

GEOX

**INTERIM REPORT
FIRST NINE MONTHS OF 2010**

Geox S.p.A.

Registered Offices in Italy - Via Feltrina Centro 16, Biadene di Montebelluna (Treviso)

Share Capital - Euro 25,920,733.1= fully paid

Tax Code and Treviso Companies Register No. 03348440268

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Company officers

Board of Directors

Name	Position and independent status (where applicable)
Mario Moretti Polegato	Chairman and Executive Director
Enrico Moretti Polegato	Deputy Chairman and Executive Director
Diego Bolzonello (*)	Director and CEO
Lodovico Mazzolari	Executive Director
Umberto Paolucci	Independent Director
Francesco Gianni	Independent Director
Alessandro Antonio Giusti	Independent Director
Bruno Barel	Independent Director
Renato Alberini	Independent Director

(*) Powers and responsibilities for ordinary and extraordinary administration, within the limits indicated by law and the Articles of Association, in compliance with the powers of the Shareholders' Meeting, the Board of Directors and the Executive Committee, in accordance with the Board of Directors' resolution of April 21, 2010.

Board of Statutory Auditors

Name	Position
Fabrizio Colombo	Chairman
Francesca Meneghel	Statutory Auditor
Francesco Mariotto	Statutory Auditor
Laura Gualtieri	Alternate Auditor
Davide Attilio Rossetti	Alternate Auditor

Independent Auditors

Reconta Ernst & Young S.p.A.

Directors' report

Introduction

The market in which the Geox Group operates is characterized by seasonal phenomena, typical of the sector, leading to differences in the flow of costs and revenues in the various months of the year. In particular, the invoicing of products in the second six months, corresponding to the Fall/Winter sales period, is characterized by a concentration in the months of July, August and September, while the operating costs showed a more linear trend throughout the second six months.

It is important to remember, therefore, that the Income Statement relating to the first nine months cannot be considered as a proportionate part of the whole financial period and the quarterly results of the period ending on September 30 are not comparable with those as of June 30 and December 31.

From a financial point of view, the quarterly figures are also affected by the same seasonal phenomena. The figures as of September 30, in fact, compared to the figures as of June 30 and December 31 highlight a significantly higher net working capital.

The Group's Economic Performance

Economic results summary

The main results are outlined below:

- Net sales of Euro 736.5 million, with a decrease of 5.6% (- 6.5% constant exchange rates) compared with Euro 780.6 million in the first nine months of 2009;
- EBITDA of Euro 143.3 million, compared to Euro 191.9 million in the first nine months of 2009, with a 19.5% margin;
- EBIT of Euro 113.8 million, compared to Euro 154.4 million in the first nine months of 2009, with a 15.4% margin;
- Net income of Euro 72.4 million, compared to Euro 89.7 million of the first nine months of 2009, with a 9.8% margin.

In the following table a comparison is made between the consolidated income statement for first nine months of 2010, first nine months of 2009 and the full year 2009:

(Thousands of Euro)	9 months		9 months		2009	
	2010	%	2009	%	2009	%
Net sales	736,521	100.0%	780,564	100.0%	865,010	100.0%
Cost of sales	(376,998)	(51.2%)	(385,742)	(49.4%)	(426,957)	(49.4%)
Gross profit	359,523	48.8%	394,822	50.6%	438,053	50.6%
Selling and distribution costs	(37,710)	(5.1%)	(37,864)	(4.9%)	(42,409)	(4.9%)
General and administrative expenses	(170,642)	(23.2%)	(160,663)	(20.6%)	(214,731)	(24.8%)
Advertising and promotion	(37,021)	(5.0%)	(31,944)	(4.1%)	(46,216)	(5.3%)
Operating result	114,150	15.5%	164,351	21.1%	134,697	15.6%
Special items	(396)	(0.1%)	-	0.0%	(5,306)	(0.6%)
Net asset impairment	-	0.0%	(9,908)	(1.3%)	(12,363)	(1.4%)
EBIT	113,754	15.4%	154,443	19.8%	117,028	13.5%
Net interest	(3,284)	(0.4%)	(3,879)	(0.5%)	(4,154)	(0.5%)
PBT	110,470	15.0%	150,564	19.3%	112,874	13.0%
Income tax	(38,046)	(5.2%)	(60,906)	(7.8%)	(46,168)	(5.3%)
Tax rate	34%		40%		41%	
Net Income	72,424	9.8%	89,658	11.5%	66,706	7.7%
EPS (Earnings per shares)	0.28		0.35		0.26	
EBITDA	143,300	19.5%	191,926	24.6%	166,375	19.2%

