Ltd	100.00%	Seoul - South Korea	31-jan	Retail sales	3	-
Massimo Dutti Diseño, S.L.	100.00%	Barcelona - Spain	31-jan	Design	4	-
Massimo Dutti Commercial Shangai CO, Ltd	100.00%	Shanghai - China	31-dec	Retail sales	20	-
Massimo Dutti Österreich Clothing, GMBH	100.00%	Vienna - Austria	31-jan	Retail sales	1	-
Massimo Dutti Nederland, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Retail sales	2	-
Massimo Dutti Canada, INC.	100.00%	Montreal - Canada	31-jan	Retail sales	(1)	-
Massimo Dutti Finland OY	100.00%	Helsinki - Finland	31-jan	Retail sales	1	-
Limited Liability Company "MASSIMO DUTTI BLR"	100.00%	Minsk - Belarus	31-dec	Retail sales	1	-
Massimo Dutti S, TRGOVSKO PODJETJE D.O.O.	100.00%	Ljubljana - Slovenia	31-jan	Retail sales	1	-
ITX Taiwan B.V. Massimo Dutti Taiwan Branch	100.00%	Taipei - Taiwan	31-jan	Retail sales	-	-
MD Benelux, SA	100.00%	Bruges - Belgium	31-jan	Retail sales	7	-
Italco Moda Italiana, SA	100.00%	Lisbon - Portugal	31-jan	Retail sales	12	-
Massimo Dutti Japan, Co.	100.00%	Tokyo - Japan	31-jan	Dormant	-	-
KG Massimo Dutti Deutschland, B.V. & CO.	100.00%	Hamburg - Germany	31-jan	Retail sales	2	-
Massimo Dutti Serbia, D.O.O. Belgrade	100.00%	Belgrade - Serbia	31-jan	Retail sales	2	-
Massimo Dutti Magyarorxzág KFT	100.00%	Budapest - Hungary	31-jan	Retail sales	1	-
Master Retail Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	31-dec	Retail sales	4	-
Massimo Dutti BH, D.O.O	100.00%	Sarajevo - Bosnia Herzegovina	31-dec	Retail sales	1	-
Massimo Duttil India Private Ltd	51.00%	Gurgaon - India	31-mar	Retail sales	4	-
Pull & Bear España, S.A.	100.00%	A Coruña - Spain	31-jan	Retail sales	37	9
Pull & Bear Hellas, S.A.	100.00%	Athens - Greece	31-jan	Retail sales	13	-
Pull & Bear Portugal Conf. SA	100.00%	Lisbon - Portugal	31-jan	Retail sales	11	-
Pull & Bear Giyim Ith. Ihrac.Ve Tic. Ltd.	100.00%	Istanbul - Turkey	31-jan	Retail sales	4	-
Pull & Bear Mexico, S.A. de C.V.	100.00%	Mexico City - Mexico	31-dec	Retail sales	22	-
Pull & Bear Belgique, S.A.	100.00%	Brussels - Belgium	31-jan	Retail sales	4	-
Pull & Bear France, S.A.R.L.	100.00%	Paris - France	31-jan	Retail sales	20	-
Pull & Bear Italia, S.R.L.	100.00%	Milan - Italy	31-jan	Retail sales	47	-
Pull & Bear Ceska Republika, S.R.O.	100.00%	Prague - Czech Republic	31-jan	Retail sales	1	-
Pull & Bear Ireland, Ltd.	100.00%	Dublin - Ireland	31-jan	Retail sales	6	-
Pull & Bear Magyarország Kft.	100.00%	Budapest - Hungary	31-jan	Retail sales	4	-
Pull & Bear Polska, Sp zo.o	100.00%	Warsaw - Poland	31-jan	Retail sales	6	-
Pull & Bear CIS, Ltd.	100.00%	Moscow - Russia	31-dec	Retail sales	23	-
Pull & Bear Uk Limited	100.00%	London - UK	31-jan	Retail sales	4	-
Pull & Bear Ro, Srl	100.00%	Bucharest - Romania	31-dec	Retail sales	12	-
Pull & Bear Ukraine, Llc	100.00%	Kiev - Ukraine	31-dec	Retail sales	5	-
Pull & Bear Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	31-jan	Retail sales	1	-
Pull & Bear Croatia, Ltd	100.00%	Zagreb - Croatia	31-jan	Retail sales	3	-
Pull & Bear Commercial Beijing Co, Ltd.	100.00%	Beijing - China	31-dec	Retail sales	24	-
Pull & Bear Bulgaria, Ltd	100.00%	Sofia - Bulgaria	31-dec	Retail sales	2	-
Pull & Bear Hong Kong Ltd	100.00%	Hong Kong SAR	31-jan	Retail sales	3	-
Pull & Bear Diseño, S.L.	100.00%	A Coruña - Spain	31-jan	Design	5	-
Pull & Bear Macau, Ltd	100.00%	Macao SAR	31-dec	Retail sales	3	-
Pull & Bear Nederland, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Retail sales	5	-
Pull & Bear Österreich Clothing, Gmbh	100.00%	Vienna - Austria	31-jan	Retail sales	1	-
Pull & Bear Korea, Ltd	100.00%	Seoul - South Korea	31-jan	Retail sales	(3)	-
Pull & Bear Serbia, D.O.O. Belgrade	100.00%	Belgrade - Serbia	31-jan	Retail sales	1	-
Pull & Bear BH, D.O.O.	100.00%	Sarajevo - Bosnia Herzegovina	31-dec	Retail sales	2	-
Limited Liability Company "PULL AND BEAR BLR"	100.00%	Minsk - Belarus	31-dec	Retail sales	-	-
Pull&Bear S, TRGOVSKO PODJETJE D.O.O.	100.00%	Ljubljana - Slovenia	31-jan	Retail sales	1	-
ITX Taiwan B.V. Pull & Bear Taiwan Branch	100.00%	Taipei - Taiwan	31-jan	Retail sales	-	-
Plataforma Cabanillas, S.A.	100.00%	A Coruña - Spain	31-jan	Logistics	-	-

