

**INTERIM REPORT
FIRST HALF OF 2007**



Geox S.p.A.
Registered Offices in Italy - Via Feltrina Centro 16, Biadene di Montebelluna (Treviso)
Share Capital - Euro 25,884,400 fully paid
Tax Code and Treviso Companies Register No. 03348440268

Contents

Company officers	4
Directors' report	5
Current Group structure.....	5
Activity of the Group.....	6
Control of the Company.....	6
Shares held by directors and statutory auditors.....	7
Corporate Governance and Ethics Committee.....	7
Stock Option Plan.....	7
Capital Expenditure.....	9
The distribution system.....	9
Human resources.....	10
The Group's economic performance.....	11
The Group's financial performance.....	15
Forecast for operation and significant subsequent events.....	17
First Half Consolidated Financial Statements	18
Declaration of the Manager charged with preparing the Company's financial report	55

Company officers

Board of Directors

Name and Surname	Position and indication of independence (where applicable)
Mario Moretti Polegato	Chairman
Diego Bolzonello (*)	Director and Chief Executive Officer
Enrico Moretti Polegato	Director
Umberto Paolucci	Independent Director
Francesco Gianni	Independent Director
Alessandro Antonio Giusti	Independent Director
Bruno Barel	Independent Director
Giuseppe Gravina	Independent Director
Renato Alberini	Independent Director

(*) Powers and responsibilities for ordinary and extraordinary administration, within the limits indicated by the law and by the Articles of Association, in compliance with the powers of the Shareholders' Meeting, of the Board of Directors and of the Executive Committee, in accordance with the resolution approved by the Board of Directors on April 12, 2007.

Board of Statutory Auditors

Name and Surname	Position
Fabrizio Colombo	Chairman
Achille Frattini	Statutory Auditor
Francesco Mariotto	Statutory Auditor
Francesca Meneghel	Alternate Auditor
Laura Gualtieri	Alternate Auditor

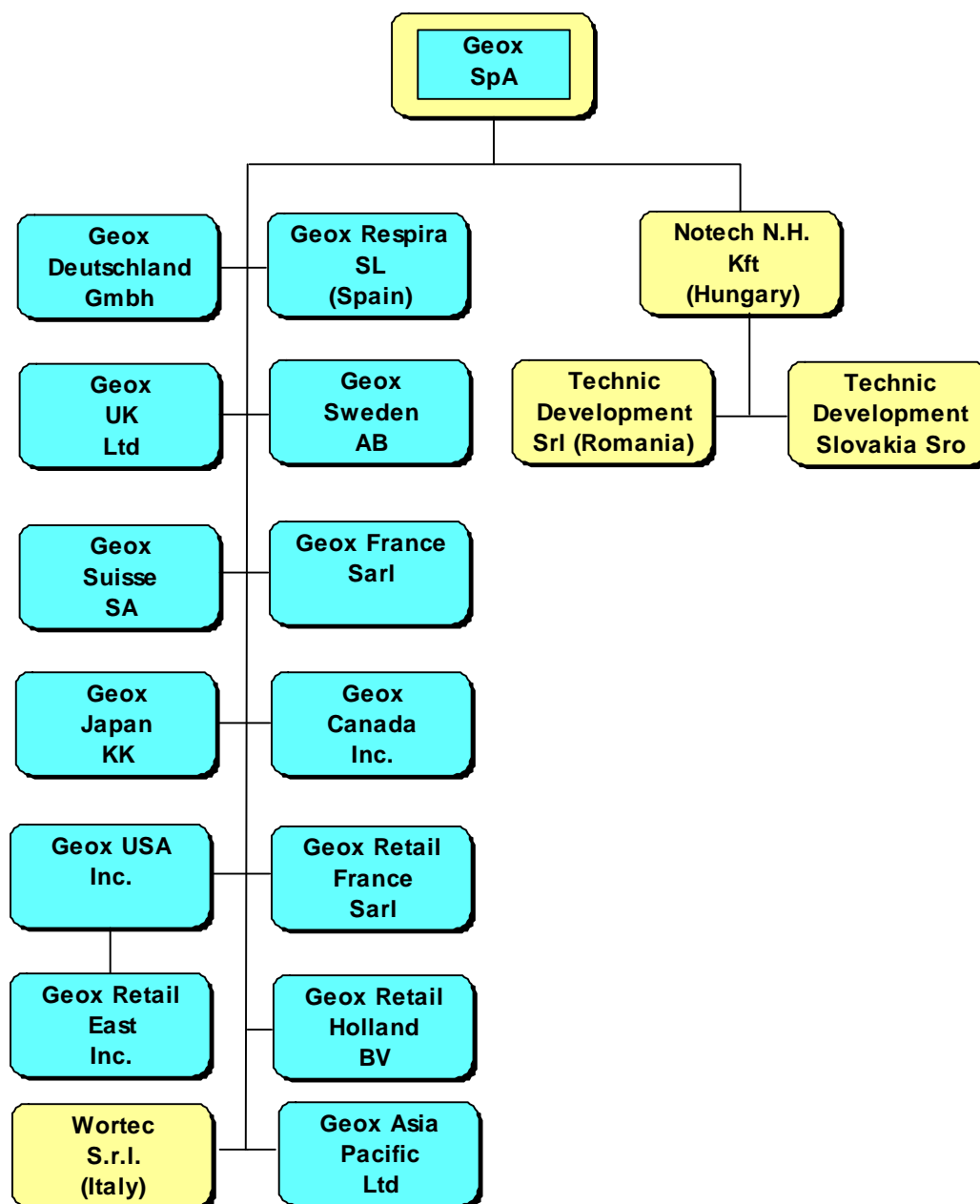
Independent Auditors

Reconta Ernst & Young S.p.A.

Directors' report

Current Group structure

The Group structure as at June 30, 2007, is illustrated below:



The Group structure reflects the central role of Geox S.p.A., the Group's operational holding company, and is sub-divided into two macro-groupings:

- Production companies** Notech Kft (Hungary) is the company that oversees the Group's production activities in Europe. The company purchases raw materials and industrial equipments mainly in Italy, via Wortec S.r.l., in order to guarantee the highest quality standards. Processing, on the other hand, is carried out at the factories of subsidiary companies (Technic Development Romania and Technic Development Slovakia) and by third parties. Notech uses its own technical staff to coordinate production activities at the factories and to check the quality of finished products.

- **Commercial companies** The role of the foreign commercial companies is to manage and develop business activities in the various markets. In particular, these companies operate their own shops, provide customer services and coordinate the sales networks in their individual nations.

Geox S.p.A. markets the Group's products in Italy and in Europe. The markets not served directly by Geox S.p.A. are managed by Geox USA, Geox Canada, Geox Japan and Geox Asia Pacific.

Activities of the Group

Geox S.p.A. is the operational holding company of a Group that develops, produces, promotes and distributes footwear and apparel distinguished by the application of innovative solutions and technology that guarantee both impermeability and the ability to breathe.

The extraordinary success achieved right from the start has been due to the technological features of Geox footwear. In fact, thanks to a patented system registered worldwide, Geox products improve foot comfort in a manner that consumers are able to feel immediately.

Geox's innovation, protected by more than 40 different patents registered in Italy and extended internationally, essentially stems from the invention and development of special soles that, via the insertion of an impermeable membrane which lets vapor out, allows the rubber soles to transpire and renders the leather outsoles waterproof.

Geox produces classic, casual and sports footwear for men, women and children, within the medium to medium-high price range. GEOX therefore offers a wide range of products for all the family, each distinguished by innovation, comfort and a styling that reflects the latest fashion trends.

The Group leads the classic and casual footwear sector in Italy (ACNielsen SITA 2004).

Moreover, according to a classification made in 2006 by *Shoeintelligence*, a specialist magazine, GEOX was the leading Italian brand and the third international brand in the "lifestyle casual" sector of the international market.

Control of the Company

LIR S.r.l. holds a controlling interest (70.989%) in the share capital of Geox S.p.A. . LIR S.r.l., with registered offices in Montebelluna (Treviso, Italy), is an investment holding company that is wholly owned by Mario Moretti Polegato and Enrico Moretti Polegato (owning respectively, 85% and 15% of the share capital).

The ownership profile of Geox S.p.A., based on the number of shares held, is as follows:

Ownership profile (*)	Number of shareholders	Number of shares
from 1 to 4,999 shares	8,709	5,383,623
from 5,000 to 9,999 shares	108	831,339
10,000 shares and over	236	226,048,832
Unclassified shares		26,580,206
Total	9,053	258,844,000

(*) As reported by Istifid based on July 25, 2007.

Shares held by directors and statutory auditors

As previously mentioned the directors Mario Moretti Polegato and Enrico Moretti Polegato wholly own the share capital of LIR S.r.l., the parent company of Geox S.p.A.