EBITDA: is the operating profit plus depreciation, amortization and can be directly calculated from the financial statements as integrated by the notes.

Disclaimer

This Report, and in particular the section entitled "Outlook for operation and significant subsequent events", contains forward-looking statements. These statements are based on the Group's current expectations and projections about future events and, by their nature, are subject to inherent risks and uncertainties. They relate to events and depend on circumstances that may or may not occur or exist in the future, and, as such, undue reliance should not be placed on them. Actual results may differ materially from those expressed in such statements as a result of a variety of factors, including: volatility and deterioration of capital and financial markets, changes in commodity prices, changes in general economic conditions, economic growth and other changes in business conditions, changes in government regulation (in each case, in Italy or abroad), and many other factors, most of which are outside of the Group's control.

Sales

Consolidated sales for the first nine months 2010 declined by 5,6% (-6,5% at constant exchange rates) to Euro 736.5 million; third quarter sales increased by 1,1% compared to third quarter 2009.

Footwear sales represented 87% of consolidated sales, amounting to Euro 638.9 million, with a 8% decrease compared to the same period of 2009. Apparel sales accounted for 13% of consolidated sales equal to Euro 97.7 million, showing a 13% increase.

(Thousands of Euro)	9 months 2010		9 months 2009		Ch. %
		%		%	
Footwear	638,867	86.7%	694,091	88.9%	(8.0%)
Apparel	97,654	13.3%	86,473	11.1%	12.9%
Net sales	736,521	100.0%	780,564	100.0%	(5.6%)

Sales in Italy, the Group's main market, which accounted for 39% of sales (38% in the same period of 2009) declined by 4% to Euro 284.3 million.

Sales in Europe, which accounted for 43% of sales (44% in the same period of 2009) declined by 9% to Euro 316.7 million. North American sales declined by 4% (-13% at constant exchange rates) and sales in the Other Countries are in line with last year (-2% at constant exchange rates).

(Thousands of Euro)	9 months 2010		9 months 2009		Ch. %
		%		%	
Italy	284,314	38.6%	297,089	38.1%	(4.3%)
Europe (*)	316,687	43.0%	346,389	44.4%	(8.6%)
North America	43,043	5.8%	44,931	5.8%	(4.2%)
Other countries	92,477	12.6%	92,155	11.8%	0.3%
Net sales	736,521	100.0%	780,564	100.0%	(5.6%)

(*) Europa includes: Austria, Benelux, France, Germany, UK, Iberia, Scandinavia, Switzerland

Analyzing sales by distribution, the Geox Shop channel (franchising and *Directly Operated Stores* - DOS) increased by 10% (+20% in third quarter 2010). In first nine months this channel represented 38% of sales (33% in the same period of 2009).

The sales of directly operated stores (DOS) that have been open for at least 12 months (comparable stores sales) increased by 6% during the period. In the third quarter 2010 comparable stores sales increased by 25%. Comparable store sales related to the Fall/Winter collections only (i.e. from 30 August to 7 November) increased by 17 %.

The increase in DOS net sales of 19% is due to the increase of comparable store sales, to new openings, as well as to the conversion of a number of stores owned by the Group that were leased to third parties under franchising agreements in first nine months 2009 and which are now DOS.

Multibrand shops, the Group's main distribution channel, which accounted for 62% of sales (67% in the same period of 2009) declined by 13%.