Company	Effective % of ownership	Location	Reporting date	Line of business	Shareholders' equity	Net investment
P&B Gmbh	100.00%	Hamburg - Germany	31-jan	Holding company	5	-
Pull & Bear Deutschland BV& CO	100.00%	Hamburg - Germany	31-jan	Retail sales	3	-
Pro Retail Kazakhstan, LLP	100.00%	Stockholm - Sweden	31-dec	Retail sales	-	-
Pull & Bear Sverige, AB	100.00%	Stockholm - Sweden	31-jan	Retail sales	1	-
Pull & Bear Suisse, SÁRL	100.00%	Fribourg - Switzerland	31-jan	Retail sales	4	-
Uterqüe, S.A.	100.00%	A Coruña - Spain	31-jan	Buyer	30	45
Uterqüe España, S.A.	100.00%	A Coruña - Spain	31-jan	Retail sales	17	-
Uterqüe Hellas	100.00%	Athens - Greece	31-jan	Retail sales	-	-
Gruputerqüe Portugal Conf. SA	100.00%	Lisbon - Portugal	31-jan	Retail sales	3	-
Uterqüe Cis, Ltd	100.00%	Moscow - Russia	31-dec	Retail sales	2	-
Uterqüe Giyim Limited	100.00%	Istanbul - Turkey	31-jan	Retail sales	-	-
Uterqüe México S.A. de C.V.	100.00%	Mexico City - Mexico	31-dec	Retail sales	4	-
Uterqüe Diseño, S.L.	100.00%	A Coruña - Spain	31-jan	Design	-	-
"ITX KOSOVO" L.L.C.	100.00%	Pristina	31-dec	Retail sales	1	-
ITX Italia, Srl.	100.00%	Milan - Italy	31-jan	Retail sales	1	-
ITX Finance Asia, LTD	100.00%	Hong Kong SAR	31-jan	Financial services	(1)	-
Inditex USA, LLC	100.00%	New York - USA	31-jan	Holding company	550	542
Uterqüe Commercial & Trading (Shangai) Co., Ltd.	100.00%	Shanghai - China	31-dec	Retail sales	-	-
Uterqüe Polska SP. Z O.O.	100.00%	Warsaw - Poland	31-jan	Retail sales	1	-
Uterqüe Kazakhstan LLP	100.00%	Almaty - Kazakhstan	31-dec	Retail sales	-	-
Uterqüe Ukraine, LLC	100.00%	Kiev - Ukraine	31-jan	Retail sales	-	-
Bershka BSK España, S.A.	100.00%	Barcelona - Spain	31-jan	Retail sales	32	10
Bershka Portugal Conf. Soc. Unip. SA	100.00%	Lisbon - Portugal	31-jan	Retail sales	8	-
Bershka Hellas, S.A.	100.00%	Athens - Greece	31-jan	Retail sales	12	-
Bershka Mexico, S.A. de CV	100.00%	Mexico City - Mexico	31-dec	Retail sales	24	-
Bershka Giyim Ithalat Ihracat Ve Tic.Ltd.	100.00%	Istanbul - Turkey	31-jan	Retail sales	5	-
Bershka Belgique, S.A.	100.00%	Brussels - Belgium	31-jan	Retail sales	11	-
Bershka France, S.A.R.L.	100.00%	Paris - France	31-jan	Retail sales	45	-
Bershka Suisse, S.A.R.L.	100.00%	Fribourg - Switzerland	31-jan	Retail sales	4	-
Bershka Nederland, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Retail sales	12	-
Bershka Italia, S.R.L.	100.00%	Milan - Italy	31-jan	Retail sales	49	-
Bershka U.K., Ltd.	100.00%	London - UK	31-jan	Retail sales	4	-