The other directors and the statutory auditors have submitted specific declarations stating that they did not hold any shares in the Company during 2007, except as indicated below:

Name and Surname	Number of shares in Geox S.p.A. held as at 12-31-2006	Number of shares purchased in 2007	Number of shares sold in 2007	Number of shares in Geox S.p.A. held as at 06-30-2007	Nature of holding
Diego Bolzonello	30,000	-	-	30,000	ownership

Corporate Governance and Ethics Committee

During the first half of 2007 Geox S.p.A. continued its operational implementation of the corporate governance process set down in the previous years to ensure investor protection instruments.

The Company's Articles of Association have been adapted to the "Norms for the Protection of Savings and the Discipline of Financial Markets" (Law no. 262 dated December 28, 2005) and to Legislative Decree No. 303 dated December 29, 2006 coordinating the previously mentioned law (Law no. 262/2005). It also appointed the Manager in charge of preparing the company's accounting documents as per article 154 bis of Legislative Decree No. 58/1998.

Following the expiry of the company's bodies, the Shareholders' Meeting renewed the mandate to the Board of Directors until the approval of the balance sheet on December 31, 2009 and appointed the members of the Board of Statutory Auditors. Independent auditors Reconta Ernst & Young S.p.A.'s mandate was extended to cover the period 2007-2012.

The Board confirmed the independence of six members out of nine and reconfirmed the C.E.O. It also renewed other company bodies such as the Executive Committee, the Internal Audit Committee, the Remuneration Committee and the Ethics Committee.

Concerning the new Self-Governance Code for the listed companies prepared by Borsa Italiana S.p.A. Corporate Governance Committee approved on March 14, 2006, Geox S.p.A. has already implemented most of its recommendations.

The Internal Audit Committee continued its critical examination of internal company procedures and activities as well as those of the person in charge of internal auditing in the light of the requirements set down in article 154 bis of the TUF introduced by Law No. 262/2005 and the auditing of the processes of the main company departments.

Lastly, the company continued its promotional activity for the dissemination of knowledge and understanding of the Ethics Code vis-à-vis all its stakeholders.

The main corporate governance documents can be found in the investor relations section of the website www.geox.com.

Stock Options Plan

On July 27, 2004, the Extraordinary Shareholders' Meeting authorised a cash increase in share capital with the possibility of waiving the stock option rights pursuant to art. 2441, paragraphs 5 and 8 of the Italian Civil code for a maximum par value of 800,000 Euro with the issue of a maximum of 8,000,000 ordinary shares for one or more share incentive plans reserved for the directors, employees and/or collaborators of the company or of the subsidiary as defined in art. 2359 paragraph 1, sub-section 1 of the Civil code to encourage the attainment of the medium-term plans of the beneficiaries, increase company loyalty and promote better relations within the company.

At the time of this report, two stock option cycles have been approved:

- The first, approved by the Board on November 30, 2004, envisaged the granting of options in a cycle that began in November 2004. At that time, 2,850,000 stock options were granted at an exercise price of Euro 4.6, equal to the offer price at the time of listing. On December 5th, 2005, the Board authorized the managers holding these 2,850,000 options to exercise up to 344,000 stock options early with respect to the timing originally envisaged in the Plan.
- The second, approved by the Board on December 15, 2005, envisages the granting of stock options in a cycle that began in December 2005. At that time, 898,800 options were granted at an exercise price represented by the normal value of the shares at the time the stock rights were granted, i.e. Euro 9,17 as set down art. 9 of the Italian Income Tax Law 917/86 (T.U.I.R.).

The Board has the right to approve additional stock option cycles, within the limits set by the share capital increase authorized at the Extraordinary Shareholders' Meeting held on July 27, 2004.

The share option cycles comprise a vesting period of 5 (five) years from the grant date and an exercise period of not more than a further 5 (five) years. Any options not vesting or exercised by the Expiration Date will therefore be cancelled for all purposes, thereby releasing both the Company and the Beneficiary concerned from any and every obligation and responsibility.

The exercise of the stock options, tranche by tranche, is dependent on the achievement of cumulative performance targets for the respective vesting periods, established with reference to the EBIT reported each year, as illustrated in the consolidated business plan for the Geox Group.

The stock options granted to the directors and general managers of the Group are summarised below:

(A) Name and Surname	(B) Position	Options held at the start of the year			Options granted during the period		
		(1) Number of options	(2) Average exercise price	(3) Average expiry	(4) Number of options	(5) Average exercise price	(6) Average expiry
Diego Bolzonello	Chief Executive Officer	1,099,500	5.11	2009	-	-	-
		Options exercised during the period		Options expired during the period	Options held at the end of the period		
(A) Name and Surname	(7) Number of options	(8) Average exercise price	(9) Average market price on exercise	(10) Number of options	(11)=1+4-7-10 Number of options	(12) Average exercise price	(13) Average expiry
Diego Bolzonello	-	-	-	-	1,099,500	5.11	2009

Capital expenditure

The following table summarizes net consolidated capital expenditure:

(Thousands of Euro)	I half 2007	I half 2006	FY 2006
Capital expenditure on intangible fixed assets	9,313	5,729	11,193
Capital expenditure on tangible fixed assets	10,210	5,892	16,189
	19,523	11,621	27,382
Disposals	(717)	(249)	(845)
Capital expenditure, net	18,806	11,372	26,537

Consolidated capital expenditure in first half 2007 is analyzed in the following table:

(Thousands of Euro)	Intangible fixed assets	Tangible fixed assets	I half 2007	I half 2006	FY 2006
Trademarks and patents	257	-	257	793	1,431
Opening and refurbishing of Geox Shop	6,479	5,185	11,664	5,945	15,337
Industrial equipment	-	2,377	2,377	2,041	4,751
Offices and office furniture	25	1,216	1,241	689	1,476
Information technology	2,552	1,272	3,824	2,122	4,355
Other	-	160	160	31	32
Total	9,313	10,210	19,523	11,621	27,382

The distribution system

As of June 30, 2007 the overall number of Geox Shop was 606 (485 of which franchising and 121 DOS).

During the first half of 2007, 89 new Geox Shops were opened, of which 6 in Italy, 32 in Europe and 2 in the US. The new openings include, among the others, shops in: London, Los Angeles, Montreal, Toronto, Tokyo, Singapore, Moscow.

	June 30, 2007		Dec. 31, 2006		June 30, 2006	
	Geox Shops	of which DOS	Geox Shops	of which DOS	Geox Shops	of which DOS
Italy	216	59	210	57	200	53
Germany	17	5	16	2	13	1
Iberian Peninsula	46	7	35	7	30	7
France	49	16	35	13	28	9
BeNeLux	16	2	16	2	11	2
Austria	24	1	21	1	17	-
Switzerland	10	-	7	-	6	-
Total Europe	162	31	130	25	105	19
USA	14	14	12	12	8	8
ROW	108	17	81	10	78	7
Countries under license agreements (*)	106	-	84	-	52	-
Total International	390	62	307	47	243	34
Total	606	121	517	104	443	87

(*) Sales from the franchising channel do not include sales from these shops.

Human resources

As at June 30, 2007 the Group had 3,485 employees, subdivided as follows:

Level	June 30, 2007	Dec. 31, 2006
Factory workers	2,023	1,985
Office staff	708	610
Shop employees	673	529
Middle managers	54	58
Senior managers	27	24
Total	3,485	3,206

Geographical area	June 30, 2007	Dec. 31, 2006
Italy	763	713
Romania	1,441	1,410
Slovak Republic	704	701
Other	577	382
Total	3,485	3,206

The Group's economic performance

The Group's first half 2007 results are summarized below:

- Net sales of Euro 388.2 million, up 27% (28% at constant exchange rates) from Euro 305,5 of the same period of 2006
- EBITDA of Euro 112.2 million, compared to Euro 82.4 million in the same period of 2006 (+36%), with a 28.9% margin;
- EBIT of Euro 101.6 million, compared to Euro 73.1 million in the same period of 2006 (+39%), with a 26.2% margin;
- Net income of Euro 68.9 million, compared to Euro 47.4 million in the same period of 2006 (+46%), with a 17.7% margin.

In the following table a comparison is made between the consolidated income statement for the first half of 2007 and 2006, as well as a comparison to the 2006 financial year.