(Thousands of Euro)	9 months 2010		9 months 2009		Ch. %
		%		%	
Multibrand	454,066	61.7%	522,598	67.0%	(13.1%)
Franchising	135,384	18.4%	134,386	17.2%	0.7%
DOS*	147,071	20.0%	123,580	15.8%	19.0%
Geox Shops	282,455	38.3%	257,966	33.0%	9.5%
Net sales	736,521	100.0%	780,564	100.0%	(5.6%)

* Directly Operated Stores

As of September 30, 2010 the overall number of Geox Shops was 1,033 of which 251 DOS. In the nine months 89 new Geox Shops were opened and 64 have been closed. The new openings include, among the others, shops in Rome, Milan, Turin, Wien, Madrid, Barcellona.

	09-30-2010		12-31-2009		09-30-2009	
	Geox Shops	of which DOS	Geox Shops	of which DOS	Geox Shops	of which DOS
Italy	337	85	327	89	318	86
Europe (*)	303	105	306	87	302	79
North America	51	42	56	49	60	58
Other countries	162	19	146	19	177	21
Countries with licensing agreements (**)	180	-	173	-	167	-
Total	1,033	251	1,008	244	1,024	244

(*) Europa include: Austria, Benelux, Francia, Germania, Gran Bretagna, Penisola Iberica, Scandinavia, Svizzera

(**) Sales by the franchising channel do not include those of the shops in these countries.

Cost of sales and Gross Profit

Cost of sales, as a percentage of sales, was 51.2% compared to 49.4% of the same period of 2009, producing a gross margin of 48.8% (50.6% in the same period of 2009). The decline in gross profit compared with first nine months 2009 is mainly explained by two reasons: 1) the greater use of air transport due to production postponements attributable to a higher degree of flexibility in the receipt of orders and 2) the higher promotional selling activities.

Operating expenses and Operating income (EBIT)

Selling and distribution expense as a percentage of sales was 5.1%, substantially in line with the same period of the previous year (4.9%).

General and administrative expenses were Euro 170.6 million, compared to 160.7 million of the same period of 2009.

This increase is entirely due to:

- costs involved in the opening and running of directly operated stores (DOS) and in particular of Geox flagship stores;
- amortization expenses which rose to Euro 24.5 million of first nine months 2010 from Euro 23.1 million of the same period of 2009, mainly related to the investments in the stores network.

Excluding the above mentioned costs, the total amount of general and administrative expenses and labor costs decreased by 2% compared to the previous year.

Advertising and promotion expense was equal to 5.0% of sales compared to 4.1% of the same period of 2009.

In the first nine months the Group's operating result was Euro 113.8 million (Euro 154.4 million in the same period of 2009) resulting in a 15.4% margin.

EBITDA

EBITDA was Euro 143.3 million, 19.5% of sales, compared to Euro 191.9 million in first nine months 2009.

Income taxes and tax rate

Income taxes were equal to Euro 38.0 million, compared 60.9 million of the same period of 2009, with a tax rate of 34% (40% in the same period of 2009). The decrease is primarily due to the write-down of deferred tax assets of previous years (equal to Euro 3.5 million) taken in the first nine months of 2009. The adjusted tax rate of the first nine months 2009 was equal to 36%, in line with 34% of the first nine months 2010.

The Group's Financial Performance

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	Sept. 30, 2010	Dec. 31, 2009	Sept. 30, 2009
Intangible assets	71,145	74,651	76,095
Property, plant and equipment	67,784	71,516	71,767
Other non-current assets - net	48,043	40,707	34,561
Total non-current assets	186,972	186,874	182,423
Net operating working capital	235,299	159,465	270,913
Other current assets (liabilities), net	(48,831)	(10,409)	(64,823)
Net invested capital	373,440	335,930	388,513
Equity	434,053	428,751	445,881
Provisions for severance indemnities, liabilities and charges	10,279	9,765	7,877
Net financial position	(70,892)	(102,586)	(65,245)
Net invested capital	373,440	335,930	388,513

The Group balance sheet shows a solid net cash position, equal to Euro 70.9 million (Euro 102.6 million at the end of 2009).

