

**GEOX**

**INTERIM REPORT  
FIRST QUARTER OF 2011**

**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

<b>Name</b>	<b>Position and independent status (where applicable)</b>
Mario Moretti Polegato	Chairman and Executive Director
Enrico Moretti Polegato	Vice 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

<b>Name</b>	<b>Position</b>
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 first six months, corresponding to the Spring/Summer sales period, is characterized by a concentration in the months of January, February and March, while the operating costs showed a more linear trend throughout the first six months.

It is important to remember, therefore, that the Income Statement relating to the First Quarter cannot be considered as a proportionate part of the whole financial period and the quarterly results of the period ending on March 31 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 March 31, 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 345.4 million, with an increase of 4% (3% constant exchange rates) compared with Euro 333.1 million in the first three months of 2010;
- EBITDA of Euro 79.2 million, compared to Euro 93.6 million in the first three months of 2010, with a 22.9% margin;
- EBIT of Euro 68.9 million, compared to Euro 83.7 million in the first three months of 2010, with a 19.9% margin;
- Net income of Euro 43.4 million, compared to Euro 53.6 million of the first three months of 2010, with a 12.6% margin.

In the following table a comparison is made between the consolidated income statement for first quarter of 2011, first quarter of 2010 and the full year 2010:

(Thousands of Euro)	I quarter 2011		I quarter 2010		2010	
		%		%		%
<b>Net sales</b>	<b>345,377</b>	<b>100.0%</b>	<b>333,070</b>	<b>100.0%</b>	<b>850,076</b>	<b>100.0%</b>
Cost of sales	(192,741)	(55.8%)	(164,881)	(49.5%)	(435,146)	(51.2%)
<b>Gross profit</b>	<b>152,636</b>	<b>44.2%</b>	<b>168,189</b>	<b>50.5%</b>	<b>414,930</b>	<b>48.8%</b>
Selling and distribution costs	(17,347)	(5.0%)	(16,263)	(4.9%)	(44,730)	(5.3%)
General and administrative expenses	(57,685)	(16.7%)	(60,065)	(18.0%)	(228,977)	(26.9%)
Advertising and promotion	(8,746)	(2.5%)	(8,152)	(2.4%)	(47,420)	(5.6%)
<b>Operating result</b>	<b>68,858</b>	<b>19.9%</b>	<b>83,709</b>	<b>25.1%</b>	<b>93,803</b>	<b>11.0%</b>
Special items	-	0.0%	-	0.0%	(396)	(0.0%)
<b>EBIT</b>	<b>68,858</b>	<b>19.9%</b>	<b>83,709</b>	<b>25.1%</b>	<b>93,407</b>	<b>11.0%</b>
Net interest	(1,675)	(0.5%)	(2,055)	(0.6%)	(3,168)	(0.4%)
<b>PBT</b>	<b>67,183</b>	<b>19.5%</b>	<b>81,654</b>	<b>24.5%</b>	<b>90,239</b>	<b>10.6%</b>
Income tax	(23,748)	(6.9%)	(28,086)	(8.4%)	(32,236)	(3.8%)
<i>Tax rate</i>	<i>35%</i>		<i>34%</i>		<i>36%</i>	
<b>Net Income</b>	<b>43,435</b>	<b>12.6%</b>	<b>53,568</b>	<b>16.1%</b>	<b>58,003</b>	<b>6.8%</b>
<hr/>						
<b>EPS (Earnings per shares)</b>	<b>0.17</b>		<b>0.21</b>		<b>0.22</b>	
<hr/>						
<b>EBITDA</b>	<b>79,167</b>	<b>22.9%</b>	<b>93,572</b>	<b>28.1%</b>	<b>132,313</b>	<b>15.6%</b>
Special items	-		-		(396)	
<b>EBITDA adjusted</b>	<b>79,167</b>	<b>22.9%</b>	<b>93,572</b>	<b>28.1%</b>	<b>132,709</b>	<b>15.6%</b>

*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

First quarter 2011 consolidated net sales increased by 4% (3% at constant exchange rates) to Euro 345.4 million. Footwear sales represented 87% of consolidated sales, amounting to Euro 299.4 million, with a 2% increase compared to the same period of 2010. Apparel sales accounted for 13% of consolidated sales equal to Euro 46.0 million, showing a 17% increase.