Bershka Ireland., Ltd.	100.00%	Dublin - Ireland	31-jan	Retail sales	7	-
Bershka Ceska Republica, S.R.O.	100.00%	Prague - Czech Republic	31-jan	Retail sales	2	-
Bershka Croatia, Ltd.	100.00%	Zagreb - Croatia	31-jan	Retail sales	4	-
Bershka Polska Sp Z O.O.	100.00%	Warsaw - Poland	31-jan	Retail sales	7	-
Bershka Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	31-jan	Retail sales	2	-
Bershka Carpati, Srl	100.00%	Bucharest - Romania	31-dec	Retail sales	9	-
Bershka Ukraine, Llc	100.00%	Kiev - Ukraine	31-dec	Retail sales	5	-
Bershka Magyaroszag Kft.	100.00%	Budapest - Hungary	31-jan	Retail sales	4	-
Bershka Cis, Ltd	100.00%	Moscow - Russia	31-dec	Retail sales	40	-
Bershka Osterreich Clothing GmbH	100.00%	Vienna - Austria	31-jan	Retail sales	1	-
Bershka Hong Kong Limited	100.00%	Hong Kong SAR	31-jan	Retail sales	-	-
Bershka Commercial Beijing Co, Ltd	100.00%	Beijing - China	31-dec	Retail sales	19	-
Bershka Bulgaria, Ltd	100.00%	Sofia - Bulgaria	31-dec	Retail sales	2	-
Bershka Korea, Ltd	100.00%	Seoul - South Korea	31-jan	Retail sales	(5)	-
Bershka Diseño, S.L.	100.00%	Barcelona - Spain	31-jan	Design	7	-
Bershka Macau, Ltd	100.00%	Macao SAR	31-dec	Retail sales	1	-
Bershka Japan, Co	100.00%	Tokyo - Japan	31-jan	Retail sales	13	-
BSKE, GMBH	100.00%	Hamburg - Germany	31-jan	Holding company	18	-
Bershka BH, D.O.O.	100.00%	Sarajevo - Bosnia Herzegovina	31-dec	Retail sales	2	-
Bershka Deutschland B.V. & CO. KG	100.00%	Hamburg - Germany	31-jan	Retail sales	5	-
Bershka Serbia, D.O.O. Belgrade	100.00%	Belgrade - Serbia	31-jan	Retail sales	1	-
Best Retail Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	31-dec	Retail sales	2	-
Bershka Commercial (Shanghai) Co, Ltd	100.00%	Shanghai - China	31-dec	Retail sales	2	-
Bershka USA INC	100.00%	New York - USA	31-jan	Retail sales	-	-
Limited Liability Company "BK GARMENTS BLR"	100.00%	Minsk - Belarus	31-dec	Retail sales	1	-
Bershka S, TRGOVSKO PODJETJE D.O.O.	100.00%	Ljubljana - Slovenia	31-jan	Retail sales	1	-
ITX Taiwan B.V. Bershka Taiwan Branch	100.00%	Taipei - Taiwan	31-jan	Retail sales	-	-
Stradivarius España, S.A.	100.00%	Barcelona - Spain	31-jan	Retail sales	31	116
Stradivarius Hellas, S.A.	100.00%	Athens - Greece	31-jan	Retail sales	13	-
ITX RE DAC	100.00%	Dublin - Ireland	31-jan	Insurance	135	-
Stradivarius Portugal, Conf. Unip. SA	100.00%	Lisbon - Portugal	31-jan	Retail sales	10	-
Stradivarius Giyim Ithalat Ih. Ve Tic. Ltd.	100.00%	Istanbul - Turkey	31-jan	Retail sales	1	-
Stradivarius Polska, Sp zo.o	100.00%	Warsaw - Poland	31-jan	Retail sales	4	-