The following table shows the mix and changes in net operating working capital and other current assets (liabilities):

(Thousands of Euro)	Sept. 30, 2010	Dec. 31, 2009	Sept. 30, 2009
Inventories	109,045	152,387	107,812
Accounts receivable	237,281	128,803	247,629
Accounts payable	(111,027)	(121,725)	(84,528)
Net operating working capital	235,299	159,465	270,913
% of sales for the last 12 months	28.7%	18.4%	31.0%
Taxes payable	(35,763)	(8,428)	(55,232)
Other non-financial current assets	14,305	24,042	15,219
Other non-financial current liabilities	(27,373)	(26,023)	(24,810)
Other current assets (liabilities), net	(48,831)	(10,409)	(64,823)

The ratio of net working capital on last twelve months' sales shows a decline on the equivalent value of first nine months 2009, from 31.0% to 28.7% mainly due to different timing of receipt and deliveries of finished products of Fall/Winter collection compared to the same period of 2009.

The following table gives a reclassified consolidated cash flow statement:

(Thousands of Euro)	9 months 2010	9 months 2009	2009
Net income	72,424	89,658	66,706
Depreciation, amortization and impairment	29,546	37,483	49,348
Other non-cash items	(1,328)	16,397	23,205
	100,642	143,538	139,259
Change in net working capital	(81,135)	(74,992)	36,974
Change in other current assets/liabilities	41,765	47,811	(16,553)
Cash flow from operations	61,272	116,357	159,680
Capital expenditure	(24,829)	(30,722)	(41,995)
Disposals	2,319	1,696	2,957
Net capital expenditure	(22,510)	(29,026)	(39,038)
Free cash flow	38,762	87,331	120,642
Dividends	(51,841)	(62,210)	(62,210)
Increase in share capital	-	23	23
Change in net financial position	(13,079)	25,144	58,455
Initial net financial position - prior to fair value adjustment of derivatives	101,610	42,819	42,819
Change in net financial position	(13,079)	25,144	58,455
Translation differences	(394)	267	336
Final net financial position - prior to fair value adjustment of derivatives	88,137	68,230	101,610
Fair value adjustment of derivatives	(17,245)	(2,985)	976
Final net financial position	70,892	65,245	102,586

During the period capital investments have been equal to Euro 24.8 million of which 16.4 million for the retail stores.

In the period, free cash flow was positive for Euro 38.8 million versus Euro 87.3 million in the same period of 2009 and the Group distributed Euro 51.8 million dividend (62.2 million in the same period of 2009).

The following table gives a breakdown of the net financial position:

(Thousands of Euro)	Sept. 30, 2010	Dec. 31, 2009	Sept. 30, 2009
Cash and cash equivalents	94,217	107,470	75,972
Current financial assets - excluding derivatives	132	163	217
Bank borrowings and current portion of long-term loans	(6,952)	(6,315)	(8,363)
Current financial liabilities - excluding derivatives	(2)	(6)	-
Net financial position - current portion	87,395	101,312	67,826
Non-current financial assets	1,296	1,047	1,153
Long-term loans	(554)	(749)	(749)
Net financial position - non-current portion	742	298	404
Net financial position - prior to fair value adjustment of derivatives	88,137	101,610	68,230
Fair value adjustment of derivatives	(17,245)	976	(2,985)
Net financial position	70,892	102,586	65,245

Significant events during the quarter

No particularly significant events occurred during the quarter other than those already mentioned in the preceding paragraphs.

Forecast for operations and significant subsequent events

Based on 1) consolidated sales of the first nine months 2) the assumptions on the performance of our directly operated stores and 3) the backlog for the current season (Autumn / Winter), management expect to close full year 2010 consolidated sales with a decline in line with that recorded in September.

For the Spring/Summer 2011 season, management can confirm that Geox's order backlog versus third parties, wholesale plus franchising, is up 2 %. Trends in currencies, raw material prices and labour costs in supplier countries, on the other hand, suggest that margins will come under pressure in the first half of 2011.