(Thousands of Euro)		I half 2007	%	I half 2006	%	FY 2006	%
NET SALES		388,212	100.0%	305,457	100.0%	612,258	100.0%
<i>% growth</i>		<i>27%</i>		<i>34%</i>		<i>35%</i>	
DIRECT COST OF GOODS SOLD	(1)	(165,421)	(42.6%)	(137,171)	(44.9%)	(283,079)	(46.2%)
GROSS MARGIN		222,791	57.4%	168,286	55.1%	329,179	53.8%
SELLING AND DISTRIBUTION COSTS		(19,123)	(4.9%)	(15,351)	(5.0%)	(30,882)	(5.0%)
OVERHEADS	(2)	(60,132)	(15.5%)	(46,259)	(15.1%)	(94,570)	(15.4%)
ADVERTISING AND PROMOTION		(31,378)	(8.1%)	(24,305)	(8.0%)	(50,257)	(8.2%)
EBITDA		112,158	28.9%	82,371	27.0%	153,470	25.1%
DEPRECIATION AND AMORTIZATION	(3)	(10,557)	(2.7%)	(9,321)	(3.1%)	(18,564)	(3.0%)
EBIT		101,601	26.2%	73,050	23.9%	134,906	22.0%
NET INTEREST		(964)	(0.2%)	(1,262)	(0.4%)	(992)	(0.2%)
EBT		100,637	25.9%	71,788	23.5%	133,914	21.9%
INCOME TAXES		(31,732)	(8.2%)	(24,435)	(8.0%)	(36,652)	(6.0%)
<i>Tax rate</i>		<i>31.5%</i>		<i>34.0%</i>		<i>27.4%</i>	
NET INCOME		68,905	17.7%	47,353	15.5%	97,262	15.9%
EPS (earnings per share, Euro)		0.27		0.18		0.38	

(1) Direct cost of goods sold: it represents the direct manufacturing and/or sourcing cost of goods sold. See explanatory note nr. 4.

(2) It includes industrial and G&A costs (see explanatory note nr. 4 and 6).

(3) It includes industrial and G&A costs (see explanatory note nr. 8).

Sales

Consolidated sales reported an increase of 27% (28% at constant exchange rates) to Euro 388.2 million. Footwear sales represented 95% of the consolidated sales, amounting to Euro 370.1 million, with a 28% increase compared to the same period of 2006. Apparel sales accounted for 5% of consolidated sales equal to Euro 17.3 million, with a 46% increase.

(Thousands of Euro)	I half 2007	%	I half 2006	%	Ch. %
Footwear	370,057	95.3%	290,296	95.0%	27.5%
Apparel	17,290	4.5%	11,863	3.9%	45.7%
Other revenues	865	0.2%	3,298	1.1%	n.m.
Total	388,212	100.0%	305,457	100.0%	27.1%

Italy remains the Group's main market accounting for 38% of sales (42% in the same period of 2006) equal to Euro 146.0 million, with a 13% increase.

International markets generated Euro 242.2 million of sales with a 38% growth (39% at constant exchange rates). In particular, Europe (excluding Italy) generated 47% of sales (45% in the same period of 2006) amounting to Euro 181.2 million, with a 32% increase (33% at constant exchange rates); US reported an increase of 36% (47% at constant exchange rates).

(Thousands of Euro)	I half 2007	%	I half 2006	%	Ch. %
Italy	146,048	37.6%	129,385	42.4%	12.9%
Germany	54,358	14.0%	45,825	15.0%	18.6%
Iberia	45,089	11.6%	32,514	10.6%	38.7%
France	33,140	8.5%	22,063	7.2%	50.2%
BeNeLux	23,925	6.2%	18,161	5.9%	31.7%
Austria	14,596	3.8%	11,118	3.6%	31.3%
Switzerland	10,084	2.6%	7,152	2.3%	41.0%
Total Europe	181,192	46.7%	136,833	44.8%	32.4%
USA	12,595	3.2%	9,269	3.0%	35.9%
Other countries	48,377	12.5%	29,970	9.8%	61.4%
Total International	242,164	62.4%	176,072	57.6%	37.5%
Total	388,212	100.0%	305,457	100.0%	27.1%

Sales by distribution channel reported a significant growth of "Geox Shop" channel, up 42% compared to the same period of 2006. At the end of the first half of 2007, this channel represented 27% of sales.

At the end of June, sales of DOS (Directly Operated Stores) opened for at least 12 months (comparable store sales) increased by 16%.

(Thousands of Euro)	I half 2007	%	I half 2006	%	Ch. %
Multibrand	284,856	73.4%	232,466	76.1%	22.5%
Franchising	56,213	14.5%	42,095	13.8%	33.5%
DOS*	47,143	12.1%	30,896	10.1%	52.6%
Total Geox Shop	103,356	26.6%	72,991	23.9%	41.6%
Total	388,212	100.0%	305,457	100.0%	27.1%

* Directly Operated Stores

Multibrand shops still represent the Group's main distribution channel, accounting for 73% of sales as compared to 76% of the same period of 2006, with a 23% growth.

In Italy the multibrand channel generated 63% of sales, for a total of Euro 91.8 million, with a 9% increase. The Geox Shop channel represents the remaining 37% of domestic sales for a total of Euro 54.2 million, with a 21% increase.

In the International markets, the multibrand channel represents 80% of sales for a total of Euro 193.0 million, up 30%. The Geox Shop channel reported sales of Euro 49.1 million with a 75% increase.

Operating and net income results

First half 2007 operating and net margins show significant improvements in comparison to the first half of 2006.

- EBITDA of Euro 112.2 million, compared to Euro 82.4 million in the same period of 2006 (+36%), with a 28.9% margin;
- EBIT of Euro 101.6 million, compared to Euro 73.1 million in the same period of 2006 (+39%), with a 26.2% margin;
- Net income of Euro 68.9 million, compared to Euro 47.4 million in the same period of 2006 (+46%), with a 17.7% margin.

With regards to the most important cost items, the following are worth highlighting:

- Direct cost of goods sold rose from Euro 137.2 million to Euro 165.4 million (+21%) with a margin of 42.6% from 44.9% in the same period of 2006, showing a significant improvement.
- Selling and distribution costs increased from Euro 15.4 million to Euro 19.1 million (+25%), with a margin of 4.9% (5.0% in the first half of 2006). This improvement has been mainly driven by the operating leverage.
- Overheads rose from Euro 46.3 million to Euro 60.1 million (+30%) with a margin of 15.5% (15.1% in the first half of 2006). The increase, on a percentage basis, is due to the costs relating to the opening and operating of Geox Shops.
- Advertising and promotion costs rose from Euro 24.3 million to Euro 31.4 million (+29%) with a margin of 8.1% (8.0% in the first half of 2006).
- Income taxes increased to Euro 31.7 million compared to Euro 24.4 million of the same period of 2006, with a 31.5% tax rate.

The table below analyses the EBITDA for the first half of 2007 and 2006 as well as for the entire 2006 financial year obtained in the main geographical areas in which the Group operates.

(Thousands of Euro)		I half	%	I half	%	FY	%
		2007		2006		2006	
Italy	Net sales	146,048		129,385		264,669	
	EBITDA	52,089	35.7%	48,066	37.1%	96,540	36.5%
Germany	Net sales	54,358		45,825		81,330	
	EBITDA	17,790	32.7%	12,907	28.2%	19,662	24.2%
Iberian peninsula	Net sales	45,089		32,514		66,257	
	EBITDA	14,019	31.1%	8,658	26.6%	15,727	23.7%
France	Net sales	33,140		22,063		45,971	
	EBITDA	9,166	27.7%	4,379	19.8%	8,516	18.5%
Benelux	Net sales	23,925		18,161		34,459	
	EBITDA	7,541	31.5%	4,801	26.4%	8,153	23.7%
Austria	Net sales	14,596		11,118		22,603	
	EBITDA	4,783	32.8%	3,027	27.2%	5,680	25.1%
Switzerland	Net sales	10,084		7,152		13,783	
	EBITDA	3,626	36.0%	2,298	32.1%	3,657	26.5%
Total Europe	Net sales	181,192		136,833		264,403	
	EBITDA	56,925	31.4%	36,070	26.4%	61,395	23.2%
USA	Net sales	12,595		9,269		18,836	
	EBITDA	(2,530)	(20.1%)	(2,905)	(31.3%)	(6,264)	(33.3%)
Other countries	Net sales	48,377		29,970		64,350	
	EBITDA	5,674	11.7%	1,140	3.8%	1,799	2.8%
Total International	Net sales	242,164		176,072		347,589	
	EBITDA	60,069	24.8%	34,305	19.5%	56,930	16.4%
Total	Net sales	388,212		305,457		612,258	
	EBITDA	112,158	28.9%	82,371	27.0%	153,470	25.1%

The table below analyses the EBITDA for the first half of 2007 and 2006 as well as for the entire 2006 financial year obtained in the Group's business segments.

(Thousands of Euro)		I half	%	I half	%	FY	%
		2007		2006		2006	
Footwear	Net sales	370.057		290.296		573.993	
	EBITDA	107.510	29,1%	78.364	27,0%	142.145	24,8%
Apparel	Net sales	17.290		11.863		33.862	
	EBITDA	4.016	23,2%	3.740	31,5%	10.836	32,0%
Other sales	Net sales	865		3.298		4.403	
	EBITDA	632	n.m.	267	n.m.	489	n.m.
Total	Net sales	388.212		305.457		612.258	
	EBITDA	112.158	28,9%	82.371	27,0%	153.470	25,1%

The table clearly highlights that all the countries with strong sales increases recorded a considerable percentage increase over last year thanks to the "operating leverage". In particular the EBITDA in the European countries (excluding Italy) increased from 26.4% to 31.4%.

Italy's slight decrease is entirely due to the increase in its advertising budget. The same holds true for the slight EBITDA decrease recorded for the apparel.