Company	Effective % of ownership	Location	Reporting date	Line of business	Shareholders' equity	Net investment
Stradivarius Ireland Limited	100.00%	Dublin - Ireland	31-jan	Retail sales	2	-
Stradivarius Italia SRL	100.00%	Milan - Italy	31-jan	Retail sales	34	-
Stradivarius CIS, Ltd.	100.00%	Moscow - Russia	31-dec	Retail sales	20	-
Stradivarius France, S.A.R.L.	100.00%	Paris - France	31-jan	Retail sales	13	-
Stradivarius Magyaroszag Kft.	100.00%	Budapest - Hungary	31-jan	Retail sales	4	-
Stradivarius Croatia, Ltd.	100.00%	Zagreb - Croatia	31-jan	Retail sales	4	-
Stradivarius Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	31-jan	Retail sales	1	-
Stradivarius Ro, Srl	100.00%	Bucharest - Romania	31-dec	Retail sales	6	-
Stradivarius Ukraine, Llc	100.00%	Kiev - Ukraine	31-dec	Retail sales	2	-
Stradivarius Ceská Republika, s.r.o.	100.00%	Prague - Czech Republic	31-jan	Retail sales	1	-
Stradivarius Commercial Shangai CO, Ltd	100.00%	Shanghai - China	31-dec	Retail sales	19	-
Stradivarius Bulgaria, Ltd	100.00%	Sofia - Bulgaria	31-dec	Retail sales	1	-
Stradivarius Diseño, S.L.	100.00%	Barcelona - Spain	31-jan	Design	4	-
Stradivarius Macau, Ltd	100.00%	Macao SAR	31-dec	Retail sales	1	-
Stradivarius Korea, Ltd	100.00%	Seoul - South Korea	31-jan	Retail sales	(1)	-
Stradivarius Hong Kong, Ltd	100.00%	Hong Kong SAR	31-jan	Retail sales	(1)	-
Stradivarius México, S.A. de C.V.	100.00%	Mexico City - Mexico	31-dec	Retail sales	15	-
Stradivarius BH, D.O.O.	100.00%	Sarajevo - Bosnia Herzegovina	31-dec	Retail sales	2	-
Stradivarius Serbia, D.O.O. Belgrade	100.00%	Belgrade - Serbia	31-jan	Retail sales	-	-
Stradivarius UK LIMITED	100.00%	London - UK	31-jan	Retail sales	-	-
Stradivarius Nederland, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Retail sales	1	-
Limited Liability Company "STRADIVARIUS BLR"	100.00%	Minsk - Belarus	31-dec	Retail sales	-	-
Stradivarius S, TRGOVSKO PODJETJE D.O.O.	100.00%	Ljubljana - Slovenia	31-jan	Retail sales	1	-
Spanish Retail Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	31-dec	Retail sales	-	-
Stradivarius Japan Corporation	100.00%	Tokyo - Japan	31-jan	Retail sales	3	-
ITX Trading, S.A.	100.00%	Fribourg - Switzerland	31-jan	Buyer	859	-
Zara Home España, S.A.	100.00%	A Coruña - Spain	31-jan	Retail sales	17	6
Zara Home Portugal, Conf. SA	100.00%	Lisbon - Portugal	31-jan	Retail sales	18	-
Zara Home U.K., Ltd.	100.00%	London - UK	31-jan	Retail sales	3	-
Zara Home Hellas, S.A.	100.00%	Athens - Greece	31-jan	Retail sales	6	-
Zara Home Nederland, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Retail sales	2	-