As a further step in the strategy to strengthen and manage the network of monobrand shops, the Board of Directors today approved a plan to reorganise the Group's Retail Business Division in Europe. The objective of this plan is to focus and concentrate all retail activities in Geox Retail S.r.l., a wholly-owned subsidiary controlled directly by Geox S.p.A. Being between Group companies, this operation is not particularly significant in essence and does not have any impact on the consolidated financial statements.

Consolidated Financial Statements

Consolidated income statement

(Thousands of Euro)	9 months 2010	9 months 2009	2009
Net sales	736,521	780,564	865,010
Cost of sales	(376,998)	(385,742)	(426,957)
Gross profit	359,523	394,822	438,053
Selling and distribution costs	(37,710)	(37,864)	(42,409)
General and administrative expenses	(170,642)	(160,663)	(214,731)
Advertising and promotion	(37,021)	(31,944)	(46,216)
Special items	(396)	-	(5,306)
Net asset impairment	-	(9,908)	(12,363)
EBIT	113,754	154,443	117,028
Net interest	(3,284)	(3,879)	(4,154)
PBT	110,470	150,564	112,874
Income tax	(38,046)	(60,906)	(46,168)
Net income	72,424	89,658	66,706
Earnings per share [Euro]	0.28	0.35	0.26
Diluted earnings per share [Euro]	0.28	0.35	0.26

Consolidated statement of comprehensive income

(Thousands of Euro)	9 months 2010	9 months 2009	2009
Net income	72,424	89,658	66,706
Net gain (loss) on Cash Flow Hedge, net of tax	(15,491)	(9,389)	(3,567)
Currency translation	96	1,107	1,076
Net comprehensive income	57,029	81,376	64,215

Consolidated statement of financial position

(Thousands of Euro)	Sept. 30, 2010	Dec. 31, 2009	Sept. 30, 2009
ASSETS:			
Intangible assets	71,145	74,651	76,095
Property, plant and equipment	67,784	71,516	71,767
Deferred tax assets	34,550	26,076	25,678
Non-current financial assets	1,296	1,047	1,153
Other non-current assets	15,980	16,947	11,257
Total non-current assets	190,755	190,237	185,950
Inventories	109,045	152,387	107,812
Accounts receivable	237,281	128,803	247,629
Other non-financial current assets	14,305	24,042	15,219
Current financial assets	3,166	4,402	2,357
Cash and cash equivalents	94,217	107,470	75,972
Current assets	458,014	417,104	448,989
Total assets	648,769	607,341	634,939
LIABILITIES AND EQUITY:			
Share capital	25,921	25,921	25,921
Reserves	335,708	336,124	330,302
Net income	72,424	66,706	89,658
Equity	434,053	428,751	445,881
Employee severance indemnities	2,366	2,509	2,773
Provisions for liabilities and charges	7,913	7,256	5,104
Long-term loans	554	749	749
Other long-term payables	2,487	2,316	2,374
Total non-current liabilities	13,320	12,830	11,000
Accounts payable	111,027	121,725	84,528
Other non-financial current liabilities	27,373	26,023	24,810
Taxes payable	35,763	8,428	55,232
Current financial liabilities	20,281	3,269	5,125
Bank borrowings and current portion of long-term loans	6,952	6,315	8,363
Current liabilities	201,396	165,760	178,058
Total liabilities and equity	648,769	607,341	634,939