The Group's financial performance

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	June 30, 2007	Dec. 31, 2006	June 30, 2006
Intangible fixed assets	43,522	38,057	36,488
Tangible fixed assets	34,731	32,070	28,105
Other fixed assets, net	20,166	16,253	16,615
Total fixed assets, net	98,419	86,380	81,208
Operating working capital	157,889	118,296	109,126
Other assets (liabilities), net	(23,730)	(563)	(21,086)
Invested capital	232,578	204,113	169,248
Shareholders' equity	307,902	276,641	227,116
Severance indemnities, provisions for liabilities and charges	5,661	5,643	4,340
Net financial position	(80,985)	(78,171)	(62,208)
Invested capital	232,578	204,113	169,248

At the end of June the Group's shareholders' equity rose from Euro 276.6 million as of December 2006 to Euro 307.9 million mainly due to the net result of the period, while Geox net cash was equal to Euro 81.0 million (Euro 78.2 million at the end of 2006).

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

(Thousands of Euro)	June 30, 2007	Dec. 31, 2006	June 30, 2006
Inventories	154,934	130,997	98,082
Accounts receivable	110,154	84,159	87,607
Accounts payable	(107,199)	(96,860)	(76,563)
Operating working capital	157,889	118,296	109,126
% on LTM sales	22.7%	19.3%	20.5%
Taxes payable	(21,785)	(6,002)	(16,811)
Other current assets	13,504	20,108	9,884
Other current liabilities	(15,449)	(14,669)	(14,159)
Other assets (liabilities), net	(23,730)	(563)	(21,086)

Net operating working capital showed a slight increase on the same period of 2006, due to the increase of inventories caused by early receiving, in comparison with the same period of 2006, of Fall/Winter products.

The consolidated cash flows statements for the first half-year of 2007 and 2006 as well as for the 2006 fiscal year end are presented below:

(Thousands of Euro)	I half 2007	I half 2006	FY 2006
Net income	68,905	47,353	97,262
Depreciation and amortization	10,557	9,321	18,564
Other non-cash items	(855)	(1,568)	(323)
	78,607	55,106	115,503
Change in operating working capital	(39,747)	(10,358)	(19,043)
Change in other current assets/liabilities	21,023	6,289	(13,349)
Operating Cash flow	59,883	51,037	83,111
Capital expenditure	(19,523)	(11,621)	(27,382)
Disposals	717	249	845
Capital expenditure, net	(18,806)	(11,372)	(26,537)
Free cash flow	41,077	39,665	56,574
Dividends	(38,827)	(22,001)	(22,001)
Change in net financial position	2,250	17,664	34,573
Net financial position, beginning of the year	78,171	48,401	48,401
Effect of translation differences	(46)	(368)	(623)
Effect of the change in assets and liabilities relating to derivative contracts	610	(3,489)	(4,180)
Net financial position, end of the period	80,985	62,208	78,171

Free cash flow generated in the first half of 2007 is positive and amounted to Euro 41.1 million, after capex of Euro 19.5 million. This result represents a significant improvement, with respect to the same data of 2006, which was Euro 39.7 million, after capex for Euro 11.6 million. The net financial position increased of Euro 2.3 million, after Euro 38.8 million dividends.

The net financial position is analyzed in the following table:

(Thousands of Euro)	June 30, 2007	Dec. 31, 2006	June 30, 2006
Cash and cash equivalents	87,447	84,926	69,864
Financial current assets - excluding derivatives contracts	18	34	-
Bank borrowings and current portion of loans	(4,359)	(3,256)	(3,588)
Net financial position, short term	83,106	81,704	66,276
Financial fixed assets	1,367	856	-
Long-term portion of loans	(1,519)	(1,829)	(2,199)
Net financial position, long term	(152)	(973)	(2,199)
Net financial position – prior to fair-value adjustment of derivative contracts	82,954	80,731	64,077
Fair value adjustment of derivative contracts	(1,969)	(2,560)	(1,869)
Net financial position	80,985	78,171	62,208

Forecast for operations and significant subsequent events

The second half of 2007 confirms the favourable business' trend. In particular the current orders backlog for the Fall/Winter 2007 sales campaign shows a 24% growth.

On the basis of such data, the management envisages considerably better results in 2007 as compared to last year.

Biadene di Montebelluna, July 30, 2007

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

Consolidated Financial Statements

Income Statement

(Thousands of Euro)	Notes	I half 2007	%	I half 2006	%	FY 2006	%
Net sales	3	388,212	100.0%	305,457	100.0%	612,258	100.0%
Cost of sales	4	(175,973)	(45.3%)	(146,925)	(48.1%)	(302,018)	(49.3%)
Gross profit		212,239	54.7%	158,532	51.9%	310,240	50.7%
Selling and distribution costs	5	(19,123)	(4.9%)	(15,351)	(5.0%)	(30,882)	(5.0%)
General and administrative expenses	6	(60,137)	(15.5%)	(45,826)	(15.0%)	(94,195)	(15.4%)
Advertising and promotion	7	(31,378)	(8.1%)	(24,305)	(8.0%)	(50,257)	(8.2%)
EBIT	3	101,601	26.2%	73,050	23.9%	134,906	22.0%
Net interest	10	(964)	(0.2%)	(1,262)	(0.4%)	(992)	(0.2%)
PBT		100,637	25.9%	71,788	23.5%	133,914	21.9%
Income tax	11	(31,732)	(8.2%)	(24,435)	(8.0%)	(36,652)	(6.0%)
Net income		68,905	17.7%	47,353	15.5%	97,262	15.9%
Earnings per share [Euro]	12	0.27		0.18		0.38	
Diluted earnings per share [Euro]		0.27		0.18		0.38	
Weighted average number of shares:							
outstanding							
- basic		258,844,000		258,844,000		258,844,000	
- diluted*		258,844,000		258,844,000		258,844,000	

(*) only "vested option" have been considered

Balance Sheet

(Thousands of Euro)	Notes	June 30, 2007	Dec. 31, 2006	June 30, 2006
ASSETS:				
Intangible fixed assets	13	43.522	38.057	36.488
Tangible fixed assets	14	34.731	32.070	28.105
Deferred tax assets	15	14.235	12.466	11.366
Financial fixed assets	20-32	1.367	856	-
Other fixed assets	16	7.121	5.006	6.566
Total fixed assets		100.976	88.455	82.525
Inventories	17	154.934	130.997	98.082
Accounts receivable	18	110.154	84.159	87.607
Other current assets	19	13.504	20.108	9.884
Financial current assets	20-32	175	112	442
Cash and cash equivalents	21	87.447	84.926	69.864
Current assets		366.214	320.302	265.879
Total assets		467.190	408.757	348.404
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Share capital	22	25.884	25.884	25.884
Reserves	22	213.113	153.495	153.879
Net income	22	68.905	97.262	47.353
Shareholders' equity	22	307.902	276.641	227.116
Employee severance indemnities	23	3.172	3.349	2.971
Provisions for liabilities and charges	24	2.489	2.294	1.369
Long-term portion of loans	25	1.519	1.829	2.199
Other long-term payables	26	1.190	1.219	1.317
Total long-term liabilities		8.370	8.691	7.856
Accounts payable	27	107.199	96.860	76.563
Other current liabilities	28	15.449	14.669	14.159
Taxes payable	29	21.785	6.002	16.811
Financial current liabilities	20-32	2.126	2.638	2.311
Bank borrowings and current portion of loans	30	4.359	3.256	3.588
Current liabilities		150.918	123.425	113.432
Total liabilities and shareholders' equity		467.190	408.757	348.404

Cash Flow Statement

(Thousands of Euro)	Notes	I half 2007	I half 2006	FY 2006
CASH FLOW FROM OPERATING ACTIVITIES:				
Net income	22	68,905	47,353	97,262
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation and amortization	8	10,557	9,321	18,564
Increase in (use of) deferred taxes and other provisions		(1,942)	(1,718)	(1,741)
Provision for employee severance indemnities, net		(177)	285	663
Other non-cash items		1,264	(135)	755
		<u>9,702</u>	<u>7,753</u>	<u>18,241</u>
Change in current assets/liabilities:				
Accounts receivable		(25,995)	(13,218)	(9,633)
Other assets		4,489	1,286	(7,217)
Inventories		(23,937)	9,356	(23,401)
Accounts payable		10,185	(6,496)	13,991
Other liabilities		751	3,382	3,345
Taxes payable		15,783	1,621	(9,477)
		<u>(18,724)</u>	<u>(4,069)</u>	<u>(32,392)</u>
Operating cash flow		59,883	51,037	83,111
CASH FLOW USED IN INVESTING ACTIVITIES:				
Capital expenditure on intangible fixed assets	13	(9,313)	(5,729)	(11,193)
Capital expenditure on tangible fixed assets	14	(10,210)	(5,892)	(16,189)
		<u>(19,523)</u>	<u>(11,621)</u>	<u>(27,382)</u>
Disposals		717	249	845
(Increase) decrease in financial assets		(495)	-	(890)
Cash flow used in investing activities		(19,301)	(11,372)	(27,427)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:				
Increase (decrease) in short-term bank borrowings, net		3,448	922	9
Loans:				
- Proceeds		320	496	2,818
- Repayments		(2,956)	(10,363)	(12,474)
Dividends		(38,827)	(22,001)	(22,001)
Cash flow from financing activities		(38,015)	(30,946)	(31,648)
Increase in cash and cash equivalents		2,567	8,719	24,036
Cash and cash equivalents, beginning of the period	21	84,926	61,513	61,513
Effect of translation differences on cash and cash equivalents		(46)	(368)	(623)
Cash and cash equivalents, end of the period	21	87,447	69,864	84,926
Supplementary information to the cash flow statement:				
- Interest paid during the period		157	444	572
- Taxes paid during the period		16,090	24,428	47,542