(Thousands of Euro)	I quarter 2011	%	I quarter 2010	%	Ch. %
Footwear	299,393	86.7%	293,715	88.2%	1.9%
Apparel	45,984	13.3%	39,355	11.8%	16.8%
<b>Net sales</b>	<b>345,377</b>	<b>100.0%</b>	<b>333,070</b>	<b>100.0%</b>	<b>3.7%</b>

Sales in Italy, the Group's main market, which accounted for 40% of sales (38% in the first quarter of 2010) amounted to Euro 137.3 million (125.8 million in the first quarter of 2010) showing a 9% growth.

Sales in Europe, which accounted for 43% of sales (46% in the first quarter of 2010) declined by 3% to Euro 148.1 million, compared with Euro 152.4 million in the first quarter of 2010.

North American sales increased by 5% at Euro 15,3 million (stable at constant exchange rates). Sales in the Other Countries increased by 11% (10% at constant exchange rates).

(Thousands of Euro)	I quarter 2011	%	I quarter 2010	%	Ch. %
Italy	137,342	39.8%	125,805	37.8%	9.2%
Europe (*)	148,097	42.9%	152,403	45.8%	(2.8%)
North America	15,281	4.4%	14,555	4.4%	5.0%
Other countries	44,657	12.9%	40,307	12.1%	10.8%
<b>Net sales</b>	<b>345,377</b>	<b>100.0%</b>	<b>333,070</b>	<b>100.0%</b>	<b>3.7%</b>

(\*) Europe 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 25%. This channel represented 36% of sales (30% in the first quarter of 2010).

The sales of directly operated stores (DOS) that have been open for at least 12 months (comparable stores sales) increased by 19% during the first quarter of 2011. Comparable store sales related to the Spring/Summer 2011 collections only (i.e. from February 28<sup>th</sup> to May 8<sup>th</sup>) increased by 2%.

The increase in DOS net sales of 24% is due to the increase of comparable stores sales, 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 quarter 2010 and which are now DOS.

Franchising channel reported an increase of 26% in the first quarter of 2011.

Multibrand, the Group's main distribution channel, which accounted for 64% of sales (70% in the first quarter of 2010) declined by 6%.

(Thousands of Euro)	I quarter 2011	%	I quarter 2010	%	Ch. %
<b>Multibrand</b>	<b>219,507</b>	<b>63.6%</b>	<b>232,173</b>	<b>69.7%</b>	<b>(5.5%)</b>
Franchising	76,324	22.1%	60,814	18.3%	25.5%
DOS*	49,546	14.3%	40,083	12.0%	23.6%
<b>Geox Shops</b>	<b>125,870</b>	<b>36.4%</b>	<b>100,897</b>	<b>30.3%</b>	<b>24.8%</b>
<b>Net sales</b>	<b>345,377</b>	<b>100.0%</b>	<b>333,070</b>	<b>100.0%</b>	<b>3.7%</b>

\*Directly Operated Stores.

As of March 2011 the overall number of Geox Shops was 1,048 of which 266 DOS. During first quarter 2011, 31 new Geox Shops were opened and 22 have been closed.