Consolidated statement of cash flows

(Thousands of Euro)	9 months 2010	9 months 2009	2009
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	72,424	89,658	66,706
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization and impairment	29,546	37,483	49,348
Increase in (use of) deferred taxes and other provisions	953	12,253	13,238
Provision for employee severance indemnities, net	(148)	(519)	(783)
Other non-cash items	(2,133)	4,663	10,750
	28,218	53,880	72,553
Change in assets/liabilities:			
Accounts receivable	(118,491)	(135,149)	(8,549)
Other assets	10,171	8,937	(6,382)
Inventories	48,878	124,640	72,625
Accounts payable	(11,522)	(64,483)	(27,102)
Other liabilities	4,250	3,057	961
Taxes payable	27,344	35,817	(11,132)
	(39,370)	(27,181)	20,421
Operating cash flow	61,272	116,357	159,680
CASH FLOW USED IN INVESTING ACTIVITIES:			
Capital expenditure on intangible assets	(6,220)	(8,402)	(12,030)
Capital expenditure on property, plant and equipment	(18,609)	(22,320)	(29,965)
	(24,829)	(30,722)	(41,995)
Disposals	2,319	1,696	2,957
(Increase) decrease in financial assets	(213)	286	447
Cash flow used in investing activities	(22,723)	(28,740)	(38,591)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank borrowings, net	(275)	457	(332)
Loans:			
- Proceeds	-	21,734	21,865
- Repayments	(299)	(40,335)	(41,630)
Dividends	(51,841)	(62,210)	(62,210)
Increase in share capital	-	23	23
Cash flow from financing activities	(52,415)	(80,331)	(82,284)
Increase in cash and cash equivalents	(13,866)	7,286	38,805
Cash and cash equivalents, beginning of the period	107,470	68,672	68,672
Effect of translation differences on cash and cash equivalents	613	14	(7)
Cash and cash equivalents, end of the period	94,217	75,972	107,470
Supplementary information to the cash flow statement:			
- Interest paid during the period	598	2,667	2,791
- Interest received during the period	722	1,130	1,436
- Taxes paid during the period	14,164	29,583	61,748

Consolidated statements of changes in equity

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Other reserves	Retained earnings	Net income for the period	Group equity
Balance at December 31, 2008	25,920	5,183	37,649	(1,612)	9,722	230,751	118,174	425,787
Allocation of 2008 result	-	1	-	-	-	118,173	(118,174)	-
Distribution of dividends	-	-	-	-	-	(62,210)	-	(62,210)
Translation differences	-	-	-	1,076	-	-	-	1,076
Recognition of cost stock option plans	-	-	-	-	936	-	-	936
Valuation of <i>cash flow hedge</i>	-	-	-	-	(3,567)	-	-	(3,567)
Increase in share capital	1	-	29	-	(7)	-	-	23
Subsidiaries' move to Euro	-	-	-	(208)	-	208	-	-
Net income	-	-	-	-	-	-	66,706	66,706
Balance at December 31, 2009	25,921	5,184	37,678	(744)	7,084	286,922	66,706	428,751
Allocation of 2009 result	-	-	-	-	-	66,706	(66,706)	-
Distribution of dividends	-	-	-	-	-	(51,841)	-	(51,841)
Translation differences	-	-	-	96	-	-	-	96
Recognition of cost stock option plans	-	-	-	-	114	-	-	114
Valuation of <i>cash flow hedge</i>	-	-	-	-	(15,491)	-	-	(15,491)
Net income	-	-	-	-	-	-	72,424	72,424
Balance at Sept. 30, 2010	25,921	5,184	37,678	(648)	(8,293)	301,787	72,424	434,053

Explanatory Notes

The economic/financial results of the Group as at September 30, 2010 and for the periods of comparison were prepared on the basis of Annex 3D to the Issuers' Regulations no. 11971 of May 14, 1999, and subsequent amendments and additions.

The quarterly statement as at September 30, 2010, which is not subject to auditing by the Auditing firm, was prepared in accordance with the *International Financial Reporting Standards* (IFRS) issued by the *International Accounting Standards Board* (IASB) and the relative standards of interpretation (IFRIC) in force at the time the Statement was drawn up.

The accounting standards and valuation criteria adopted are the same as those used for the preparation of the annual consolidated financial statements.

Statement by the manager responsible for the preparation of the company's financial documents

The manager responsible for the preparation of the company's financial documents, Mr. Livio Libralesso, hereby declares, in accordance with paragraph 2 article 154 bis of the Testo Unico della Finanza that, based on his knowledge, the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the company.

Biadene di Montebelluna, November 12, 2010

On behalf of the Board of Directors
Chairman
Dr. Mario Moretti Polegato