Statement of Changes in Shareholders' Equity

	Share capital	Legal reserve	Share premium reserve	Translation reserve	Other reserves	Retained earnings	Net income for the period	Group shareholders' equity
Balance as at December 31, 2005	25,884	1,614	35,014	521	1,215	64,299	75,253	203,800
Allocation of 2005 results	-	2,084	-	-	-	73,169	(75,253)	-
Distribution of dividends	-	-	-	-	-	(22,001)	-	(22,001)
Translation differences	-	-	-	(1,402)	-	-	-	(1,402)
Recognition of cost of stock option plans	-	-	-	-	1,023	-	-	1,023
Valuation of cash flow hedge	-	-	-	-	(2,041)	-	-	(2,041)
Net income	-	-	-	-	-	-	97,262	97,262
Balance as at December 31, 2006	25,884	3,698	35,014	(881)	197	115,467	97,262	276,641
Allocation of 2006 results	-	1,479	-	-	-	95,783	(97,262)	-
Distribution of dividends	-	-	-	-	-	(38,827)	-	(38,827)
Translation differences	-	-	-	(323)	-	-	-	(323)
Recognition of cost of stock option plans	-	-	-	-	758	-	-	758
Valuation of cash flow hedge	-	-	-	-	748	-	-	748
Net income	-	-	-	-	-	-	68,905	68,905
Balance as at June 30, 2007	25,884	5,177	35,014	(1,204)	1,703	172,423	68,905	307,902

	Share capital	Legal reserve	Share premium reserve	Translation reserve	Other reserves	Retained earnings	Net income for the period	Group shareholders' equity
Balance as at December 31, 2005	25,884	1,614	35,014	521	1,215	64,299	75,253	203,800
Allocation of 2005 results	-	2,084	-	-	-	73,169	(75,253)	-
Distribution of dividends	-	-	-	-	-	(22,001)	-	(22,001)
Translation differences	-	-	-	(813)	-	-	-	(813)
Recognition of cost of stock option plans	-	-	-	-	511	-	-	511
Valuation of cash flow hedge	-	-	-	-	(1,734)	-	-	(1,734)
Net income	-	-	-	-	-	-	47,353	47,353
Balance as at June 30, 2006	25,884	3,698	35,014	(292)	(8)	115,467	47,353	227,116

Explanatory notes

1. Information about the Company: Activity of the Group

The Geox Group carries out production (both directly and using third party suppliers) and sales activities to retailers and end consumers of the Geox apparel and footwear. Moreover, it grants the distribution and/or use of the trademark to third parties in markets where the Group has chosen not to be directly present. The licensees deal with the production and marketing of the product as per the license agreements with the payment of royalties.

Geox S.p.A. is a limited liability company incorporated and having its registered offices in Italy.

2. Accounting Policies and Assessment Criteria

Form and contents of the Consolidated Financial Statement

These explanatory notes have been prepared by the Board of Directors on the basis of the accounting records updated to June 30, 2007, and are accompanied by the Director's Report which provides information on the performance of the Geox Group. The consolidated financial statements for the period ending on June 30, 2007 have been prepared in accordance with IAS n. 34 "Interim Financial Report".

For comparative purposes, the consolidated statements show the balance sheet data as of December 31, 2006, June 30, 2006 and June 30, 2007.

The financial statements have been prepared on the basis of company continuity on an accrual basis. The currency used is the Euro and all the values have been rounded off to the nearest thousand Euro.

Scope of Consolidation

The consolidated financial statements as at June 30, 2007 include, with the line-by-line system, all the Italian and foreign companies in which the parent company detains the majority of the share or quota capital either directly or indirectly. During the period no other companies entered the scope of consolidation. The companies included in the consolidation are listed in the attached schedule entitled "List of Consolidated Companies in the Consolidated Financial Statement as at June 30, 2007".

Consolidation Criteria

The financial statements of the subsidiary companies included within the scope of consolidation are consolidated on a line-by-line basis, which involves combining all the amounts reported in their financial statements regardless of the percentage of interest held by the Group.

If the companies included within the scope of consolidation are subject to different regulations, the most suitable financial statement formats to ensure maximum clarity, truthfulness and correctness have been adopted. The financial statements of the foreign controlled companies have been adequately reclassified to ensure that its presentation is consistent with the criteria adopted by the parent company. Such financial statements have been reclassified to ensure consistency with the IFRS.

In particular, for the subsidiary companies included in the scope of consolidation:

- the book value of the investments included in the scope of consolidation has been eliminated against the shareholders' equity on a line-by-line basis and if such investments are not wholly owned directly or indirectly, the minority interest in their results and shareholders' equity is determined.
- If purchase cost exceeds the net book value of the related shareholders' equity at the time of acquisition, the difference is allocated to specific assets of the companies acquired, with reference to their fair value at the acquisition date and amortized on a straight-line basis having regard to the useful life of the investment. If appropriate, any amounts which are not allocated are recorded as goodwill. In such cases the amounts are not amortized, they are subjected to impairment testing at least yearly or whenever considered necessary.
- If the book value exceeds the purchase cost, the difference is credited to the income statement.

The following are also eliminated:

- receivables and payables, costs and revenues and profits and losses resulting from intra-group transactions, having regard for the related tax effects;
- the effects stemming from extraordinary transactions involving Group companies (mergers, spin-offs, etc).

Translation into Euro of Foreign Currency Financial Statements

The financial statements of foreign companies denominated in currencies other than the Euro are translated into Euro on the following basis:

- Income statement items are translated at the average exchange rates of the year, while the closing rates are used for balance sheet items, except for net income and shareholders' equity;
- Shareholders' equity is translated using the historical exchange rates.

The difference between shareholders' equity translated using the historical rates and net asset and liabilities translated using the closing rates is recorded as a "Translation Reserve" within the "Reserves" item of the consolidated shareholders' equity.

The exchange rates applied are indicated below and correspond to those published by the Italian Exchange Office (U.I.C).

Currency	Average for June 30, 2007	As at June 30, 2007	Average for June 30, 2006	As at June 30, 2006
US Dollar	1.3293	1.3505	1.2292	1.2713
Romanian Leu	3.3309	3.1340	3.5397	3.5703
Swiss Franc	1.6319	1.6553	1.5613	1.5672
Slovak Koruna	34.05	33.64	37.56	38.35
Swedish Krona	9.22	9.25	9.33	9.24
British Pound	0.6747	0.6740	0.6871	0.6921
Canadian Dollar	1.5082	1.4245	1.3997	1.4132
Japanese Yen	159.64	166.63	142.16	145.75

Discretionary Assessments

In applying the Groups accounting policies, the directors took decisions based on the following discretionary assessments (excluding those that imply appraisals) with a significant effect on the balance-sheet values.

Operating Lease Commitments- The Group as a Lessor

The Group has concluded shop lease agreements for the real estate used. In the framework of such lease agreements which are classified as an operating lease, the Group has decided that all the significant risks and rewards typical of the ownership of the goods shall remain its responsibility.

Estimates and Assumptions

Here below are the key assumptions concerning the future and other important sources of uncertainty as at the closing date of the financial statement which may cause significant adjustments in the asset and liabilities values in the next accounting period.

Deferred tax assets

Deferred tax assets are recorded with reference to all the tax losses carried forward if it is probable that there will be adequate fiscal profit in the future to use against such losses. A significant discretionary estimate is asked of the directors to determine the amount of the deferred tax assets that can be recorded in the books. They must make an estimate of the timing and the amount of the future taxable income as well as make a strategic planning of future taxes. The book value of the tax losses is stated in note 15.

Pension funds and other post-employment benefits

The cost of the pension plans with defined benefits and other post-employment medical benefits is determined by means of actuarial assessments. The actuarial assessment requires assumptions on the discount rate, the envisaged investment yield, future salary increases, mortality rates and future pension increases. Owing to the long-term nature of such plans, the estimates are characterized by a high degree of uncertainty. Further information is available in note 23.

Provision for returned goods

The Group has recognized provisions to tackle the possibility that the products which have already been sold may be returned by the customers. The Group has prepared assumptions based on the quantity of goods returned in the past and the estimated realizable value. Further information is available in note 18.