Zara Home Mexico, S.A. de C.V.	100.00%	Mexico City - Mexico	31-dec	Retail sales	11	-
Zara Home Italia, S.R.L.	100.00%	Milan - Italy	31-jan	Retail sales	26	-
Zara Home Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	31-jan	Retail sales	3	-
Zara Home Francia, S.A.R.L.	100.00%	Paris - France	31-jan	Retail sales	20	-
Zara Home Ro, Srl	100.00%	Bucharest - Romania	31-dec	Retail sales	3	-
Zara Home CIS, Ltd.	100.00%	Moscow - Russia	31-dec	Retail sales	17	-
Zara Home Ukraine, Llc	100.00%	Kiev - Ukraine	31-dec	Retail sales	-	-
Zara Home Polska, Sp zo.o	100.00%	Warsaw - Poland	31-jan	Retail sales	1	-
Zara Home Diseño, S.L.	100.00%	A Coruña - Spain	31-jan	Design	2	-
Zara Home Deutschland B.V. & Co. KG	100.00%	Hamburg - Germany	31-jan	Retail sales	2	-
ZHE, Gmbh	100.00%	Hamburg - Germany	31-jan	Holding company	16	-
Zara Home Brasil Produtos para o Lar, Ltda.	100.00%	Sao Paulo - Brazil	31-dec	Retail sales	4	-
Zara Home Croatia, Ltd	100.00%	Zagreb - Croatia	31-jan	Retail sales	1	-
Zara Home Belgique, S.A.	100.00%	Brussels - Belgium	31-jan	Retail sales	5	-
Zara Home Commercial & Trading (Shangai) Co., Ltd.	100.00%	Shanghai - China	31-dec	Retail sales	8	-
Zara Home Japan Corp.	100.00%	Tokyo - Japan	31-jan	Retail sales	8	-
Zara Home Canada, Inc	100.00%	Montreal - Canada	31-jan	Retail sales	-	-
Zara Home Macao SUL	100.00%	Macao SAR	31-dec	Retail sales	-	-
Zara Home Sverige AB	100.00%	Stockholm - Sweden	31-jan	Retail sales	2	-
Zara Home Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	31-dec	Retail sales	2	-
Zara Home Hong Kong Ltd	100.00%	Hong Kong SAR	31-jan	Retail sales	1	-
G. Zara Home Uruguay, S.A.	100.00%	Montevideo - Uruguay	31-jan	Retail sales	3	-
Zara Home Suisse SÀRL	100.00%	Fribourg - Switzerland	31-jan	Retail sales	5	-
Zara Home Chile SPA	100.00%	Santiago de Chile - Chile	31-dec	Retail sales	2	-
Zara Home Australia Pty Ltd	100.00%	Sydney - Australia	31-jan	Retail sales	(3)	-
Zara Home Magyarorszag KFT.	100.00%	Budapest - Hungary	31-jan	Retail sales	1	-
Zara Home Korea LIMITED	100.00%	Seoul - South Korea	31-jan	Retail sales	1	-
Zara Home Danmark A/S	100.00%	Copenhagen - Denmark	31-jan	Retail sales	3	-
Zara Home SRB DOO Beograd	100.00%	Belgrade - Serbia	31-dec	Retail sales	1	-
Zara Home Bulgaria EOOD	100.00%	Sofia - Bulgaria	31-dec	Retail sales	-	-
Limited Liability Company "ZARA HOME BLR"	100.00%	Minsk - Belarus	31-dec	Retail sales	-	-
Zara Home Ceska Republica, SRO	100.00%	Prague - Czech Republic	31-jan	Retail sales	-	-
ITX Taiwan B.V. Zara Home Taiwan Branch	100.00%	Taipei - Taiwan	31-jan	Retail sales	-	-
Zara Logística, S.A.	100.00%	A Coruña - Spain	31-jan	Logistics	1	-