	03-31-2011		12-31-2010		I quarter 2011		
	Geox	of which	Geox	of which	Net		
	Shops	DOS	Shops	DOS	Openings	Openings	Closings
Italy	346	85	344	85	2	7	(5)
Europe (*)	296	123	302	107	(6)	4	(10)
North America	47	40	50	41	(3)	1	(4)
Other countries	187	18	174	19	13	16	(3)
Countries with licensing agreements (**)	172	-	169	-	3	3	-
<b>Total</b>	<b>1,048</b>	<b>266</b>	<b>1,039</b>	<b>252</b>	<b>9</b>	<b>31</b>	<b>(22)</b>

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

(\*\*) 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 55.8% compared to 49.5% of the first quarter of 2010, producing a gross margin of 44.2% (50.5% in Q1 2010). The expected decline in gross profit, compared with the first quarter of 2010, is explained by unfavorable trends in currencies, raw material prices and labour costs increases in supplier countries and by the higher promotional selling activities in the group's directly operated stores network.

### Operating expenses and Operating income (EBIT)

Selling and distribution expenses as a percentage of sales was 5.0%, substantially in line with the first quarter of 2010 (4.9%).

General and administrative expenses declined by 4% to Euro 57.7 million, compared with 60.1 million of the first quarter of 2010. General and administrative expenses, as a percentage of sales, were 16.7%, compared to 18.0% of the first quarter of 2010. The decrease is explained by the reduction of the general and administrative expenses and labor costs compared to the previous year. This decrease more than offset the increase in costs of opening and running of directly operated stores (DOS) and the amortization expenses (which rose to Euro 8.8 million of the first quarter of 2011 from Euro 8.1 million of the first quarter of 2010) mainly related to the investments in the stores network.

Advertising and promotion expenses was equal to 2.5% of sales compared to 2.4% of the first quarter of 2010.

The Group's operating result was Euro 68.9 million, 19.9% as a percentage of sales, compared with Euro 83.7 million of the first quarter of 2010 (25.1% as a percentage of sales).

### EBITDA

EBITDA was Euro 79.2 million, 22.9% of sales, compared to Euro 93.6 million in the first quarter of 2010.

### Income taxes and tax rate

Income taxes were equal to Euro 23.7 million, compared to 28.1 million of first quarter 2010, with a tax rate of 35% (34% of the first quarter of 2010).

## The Group's Financial Performance

The following table summarizes the reclassified consolidated balance sheet:

<b>(Thousands of Euro)</b>	<b>March 31, 2011</b>	<b>Dec. 31, 2010</b>	<b>March 31, 2010</b>
Intangible assets	66,838	68,621	73,559
Property, plant and equipment	64,686	67,306	71,825
Other non-current assets - net	45,857	42,802	40,884
<b>Total non-current assets</b>	<b>177,381</b>	<b>178,729</b>	<b>186,268</b>
<b>Net operating working capital</b>	<b>283,828</b>	<b>178,788</b>	<b>293,862</b>
<b>Other current assets (liabilities), net</b>	<b>(35,645)</b>	<b>(12,887)</b>	<b>(52,092)</b>
<b>Net invested capital</b>	<b>425,564</b>	<b>344,630</b>	<b>428,038</b>
Equity	463,855	426,301	487,802
Provisions for severance indemnities, liabilities and charges	9,851	10,463	9,047
Net financial position	(48,142)	(92,134)	(68,811)
<b>Net invested capital</b>	<b>425,564</b>	<b>344,630</b>	<b>428,038</b>

The Group balance sheet shows a solid net cash position. Before the fair value adjustment of derivatives, net cash position was 108.5 million (as of December 31, 2010), compared to 61.9 million as of March 31, 2011. After fair value adjustment of derivatives, which negatively affected first quarter 2011 for 13.8 million (16.4 million as of December 31, 2010), net cash position was equal to Euro 48.1 million as of March 31, 2011 (compared with Euro 92.1 million at the end of December 2010).