Provision for inventory allowance

The Group has recognized provisions in the case the products in the warehouse are to be sold as unsold inventory and must therefore be adapted to the estimated realizable value. To this the Group has elaborated assumptions concerning the quantity of products sold as stock in the past and the possibility of selling such products in the outlets it manages directly. Further information is available in note 17.

Accounting Policies and Assessment Criteria

The consolidated financial statement for the period ending on June 30, 2007 has been prepared pursuant to the International Financial Reporting Standards (IFRS) in force when the financial statement was prepared.

The accounting policies used are in line with those used as at December 31, 2006 and as at June 30, 2006.

The consolidated financial statement has been drawn up taking into account the historical cost, with the exception of the value attributed to some financial instruments. The main accounting policies are outlined below:

Intangible Fixed Assets

Intangible fixed assets with a finite useful life are recorded at purchase or production cost including the directly-related charges and amortized systematically over their residual useful lives, as required by IAS 36.

The amortization is applied systematically over the entire useful life of the intangible asset according to the estimated economic use prospective. The residual value of intangible assets at the end of their useful life is assumed to be zero unless there is a commitment by third parties to purchase the asset at the end of their useful life or there is an active market for them. The directors review the estimated life of the intangible assets at the end of each year.

Intangible assets with an indefinite useful life are not amortized, they are subjected to impairment testing.

The table below summarizes the useful life (in years) of the different intangible fixed assets:

Trademarks	10 years
Geox Patents	10 years
Other patents and intellectual property rights	3-5 years
Key money	rental contract
Other intangible fixed assets	rental contract
Goodwill	Not amortized

The trademarks item includes the value of the Geox trademarks belonging to the Group and the long-term charges incurred for their protection and dissemination.

The Geox Patent item includes the long-term charges for the registration, protection and extension of new technological solutions in the different parts of the world.

The other patent and intellectual property rights mainly refer to the implementation and customization costs of the administrative and software programs which are amortized in three/five years taking into account their expected future use.

Key money includes:

- Amounts paid to acquire businesses (shops) that are managed directly or leased to third parties under franchising contracts.
- The amounts paid to access leased property by taking over existing contracts or causing lessees to terminate their contracts so that new ones can be signed with the lessors. Such properties are then fitted as Geox Shops.

The other intangible fixed assets mainly refer to the amounts paid for the intermediation of the parent company in the taking over of the lease contract of the Giavera del Montello warehouse.

Goodwill is initially recorded by capitalizing among the intangible fixed assets the excess in the acquisition cost incurred as compared to the net assets at current value of the acquired, merged or absorbed company. Pursuant to IAS 38, at the time of registration any intangible assets representing resources generated internally by the acquired company are separated from the Goodwill. The Goodwill is not amortized. It is subjected to impairment testing at least once a year or more frequently if there is evidence of a loss of value, to determine if its value has been impaired. The components meeting the “acquired assets in a company aggregation operation” definition are recorded separately only if their “fair Value” can be determined in a reliable manner.

Tangible Fixed Assets

Tangible fixed assets are recorded at the purchase or construction cost including the price to be paid to acquire the assets (net of any discounts and allowances) and any directly-related purchasing and start-up costs. The tangible fixed assets are recorded at cost, net of accumulated depreciation and losses in value after any writebacks.

The residual value and the useful life of the assets is reviewed at least once at the end of each accounting period and it is written down if, regardless of the depreciation already accumulated, their value is found to be impaired pursuant to IAS 36. Their value is reinstated in subsequent years if the reasons for such writedown no longer exist

Routine maintenance costs are charged in full to the income statement, while improvement expenditure is allocated to the related fixed assets and depreciated over their residual useful lives.

The table below illustrates the depreciation rates applied:

Plant and machinery	8 years
Industrial and commercial equipment	From 2 to 4 years
Molds	2 years
Furniture	8 years
Electronic machines	5 years
Motor vehicles	4 years
Internal transport	5 years
Leasehold improvements	Duration of contract *
Shop equipment	Duration of contract or, if shorter, 8 years
Shop fittings	4 years
Shop furniture	4 years

* Depreciated over the useful lives or, if shorter, the residual duration of the lease contracts.

Assets acquired with leasing contracts are recorded in the consolidated financial statement at their nominal value at the start of the contract with the simultaneous recognition of the corresponding financial payables to the leasing companies. These assets are depreciated using the depreciation schedules normally applied to similar fixed assets.

Impairment of Tangible and Intangible Fixed Assets

The book value of the Geox Group's tangible and intangible fixed assets are reviewed whenever there is internal or external evidence showing that the value of such assets, or a group of such assets (defined Cash Generating Unit or CGU), might be impaired. Goodwill, intangible fixed assets with an indefinite life and intangible fixed assets that are not in use are subjected to impairment testing at least once a year.

Impairment tests are performed by comparing the book value of the assets or CGU with the recoverable amount, as represented by its fair value (net of any disposal costs), or if greater, by the present value of the net cash flows that the asset or CGU is expected to generate.

The reinstatement terms and conditions of a previously written-down asset applied by the Group are pursuant with IAS 36. Goodwill can never be reinstated.

The Geox Group has identified the following main assets and CGU for impairment testing: all the directly-owned shops, the shops managed by third parties and the production plants.

Other Financial Assets

The IAS 39 envisages the following types of financial instruments:

- Financial assets at a fair value through profit and loss
- Loans and receivables
- Held-to-maturity capital expenditure
- Available-for-sale Assets

Initially all financial assets are recognized at their fair value increased by the directly-related costs, in the case of assets different from those at fair value with changes in the income statement. At the time of underwriting, the Group considers if a contract contains implicit derivatives. The implicit derivatives are separated from the host contract if it is not assessed at fair value if the analysis shows that the economic characteristics and the risks of the implicit derivatives are not strictly linked to those of the host contract.

The Group determines the classification of its own financial assets after the initial recognition and when and where appropriate it reviews the classification at the end of each accounting period.

All the purchases and sales of financial assets are recorded at the transaction date, i.e. on the date in which the Group undertakes to purchase the activity.

Financial assets at fair value through Profit and Loss

This category includes the activities held for trading and the assets identified at the time of first recognition as financial assets at fair value through profit or loss.

The assets held for trading include all assets acquired principally for the purpose of selling in the short term. The derivatives, including those which are separated, are classified as financial instruments detained for trading unless they are designated as hedges. Gains and losses on assets detained for trading are stated in the income statement.

If the contract contains one or more incorporated derivatives, the entire hybrid contract can be recognized as a fair value through profit or loss financial asset with the exception of those cases in which the implicit derivative does not change the cash flows in a significant manner or when it is clear that the separation of the derivative is not allowed.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market. After initial recognition such activities are recorded according to the amortized cost method using the actual discount rate method net of any accrued expense for loss of value.

The amortized cost is calculated taking into consideration any and every discount and/or purchase premium and includes the commissions which are an integral part of the actual interest rate and the transaction costs. The gains and losses are entered into the income statement when the loans and receivables are cancelled from the accounting records, when the loss in value occurs or through the amortization process.

Held-to-maturity Capital Expenditure

The non-derivative financial assets characterized by a fixed maturity or a maturity date which can be determined are classified as "held-to-maturity capital expenditure" when the Group intends and is able to keep them in its portfolio until the maturity date. After initial recognition the held-to-maturity financial capital expenditure are assessed using the amortized cost method. Such cost is calculated as the value initially recognized less the reimbursement of the capital shares more or less the amortization accumulated using the actual interest rate method comprising any difference between the value initially recognized and the amount at maturity. Such calculation includes all the commissions or points paid between the parties which are an integral part of the actual interest rate, the transaction costs and other premiums or discounts. Capital expenditure assessed at its amortization cost records the gains and losses in the income statement when the capital expenditure is cancelled from the books, when there is a loss of value or by means of the amortization process.

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the three previous categories. After the initial recognition, the available-for-sale financial assets are stated at fair value through profits and losses under a separate item in the shareholders' equity. When the assets are cancelled from the books, the profits or losses accumulated in the shareholders' equity are recognized in the income statement. The payable or paid interest on such capital expenditure are recognized as interest earned or interest paid using the effective tax rate. Dividend income on such capital expenditure is recognized in the profit and loss as "dividends earned" when the right to payment is established.

Fair Value

For securities which are widely negotiated on the regulated markets, the fair value is determined by referring to the stock exchange listing at the end of trading upon the closing of the accounting period. For capital expenditure without an active market, the fair value is determined by assessment techniques based on recent transaction prices between independent parties, the current market value of a substantially similar instrument, the analysis of the discounted cash flows, assessment models.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Assets recorded using the Amortized Cost Method

If there is objective evidence of impairment of a loan or receivables recognized at amortized cost, the impairment is equal to the difference between the book value of the asset and the present value of the estimated future cash flows (excluding the future unpaid receivables) discounted at the original effective interest rate of the financial asset (i.e. the effective interest rate calculated at the date of recognition). The book value of the asset shall be reduced by means of an allowable account. The impairment is to be stated in the income statement.