Company	Effective % of ownership	Location	Reporting date	Line of business	Shareholders’ equity	Net investment
Plataforma Europa, S.A.	100.00%	Zaragoza - Spain	31-jan	Logistics	2	2
Plataforma Logística León, S.A.	100.00%	León - Spain	31-jan	Logistics	9	6
Plataforma Logística Meco, S.A.	100.00%	Madrid - Spain	31-jan	Logistics	1	-
Pull & Bear Logística, S.A.	100.00%	A Coruña - Spain	31-jan	Logistics	1	-
Massimo Dutti Logística, S.A.	100.00%	Barcelona - Spain	31-jan	Logistics	-	-
Bershka Logística, S.A.	100.00%	Barcelona - Spain	31-jan	Logistics	2	-
Oysho Logística, S.A.	100.00%	Barcelona - Spain	31-jan	Logistics	1	-
Stradivarius Logística, S.A.	100.00%	Barcelona - Spain	31-jan	Logistics	-	-
Zara Home Logística, S.A.	100.00%	A Coruña - Spain	31-jan	Logistics	1	-
Uterqüe Logística, S.A.	100.00%	A Coruña - Spain	31-jan	Logistics	1	-
Uterque Fashion RO S.R.L.	100.00%	Bucharest - Romania	31-dec	Retail sales	-	-
Lefties Logística, S.A.	100.00%	A Coruña - Spain	31-jan	Logistics	1	-
Inditex Logística, S.A.	100.00%	A Coruña - Spain	31-jan	Logistics	5	-
Tordera Logística, S.L.	100.00%	A Coruña - Spain	31-jan	Logistics	-	-
Nueva comercializadora global XXI, S.A. DE C.V.	100.00%	Mexico City - Mexico	31-dec	Logistics	-	-
Corporación de Servicios XX1, S.A. de C.V.	100.00%	Mexico City - Mexico	31-dec	Services	6	-
ITX Fashion Ltd	100.00%	Dublin - Ireland	31-jan	Dormant	-	-
Goa-Invest, S.A.	100.00%	A Coruña - Spain	31-jan	Construction	8	1
Goa-Invest Deutschland GMBH	100.00%	Hamburg - Germany	31-jan	Construction	11	-
Zara Vastgoed, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Real estate	117	-
ITX Global Solutions LIMITED	100.00%	Hong Kong SAR	31-jan	Services	13	-
SNC Zara France Immobiliere	100.00%	Paris - France	31-dec	Real estate	(6)	-
SCI Vastgoed Ferreol P03302	100.00%	Paris - France	31-dec	Real estate	15	-
SCI Vastgoed France P03301	100.00%	Paris - France	31-dec	Real estate	61	-
SCI Vastgoed General Leclerc P03303	100.00%	Paris - France	31-dec	Real estate	12	-
SCI Vastgoed Nancy P03304	100.00%	Paris - France	31-dec	Real estate	10	-
Invercarpro, S.A.	100.00%	Madrid - Spain	31-jan	Real estate	3	-
Robustae Confeçciones, S.A	100.00%	Lisbon - Portugal	31-jan	Retail sales	20	6
Lefties España, S,A,	100.00%	A Coruña - Spain	31-jan	Real estate	-	1
Born, S.A.	100.00%	Palma de Mallorca - Spain	31-jan	Real estate	-	-
LFT RUS Ltd	100.00%	Moscow - Russia	31-dec	Retail sales	-	-
Lelystad Platform, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Logistics	20	-
Robustae Mexico, S.A DE C.V.	100.00%	Mexico City - Mexico	31-dec	Retail sales	22	-
Inditex Cogeneración, A.I.E.	100.00%	A Coruña - Spain	31-jan	Combined heat and power plant	2	1
Inditex, S.A.	100.00%	A Coruña - Spain	31-jan	Dormant	-	-
Zara Holding II, B.V	100.00%	Amsterdam - Netherlands	31-jan	Holding company	704	-
Zara, S.A.	100.00%	A Coruña - Spain	31-jan	Dormant	-	-
Zara, S.A.	100.00%	Buenos Aires - Argentina	31-jan	Dormant	-	-
Fashion Logistic Forwarders, S.A.	100.00%	A Coruña - Spain	31-jan	Logistics	1	-
ITX Asia Pacific Enterprise Management, Co., Ltd	100.00%	Shanghai - China	31-dec	Buyer	114	-
FSF New York, LLC	100.00%	New York - USA	31-jan	Real estate	261	-
FSF Soho, LLC	100.00%	New York - USA	31-jan	Real estate	279	-
ITX USA, LLC	100.00%	New York - USA	31-jan	Retail sales	9	7
Fashion Retail , S.A.	100.00%	A Coruña - Spain	31-jan	Retail sales	-	-
ITXR Macedonaia Dooel Skopje	100.00%	Skopje - Macedonia	31-dec	Retail sales	6	-
ITX E-commerce (Shanghai) Co. Ltd	100.00%	Shanghai - China	31-dec	Retail sales	35	-
ITX Financien II, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Financial services	399	-
ITX TRYFIN B.V.	100.00%	Amsterdam - Netherlands	31-jan	Financial services	104	-
ITX RUBFIN, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Financial services	27	-
ITX Korea LIMITED	100.00%	Seoul - South Korea	31-jan	Retail sales	13	-
ITX Services India Private Ltd	100.00%	Gurgaon - India	31-mar	Buyer	3	-
Inditex France, S.A.R.L.	100.00%	Paris - France	31-jan	Dormant	-	-
ITX Merken, B.V.	100.00%	Amsterdam - Netherlands	31-jan	Services	4,261	-
Zara Home Österreich Clothing GMBH	100.00%	Vienna - Austria	31-jan	Retail sales	-	-
Massimo Dutti Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	31-jan	Retail sales	1	-
ITX LUXEMBOURG S.A.	100.00%	Luxembourg - Luxembourg	31-jan	Retail sales	2	-
Zara Vittorio 13 Italia, S.R.L.	100.00%	Milan - Italy	31-jan	Real estate	27	-
CDC Trading (Shangai) Co. LTD.	100.00%	Shanghai - China	31-dec	Buyer	3	-
Oysho Sverige, AB	100.00%	Stockholm - Sweden	31-jan	Retail sales	-	-
Oysho Slovakia S.R.O.	100.00%	Bratislava - Slovakia	31-jan	Retail sales	-	-
Zara Home Retail South Africa (PTY) LTD.	100.00%	Johannesburg - South Africa	31-jan	Retail sales	1	-
FGI Gestión Mex, S.A. de C.V.	100.00%	Mexico City - Mexico	31-dec	Construction	5	-