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

<b>(Thousands of Euro)</b>	<b>March 31, 2011</b>	<b>Dec. 31, 2010</b>	<b>March 31, 2010</b>
Inventories	117,213	172,085	107,636
Accounts receivable	270,483	124,525	276,452
Accounts payable	(103,868)	(117,822)	(90,226)
<b>Net operating working capital</b>	<b>283,828</b>	<b>178,788</b>	<b>293,862</b>
<b>% of sales for the last 12 months</b>	<b>32.9%</b>	<b>21.0%</b>	<b>36.1%</b>
Taxes payable	(27,908)	(9,814)	(42,596)
Other non-financial current assets	18,795	25,818	15,775
Other non-financial current liabilities	(26,532)	(28,891)	(25,271)
<b>Other current assets (liabilities), net</b>	<b>(35,645)</b>	<b>(12,887)</b>	<b>(52,092)</b>

The ratio of net working capital on sales was 32.9% compared 36.1% of the first quarter of 2010 mainly due to different timing of receipt of Spring/Summer collection compared to the same period of first quarter 2010.

The following table gives a reclassified consolidated cash flow statement:

<b>(Thousands of Euro)</b>	<b>I quarter 2011</b>	<b>I quarter 2010</b>	<b>2010</b>
<b>Net income</b>	<b>43,435</b>	<b>53,568</b>	<b>58,003</b>
Depreciation, amortization and impairment	10,309	9,863	38,906
Other non-cash items	(12,143)	3,001	9,509
	<b>41,601</b>	<b>66,432</b>	<b>106,418</b>
Change in net working capital	(106,386)	(140,649)	(21,398)
Change in other current assets/liabilities	24,886	41,549	3,939
<b>Cash flow from operations</b>	<b>(39,899)</b>	<b>(32,668)</b>	<b>88,959</b>
Capital expenditure	(7,156)	(8,864)	(31,805)
Disposals	691	702	2,107
<b>Net capital expenditure</b>	<b>(6,465)</b>	<b>(8,162)</b>	<b>(29,698)</b>
<b>Free cash flow</b>	<b>(46,364)</b>	<b>(40,830)</b>	<b>59,261</b>
Dividends	-	-	(51,841)
<b>Change in net financial position</b>	<b>(46,364)</b>	<b>(40,830)</b>	<b>7,420</b>
<b>Initial net financial position - prior to fair value adjustment of derivatives</b>	<b>108,504</b>	<b>101,610</b>	<b>101,610</b>
Change in net financial position	(46,364)	(40,830)	7,420
Translation differences	(240)	137	(526)
<b>Final net financial position - prior to fair value adjustment of derivatives</b>	<b>61,900</b>	<b>60,917</b>	<b>108,504</b>
Fair value adjustment of derivatives	(13,758)	7,894	(16,370)
<b>Final net financial position</b>	<b>48,142</b>	<b>68,811</b>	<b>92,134</b>

During the quarter capital expenditures were Euro 7.2 million of which 5.0 million for new store openings and store refurbishment.

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

<b>(Thousands of Euro)</b>	<b>March 31, 2011</b>	<b>Dec. 31, 2010</b>	<b>March 31, 2010</b>
Cash and cash equivalents	69,955	114,200	67,020
Current financial assets - excluding derivatives	156	137	341
Bank borrowings and current portion of long-term loans	(8,969)	(6,489)	(7,232)
Current financial liabilities - excluding derivatives	(1)	(5)	(1)
<b>Net financial position - current portion</b>	<b>61,141</b>	<b>107,843</b>	<b>60,128</b>
Non-current financial assets	1,215	1,215	1,440
Long-term loans	(456)	(554)	(651)
<b>Net financial position - non-current portion</b>	<b>759</b>	<b>661</b>	<b>789</b>
<b>Net financial position - prior to fair value adjustment of derivatives</b>	<b>61,900</b>	<b>108,504</b>	<b>60,917</b>
Fair value adjustment of derivatives	(13,758)	(16,370)	7,894
<b>Net financial position</b>	<b>48,142</b>	<b>92,134</b>	<b>68,811</b>

## **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**

For the Spring/Summer 2011 season, management announced a 2% growth of the backlog versus third parties, wholesale plus franchising. Trends in currencies, raw material prices and labour costs in supplier countries, on the other hand, suggest that gross margin will come under pressure in the first half of 2011.