Firstly, the Group checks the existence of objective evidence of individual impairment for the financial assets which are individually important and then at individual or collective level for the financial assets which are not. If there is no objective evidence of impairment for a financial asset assessed individually, be it significant or not, such asset is included in a group of financial assets with similar credit risk characteristics and such group is collectively subjected to an impairment test. The individually-assessed assets which record an impairment shall not be included in a collective assessment.

If in a following period the impairment is reduced and such reduction can be objectively linked to an event which occurred after the impairment, the previously written-down value can be reinstated. Any future write backs are entered in the income statement, to the extent in which the asset's book value does not exceed the amortized cost at the date of write back.

With reference to trade receivables, when there is objective evidence (for example the probability of insolvency or significant financial difficulties of the debtor) that the group shall not be able to collect all the amounts due as per the original terms in the invoice, a provision for impairment is made. The book value of the trade receivables is reduced by means of an allowable account. The receivables subject to impairment are written off when they are considered to be uncollectible.

Available-for-Sale Financial Assets

In the case of an available-for-sale financial asset impairment, it goes through the shareholders' equity in the income statement at a value equal to the difference between its cost (net of the capital refund and amortization) and its present fair value (net of any previously recorded impairment in the income statement).

The write backs for equity securities classified as available-for-sale are not recognized in the income statement. The write backs for payable instruments are recognized in the income statement if their fair value increase can be objectively linked to an event which occurred after the impairment had been recorded in the income statement.

Cancellation of Financial Assets

Financial assets (or where applicable, part of a financial asset or part of a group of similar financial assets) are cancelled from the balance sheet when:

- the right to receive cash flows from the assets have expired;
- the Group maintains the right to cash flows from the asset but has a contractual obligation to transfer them entirely and timely to a third party;
- the Group has transferred the right to the assets' cash flows and (a) has substantially transferred all the risks and rewards of the property of the financial asset or (b) has not substantially transferred nor kept all the risks and rewards of the activity but has simply transferred its control.

In those cases in which the Group has transferred the rights to receive cash flows from an asset and has not substantially transferred nor kept all the risks and rewards or has not lost control of it, the asset is recognized in the balance sheet of the Group to the extent of its residual involvement in the asset. The residual involvement which takes the form of a guarantee on the transferred asset is assessed at the lesser value between the asset's initial book value and the maximum amount which the Group could be obliged to pay.

In those cases in which the residual involvement takes the form of an issued and/or purchased option on the asset transferred (including cash options or similar options), the extent of the Group's involvement corresponds to the amount of the asset transferred which the Group may repurchase. However, in the case of a put option issued on an activity measured at fair value (including cash or similar options) the extent of the residual involvement of the Group is limited to the lesser between the fair value of the transferred asset and the exercise price of the option.

Inventories

Inventories of finished products are assessed at the lower value between the purchase and production cost and the net realizable or replacement price. For the raw materials the purchase cost is determined at the weighted average costs of the period.

For the finished products and the goods, the purchase or production cost is determined at the weighted average cost of the period including directly-related purchase costs and the direct and a reasonable allocation of indirect production costs.

Obsolete or slow-moving inventories are devalued taking into account their possible use or sale.

Non-financial Current Assets

The current non-financial assets are recognized at nominal value.

Cash and Cash Equivalents

Cash equivalents represent the bank account balances and the cash in hand. They are stated for the amounts actually available at the end of the period.

The cash equivalents comprise temporary investments in highly liquid financial instruments.

Employee Severance Indemnities

Employee benefits paid under a defined-benefits plan or subsequent to termination of the employment relationship (employee severance indemnities) are recognized over the period in which the right to such benefits is earned.

The liability arising under defined-benefits plans, net of the fair value of any plan assets, is determined using actuarial assumptions and recorded on an accruals basis consistent with the work performed to earn such benefits. This liability is determined by independent actuaries. The gains and losses identified by these actuarial calculations are recognized in the income statement as revenues or costs regardless of their value, without recourse to the corridor method.

Provisions for Liabilities and Charges

The provisions for liabilities and charges are recognized when there is an existing obligation (legal or implicit) deriving from past events if it is likely that resources will be used to settle such obligations and their extent can be estimated reliably.

The provisions are recognized at the representative value of the best estimate of the amount that would have to be paid by the company to settle the obligations or to transfer them to third parties at the end of the accounting period. Provisions are determined by discounting the value of the expected cash flows if the discounting effect on the time value of money is significant.

Accounts Payable and other Non-financial Liabilities

Accounts payable are due on normal commercial terms and are recorded at their cost (nominal value).

Financial Liabilities

All financial liabilities are initially recorded at the fair value of the relative amount received net of any transaction costs directly attributable to the issue. Subsequently, after initial recognition, they are assessed using the amortized cost method using the actual tax rate. Any gain or loss is entered into the income statement when the liability is cancelled and also through the amortization process.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include the liabilities detained for trade and financial liabilities at fair value through profit or loss at the time of initial recognition.

The liabilities held for trading are those acquired for sale in the short term. The derivatives, including those which are separated, are classified as financial instruments detained for trading unless they have been designated as hedges. Gains or losses on liabilities held for trading are recognized in the income statement.

If a contract contains one or more derivative, the entire hybrid contract can be designated as a financial liability at fair value through profit or loss, with the exception of those cases in which the implicit derivative does not significantly change the cash flows or when it is clear that the separation of the derivative is not permitted.

Cancellation of Financial Liabilities

A financial liability is cancelled from the balance sheet when the underlying obligation has expired, is cancelled or has been fulfilled.

If an existing financial liability is replaced by another of the same lender at substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or change is treated as a book cancellation of the original liability and the recognition of a new liability. Any book value differences are recorded in the income statement.

Derivative Financial Instruments and Hedging Activities

The Group uses derivatives to hedge its exposure to exchange-rate and interest-rate risk. No speculative hedges are arranged, since this would not be consistent with Group policy.

The derivative financial instruments are initially recognized at the fair value at the date it is entered into, subsequently such fair value is periodically remeasured. They are classified as assets when the fair value is positive and as liabilities when it is negative. Any gains or losses resulting from variations in the fair value of derivatives not suitable for "hedge accounting" are entered directly in the income statement of the accounting period. The fair value of the forward exchange contracts is determined using the current forward exchange rates for contracts having similar maturities. The fair value of swap contracts on the interest rates are determined by referring to the market value for similar instruments.

Hedges are classified as follows for hedge accounting:

- Fair value hedges if they tackle the risk of a fair value change in the underlying asset/liability or an irrevocable obligation (excluding exchange rate risks); or
- Cash flow hedges if they are used as a hedge against changes in cash flows linked to a particular risk related to a recognized asset/liability or to a planned highly probable operation or to an exchange risk for an irrevocable obligation.
- Net investment hedge

At the start of a hedging operation, the Group formally indicates and documents the hedging ratio it intends to apply to the hedge accounting, its objectives in risk management and the strategy pursued. The documents include the identification of the type of hedge instrument, the element or operation of the hedge, the nature of the risk and of the modalities with which the company intends to assess the efficiency of the hedge in compensating fair value changes of the hedge element or cash flows of the hedge. Such hedges are to be very efficient in compensating the hedging element at the fair value or cash flows related to the hedge. The fact that such hedges have proved to be very efficient is carried out continuously during the accounting periods in which they have been included.

The operations meeting the hedge accounting criteria are entered as follows:

- Changes in fair value hedges are recorded in the income statement. Changes in the fair value hedge item linked to the hedge is recognized as part of the book value of the hedge element and as a counterpart to the income statement. Regarding fair value hedges referred to elements accounted for according to the amortized cost method, the book value adjustment in the income statement is amortized up until its maturity. Any book value adjustments of a hedge instrument with an effective interest rate are amortized in the income statement. Amortization can begin as soon as there is an adjustment but not beyond the date in which the hedge element ceases to be adjusted for fair value changes attributable to the hedge risk. When an irrevocable unrecorded obligation is designated as a hedge element, the following hedge fair value cumulated changes are recognized as assets or liabilities and the corresponding gains or losses recorded in the income statement. Fair value hedge changes are also recorded in the income statement.
- Cash flow hedges. The gains or losses of the hedge pertaining to the effective portion qualify as cash flow hedges and are recognized in shareholders' equity. The gains or losses relating to the ineffective portion are recognized immediately in the income statement. The gain or loss recognized in the shareholders' equity is reclassified in the income statement in the period in which the hedging operation impacts the income statement (for example when there is a financial charge or gain or when there is an expected sale or purchase). When the hedge regards the cost of a nonfinancial asset or liability the amounts entered in the shareholders' equity are transferred at the initial book value of the asset or liability. If the envisaged operation is not expected to happen again, the amounts originally recognized in the shareholders' equity are transferred to the income statement. If the hedging instrument expires, is sold, cancelled or exercised without replacement, or if its designation as a hedge is revoked, the amounts previously entered in the shareholders' equity remain until the envisaged operation is carried out.
- Net investment hedge. Hedges of net investment including cash flow hedges are accounted for in a way similar to cash flows. The gains or losses of the hedges are accounted for directly in the shareholders' equity for the effective portion of the hedge whereas the remaining (ineffective) portion is accounted for in the income statement. Upon the disposal or sale of the foreign asset, the accumulated gains or losses in the shareholders' equity are transferred to the income statement.