List of Company investments in jointly controlled entities at 31 January 2019.

Company	Effective % of ownership	Location	Reporting date	Line of business	Shareholders' equity	Net investment
Tempe, S.A.	50.00%	Alicante - Spain	31-jan	Marketing of footwear	505	-
Tempe México, S.A. de C.V.	50.00%	Mexico City - Mexico	31-dec	Marketing of footwear	10	-
Tempe Logística, S.A.	50.00%	Alicante - Spain	31-jan	Logistics	-	-
Tempe Brasil, Ltda.	50.00%	Sao Paulo - Brazil	31-dec	Dormant	3	-
Tempe Diseño, S.L.	50.00%	Alicante - Spain	31-jan	Design	7	-
Tempe Trading	50.00%	Fribourg - Switzerland	31-oct	Dormant	5	-
Tempe Trading Asia Limited	50.00%	Hong Kong SAR	31-jan	Marketing of footwear	61	-
TMP Trading (Shanghai) Co. Ltd	50.00%	Shanghai - China	31-dec	Marketing of footwear	19	-

Annex II

Direct and indirect investments of the members of the Board of Directors in the share capital of the Company at 31 January 2019

Name or business name of the Director	% Voting rights attributed to the shares		% Voting rights through financial instruments		% Total voting rights
	Direct	Indirect	Direct	Indirect	
Mr Pablo Isla Álvarez de Tejera [1]	0.0620%	-	0.0070%	-	0.0690%
Mr Amancio Ortega Gaona [2]	-	59.294%	-	-	59.294%
Mr José Arnau Sierra	0.001%	-	-	-	0.001%
Pontegadea Inversiones, S.L. [3]	50.010%	-	-	-	50.010%
Bns Denise Patricia Kingsmill	-	-	-	-	-
Mr José Luis Durán Schulz	0.0001%	-	-	-	0.0001%
Mr Rodrigo Echenique Gordillo	-	-	-	-	-
Ms Pilar López Álvarez	0.0001%	-	-	-	0.0001%
Mr Emilio Saracho Rodríguez de Torres	-	-	-	-	-
Total					**59.364%**

1 In accordance with the 2016-2020 Long-Term Incentive Plan, the Executive Chairman may receive up to a maximum of 215,405 shares, i.e 0.007%

2 Through Pontegadea Inversiones, S.L and Partler 2006, S.L.

3 Represented by Flora Pérez Marcote

This Annex forms an integral part of Note 11 of the accompanying Notes to the annual accounts, and must be read in conjunction with this.

INDUSTRIA DE DISEÑO TEXTIL, S.A.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2019

Company situation and business performance

Industria de Diseño Textil, S.A. (INDITEX) as parent of the INDITEX Group owns the shareholdings of the main companies of the Group and performs the activities of a holding company, whereby its results derive largely from dividends received from its subsidiaries. Likewise, the company provides different kinds of corporate services to its subsidiaries, both domestic and foreign, and supplies clothing and accessories of the Zara concept to subsequently be responsible for their distribution and sale to other Group companies engaged in retail marketing.