These factors will persist in the second half of 2011, but based on the steps taken in terms of product mix, channels, prices and cost reductions, and above all based on the sales campaign for the Fall/Winter 2011 season, which is showing a growth of 8% for the third parties (wholesale plus franchising), management is confident that the gross margin of this collection will be substantially in line with the Fall/Winter 2010 season.

## Consolidated Financial Statements

### Consolidated income statement

(Thousands of Euro)	I quarter 2011	I quarter 2010	2010
<b>Net sales</b>	<b>345,377</b>	<b>333,070</b>	<b>850,076</b>
Cost of sales	(192,741)	(164,881)	(435,146)
<b>Gross profit</b>	<b>152,636</b>	<b>168,189</b>	<b>414,930</b>
Selling and distribution costs	(17,347)	(16,263)	(44,730)
General and administrative expenses	(57,685)	(60,065)	(228,977)
Advertising and promotion	(8,746)	(8,152)	(47,420)
Special items	-	-	(396)
<b>EBIT</b>	<b>68,858</b>	<b>83,709</b>	<b>93,407</b>
Net interest	(1,675)	(2,055)	(3,168)
<b>PBT</b>	<b>67,183</b>	<b>81,654</b>	<b>90,239</b>
Income tax	(23,748)	(28,086)	(32,236)
<b>Net income</b>	<b>43,435</b>	<b>53,568</b>	<b>58,003</b>
Earnings per share [Euro]	0.17	0.21	0.22
Diluted earnings per share [Euro]	0.17	0.21	0.22

### Consolidated statement of comprehensive income

(Thousands of Euro)	I quarter 2011	I quarter 2010	2010
<b>Net income</b>	<b>43,435</b>	<b>53,568</b>	<b>58,003</b>
Net gain (loss) on Cash Flow Hedge, net of tax	(6,080)	5,058	(9,254)
Currency translation	199	(209)	556
<b>Net comprehensive income</b>	<b>37,554</b>	<b>58,417</b>	<b>49,305</b>

## Consolidated statement of financial position

(Thousands of Euro)	March 31, 2011	Dec. 31, 2010	March 31, 2010
<b>ASSETS:</b>			
Intangible assets	66,838	68,621	73,559
Property, plant and equipment	64,686	67,306	71,825
Deferred tax assets	32,308	28,864	26,397
Non-current financial assets	1,215	1,215	1,440
Other non-current assets	15,668	16,229	16,885
<b>Total non-current assets</b>	<b>180,715</b>	<b>182,235</b>	<b>190,106</b>
Inventories	117,213	172,085	107,636
Accounts receivable	270,483	124,525	276,452
Other non-financial current assets	18,795	25,818	15,775
Current financial assets	3,493	4,046	10,227
Cash and cash equivalents	69,955	114,200	67,020
<b>Current assets</b>	<b>479,939</b>	<b>440,674</b>	<b>477,110</b>
<b>Total assets</b>	<b>660,654</b>	<b>622,909</b>	<b>667,216</b>
<b>LIABILITIES AND EQUITY:</b>			
Share capital	25,921	25,921	25,921
Reserves	394,499	342,377	408,313
Net income	43,435	58,003	53,568
<b>Equity</b>	<b>463,855</b>	<b>426,301</b>	<b>487,802</b>
Employee severance indemnities	2,414	2,372	2,402
Provisions for liabilities and charges	7,437	8,091	6,645
Long-term loans	456	554	651
Other long-term payables	2,119	2,291	2,398
<b>Total non-current liabilities</b>	<b>12,426</b>	<b>13,308</b>	<b>12,096</b>
Accounts payable	103,868	117,822	90,226
Other non-financial current liabilities	26,532	28,891	25,271
Taxes payable	27,908	9,814	42,596
Current financial liabilities	17,096	20,284	1,993
Bank borrowings and current portion of long-term loans	8,969	6,489	7,232
<b>Current liabilities</b>	<b>184,373</b>	<b>183,300</b>	<b>167,318</b>
<b>Total liabilities and equity</b>	<b>660,654</b>	<b>622,909</b>	<b>667,216</b>

## Consolidated statement of cash flows

(Thousands of Euro)	I quarter 2011	I quarter 2010	2010
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net income	43,435	53,568	58,003
<b>Adjustments to reconcile net income to net cash provided (used) by operating activities:</b>			
Depreciation and amortization and impairment	10,309	9,863	38,906
Increase in (use of) deferred taxes and other provisions	(1,305)	2,364	3,503
Provision for employee severance indemnities, net	47	(109)	(145)
Other non-cash items	(10,885)	746	6,151
	(1,834)	12,864	48,415
<b>Change in assets/liabilities:</b>			
Accounts receivable	(147,393)	(153,676)	(1,685)
Other assets	9,356	6,070	(2,209)
Inventories	54,348	45,242	(14,708)
Accounts payable	(13,341)	(32,215)	(5,005)
Other liabilities	(2,672)	1,284	4,772
Taxes payable	18,202	34,195	1,376
	(81,500)	(99,100)	(17,459)
<b>Operating cash flow</b>	<b>(39,899)</b>	<b>(32,668)</b>	<b>88,959</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES:</b>			
Capital expenditure on intangible assets	(1,443)	(1,929)	(7,963)
Capital expenditure on property, plant and equipment	(5,713)	(6,935)	(23,842)
	(7,156)	(8,864)	(31,805)
Disposals	691	702	2,107
(Increase) decrease in financial assets	(21)	(567)	(136)
<b>Cash flow used in investing activities</b>	<b>(6,486)</b>	<b>(8,729)</b>	<b>(29,834)</b>
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:</b>			
Increase (decrease) in short-term bank borrowings, net	2,910	670	(917)
Loans:			
- Repayments	-	(202)	(396)
Dividends	-	-	(51,841)
<b>Cash flow used in financing activities</b>	<b>2,910</b>	<b>468</b>	<b>(53,154)</b>
<b>Increase in cash and cash equivalents</b>	<b>(43,475)</b>	<b>(40,929)</b>	<b>5,971</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>114,200</b>	<b>107,470</b>	<b>107,470</b>
Effect of translation differences on cash and cash equivalents	(770)	479	759
<b>Cash and cash equivalents, end of the period</b>	<b>69,955</b>	<b>67,020</b>	<b>114,200</b>
<b>Supplementary information to the cash flow statement:</b>			
- Interest paid during the period	147	131	744
- Interest received during the period	762	166	1,060
- Taxes paid during the period	2,063	680	33,893

## 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
<b>Balance at December 31, 2009</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(744)</b>	<b>7,084</b>	<b>286,922</b>	<b>66,706</b>	<b>428,751</b>
Allocation of 2009 result	-	-	-	-	-	66,706	(66,706)	-
Distribution of dividends	-	-	-	-	-	(51,841)	-	(51,841)
Translation differences	-	-	-	556	-	-	-	556
Recognition of cost stock option plans	-	-	-	-	86	-	-	86
Valuation of <i>cash flow hedge</i>	-	-	-	-	(9,254)	-	-	(9,254)
Net income	-	-	-	-	-	-	58,003	58,003
<b>Balance at December 31, 2010</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(188)</b>	<b>(2,084)</b>	<b>301,787</b>	<b>58,003</b>	<b>426,301</b>
Allocation of 2010 result	-	-	-	-	-	58,003	(58,003)	-
Translation differences	-	-	-	199	-	-	-	199
Valuation of <i>cash flow hedge</i>	-	-	-	-	(6,080)	-	-	(6,080)
Net income	-	-	-	-	-	-	43,435	43,435
<b>Balance at March 31, 2011</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>11</b>	<b>(8,164)</b>	<b>359,790</b>	<b>43,435</b>	<b>463,855</b>

## **Explanatory Notes**

The economic/financial results of the Group as at March 31, 2011 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 March 31, 2011, 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, May 12, 2011

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