For a detailed analysis of the evolution of the Group's businesses, as well as the forecast for 2019, it is necessary to refer to the Consolidated Directors' Report of the Inditex Group.

Financial risk management policy

The Company's activities are exposed to various financial risks: market risk (including foreign currency risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's risk management focuses on the uncertainty of financial markets and aims to minimise the potential adverse effects on the Company's profitability, for which purpose it uses certain financial instruments described below.

Foreign currency risk

The Company operates in an international environment and, accordingly, is exposed to foreign currency on transactions in foreign currencies, in particular the US dollar. The foreign currency risk arises from future commercial transactions and from assets and liabilities recognised in currencies other than the euro.

The Company uses currency forwards to hedge the foreign currency risk. The Company manages the net position in each foreign currency by using external currency forwards or other financial instruments.

Credit risk

The Company is not exposed to significant concentrations of credit risk as policies are in place to cover sales to franchises.

Liquidity and interest rate risk

The Company is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows required in its normal operations. If the Company has a specific financing requirement, either in euros or in other currencies, it resorts to loans, credit facilities or other types of financial instruments.

Interest rate fluctuations change the fair value of assets and liabilities that bear a fixed interest rate and the future flows from assets and liabilities bearing interest at a floating rate. The Company's exposure to this risk is not significant.

Capital management

The Company's capital management objectives are to safeguard its ability to continue operating as a going concern, so that it can continue to generate returns for shareholders and benefit other stakeholders, and to maintain an optimum capital structure to reduce the cost of capital.

Significant events after the reporting period

In the opening weeks of 2019 the Company continued to conduct its business activities normally. No significant events occurred between 31 January 2019 and the date of authorisation for issue of the annual accounts.

R&D activities

INDITEX does not generally carry out research and development projects, which are defined as projects in which amounts are invested over several years in order to develop assets that are expected to generate a return over multi-year periods.

Since its inception, the conduct of the Company's operations has been underpinned by the application of the technology available in all areas of its activity in order to improve manufacturing and distribution processes, and by developing, either in-house or with the aid of third parties, tools to facilitate the management of the business. Some examples of this are point-of-sale terminals, inventory management systems, distribution centre delivery systems, systems for communication with stores and in-store garment labelling systems.

Treasury shares

The Annual General Shareholders´ Meeting held on 19 July 2016 approved the 2016-2020 Long-Term Share-Based Incentive Plan and authorised the Board of Directors to derivatively acquire treasury shares to cater for this Plan.

At 31 January 2019, the Company had 2,950,143 treasury shares representing 0.095% of the share capital.

Financial instruments

The Company arranges derivatives, mainly currency derivatives. The derivatives most frequently used by it are forward and option contracts.

Dividend policy

The Group's policy consists of a dividend payment equivalent to 60% of the net profit generated in the year, as an ordinary dividend, and the possibility of an extraordinary dividend.

The Board of Directors will propose to the General Shareholders' Meeting a dividend of EUR 0.88 per share, with an increase of 17.3% with regard to the dividend approved in 2017, which comprises an ordinary dividend of EUR 0.66 per share and an extraordinary dividend of EUR 0.22 per share.

In 2018, a total of EUR 2,335 million has been paid as dividends to shareholders.

Other disclosures

The Group's general payment policy complies with the periods for payment to trade suppliers set in the late payment legislation in force. The Group is currently implementing measures to try to reduce the payment period in those rare cases in which the established maximum payment period is exceeded. The aforementioned measures will focus on reducing the length of the processes involved in the receipt, verification, acceptance and accounting of invoices (enhancing use of electronic and technological methods) and improving the procedure for incident resolution in this connection.

Annual corporate governance report

The Annual Corporate Governance Report for 2018 will be sent to the CNMV (Spanish National Securities Market Commission) on 13 March 2019 and is available at www.inditex.com and will be published in the section on Relevant Event Communications of the CNMV website (www.cnmv.es).

Non-financial and diversity information

Information regarding the Statement of Non-Financial Information of the Company is included in the Consolidated Directors' Report of the Inditex Group whose parents is Industria de Diseño Textil, S.A. and which will be deposited, together with the Consolidated Annual Accounts, with the Mercantile Registry of A Coruña.