Foreign Currency Transactions

Foreign currency transactions are accounted for at the exchange rate in force at the time they occur. Any exchange differences during the accounting period are recorded in the income statement.

At the balance date the companies of the Group have adjusted the currency receivables and payables at the exchange rate in force at the end of the accounting period and recorded the exchange gains or losses for the entire amount in the income statement.

Share-Based Stock Option Payments

The Group's employees receive part of their pay as share-based payments. Consequently the employees provide their services in exchange of shares ("equity-based transactions")

The cost of equity-based transactions is measured referring to the fair value at the date of granting. The fair value is determined by an external auditor using the appropriate appraisal method. Further details are contained in note 31.

The cost of the equity-based transactions and the corresponding increase in shareholders' equity is accounted for from the time at which the conditions for the attainment of the objectives and/or provision of the service are met and ends at the maturity date. The cumulated costs recorded for such operations at the end of each accounting period until the maturity date are compared to the expiry of the period of maturity and at the best estimate available of the number of equity securities reaching maturity. The gain or loss in the income statement for the accounting period is the change in the cumulated cost recorded at the start and end of the accounting period.

Costs for rights which do not reach their full maturity date are not recorded. The only exception being those rights whose granting is linked to market conditions. These are dealt with as if they had matured independently of the underlying market conditions as long as all the other conditions are met.

If the initial conditions change, a cost shall be indicated, assuming that such conditions are unchanged. Moreover, a cost shall be recorded for each change implying an increase in the total fair value of the payment plan or in any case a cost favorable to the employees. Such cost is assessed taking into account the date in which the change occurs.

If the rights are cancelled they are dealt with as if they had reached maturity on the date of cancellation and any costs related to such rights which have not yet been recorded are recorded immediately. However, if a cancelled right is replaced by a new one and the latter is recognized as a replacement on the date it is granted, the cancelled right and the new right are dealt with as if they were a change of the original right as outlined above in the previous paragraph.

The dilution effect of the options which cannot yet be exerted is contained in the calculation of the dilution of the earnings per share (see note. 12).

Positive Income Components

Company earnings result from the ordinary management of the company and include sales revenues, commissions, charges, interest, dividends, royalties and leases. They are recognized at fair value net of any returns, discounts, allowances and bonuses.

Earnings resulting from the sale of products are recognized when the company transfers the significant risks and advantages linked to the property of the good and the collection of the receivable is reasonably certain.

Earnings from services rendered are accounted for with reference to the level of completion of the operation at the balance date.

Interest earned is accounted for on an accruals basis, i.e. in a way which takes into account the actual yield of the activities concerned.

Royalties are accounted for on an accruals basis as per the contractual agreements.

Dividends are accounted for when the shareholders are entitled to receive the payment.

Negative Income Components

Costs and expenses are accounted for on an accruals basis.

Interest Expense

Interest expenses are accounted for in the income statement when they are paid.

Income Taxes

Current income tax for the period is determined according to the taxable income pursuant to the norms in force in the different countries.

Deferred and prepaid taxes are recorded with reference to the timing differences between the amounts recorded in the balance sheet and their value for fiscal purposes. Deferred tax assets represented by tax losses carried forward by Group companies when their absorption by means of future taxable income in those same companies is probable, are also recognized.

Deferred tax assets and liabilities are determined using the tax rates that are expected to apply, in the various countries in which the Geox Group operates, in the years in which the related timing differences occur or expire.

Deferred tax assets are recorded to the extent that, based on forecasts, future taxable income is likely to be sufficient to cover the reversal of the related deductible timing frame.

The book value of deferred tax assets is reviewed at each balance sheet date and written down to the extent that future taxable income is no longer likely to be sufficient for the recovery, in whole or in part of such assets. These write-downs are reinstated if the reasons for recording them cease to apply.

Income taxes on the amounts recorded directly to shareholders' equity are also charged directly to shareholders' equity rather than to the income statement.

Earnings per Share

Basic earnings per share is calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted earning per share is calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of the shares outstanding, taking account of the effects of all dilutive potential ordinary shares (for example employee stock option plans).

3. Segment information

The Group's primary reporting format is by business segment since the Group's risks and returns differ largely in relation to the products and services provided. The following business segments have been identified: footwear, apparel, other. Other sales includes royalties and other revenues of raw materials to licensees.

The secondary reporting format is by geographical segment. The Group's geographical segments are identified with respect to the location of the Group's assets. Sales to clients are reported by geographical segment with reference to their geographical location.

Transfer prices between segments are determined on the conditions applying to transactions with third parties. Net sales, cost and results by segment include the effect of transfers between segments which, however, are eliminated on consolidation.

The following table presents information relating to the Group's business segments for the periods ended on June 30, 2007 and 2006 and for the year ended December 31, 2006;

(Thousands of Euro)		I half	%	I half	%	FY	%
		2007		2006		2006	
Footwear	Net sales	370,057		290,296		573,993	
	EBIT	97,278	26.3%	69,136	23.8%	123,815	21.6%
Apparel	Net sales	17,290		11,863		33,862	
	EBIT	3,690	21.3%	3,647	30.7%	10,604	31.3%
Other sales	Net sales	865		3,298		4,403	
	EBIT	633	n.m.	267	n.m.	487	n.m.
Total	Net sales	388,212		305,457		612,258	
	EBIT	101,601	26.2%	73,050	23.9%	134,906	22.0%

The following table presents information relating to the sales of footwear in the Group's geographical segments for the periods ended on June 30, 2007 and 2006 and for the year ended December 31, 2006:

(Thousands of Euro)		I half	%	I half	%	FY	%
		2007		2006		2006	
Italy	Net sales	146,048		129,385		264,669	
	EBIT	47,558	32.6%	43,254	33.4%	87,244	33.0%
Total Europe	Net sales	181,192		136,833		264,403	
	EBIT	52,734	29.1%	32,612	23.8%	54,668	20.7%
USA	Net sales	12,595		9,269		18,836	
	EBIT	(3,248)	(25.8%)	(3,342)	(36.1%)	(7,212)	(38.3%)
Other countries	Net sales	48,377		29,970		64,350	
	EBIT	4,557	9.4%	526	1.8%	206	0.3%
Total International	Net sales	242,164		176,072		347,589	
	EBIT	54,043	22.3%	29,796	16.9%	47,662	13.7%
Total	Net sales	388,212		305,457		612,258	
	EBIT	101,601	26.2%	73,050	23.9%	134,906	22.0%

4. Cost of Sales

Cost of sales is analyzed in the following table:

	I half 2007	I half 2006	Change
Consumption of raw materials and finished products	141,372	119,646	21,726
Processing	18,332	12,753	5,579
Wages of direct production personnel	4,776	3,654	1,122
Other direct production costs	941	1,119	(178)
Direct cost of goods sold	165,421	137,172	28,249
Other wages and salaries	5,055	4,384	671
Other indirect costs	2,581	2,249	332
Indirect costs	7,636	6,633	1,003
Industrial depreciation	2,916	3,120	(204)
Total	175,973	146,925	29,048

Costs are stated net of returns, discounts, allowances and adjustments.

5. Selling and Distribution Costs

Selling and distribution costs are analyzed below:

	I half 2007	I half 2006	Change
Transport to clients	5,638	3,998	1,640
Sales force costs	11,559	9,605	1,954
Credit management	1,926	1,748	178
Total	19,123	15,351	3,772

6. General and Administrative Expenses

General and administrative expenses are analyzed in the following table:

	I half 2007	I half 2006	Change
Wages and salaries	21,761	16,526	5,235
Rental and lease expenses	12,455	9,362	3,093
Services and consultancies	7,573	5,525	2,048
Samples	3,683	2,947	736
Travel and subsistence	1,422	1,133	289
Insurance	868	787	81
Commercial costs	507	738	(231)
Bank charges	888	775	113
Transport services	890	626	264
Consumable materials	775	351	424
Other costs	6,918	5,341	1,577
	57,740	44,111	13,629
Rental income	(3,479)	(3,405)	(74)
Other income	(1,765)	(1,081)	(684)
	(5,244)	(4,486)	(758)
General and Administrative expenses before D&A	52,496	39,625	12,871
Non-industrial depreciation and amortization	7,641	6,201	1,440
Total	60,137	45,826	14,311

Lease expenses relate to the shops, offices and industrial property leased by the Group.

Rental income relates to the Geox Shops owned by the Group and leased to third parties under franchising contracts.

Other expenses include mainly maintenance (Euro 759 thousand), software support (Euro 327 thousand), utilities and telephone expenses (Euro 1,405 thousand), entertainment expenses (Euro 265 thousand), interim work (Euro 323 thousand), directors' fees (Euro 757 thousand).

Other income mainly includes non operating profit (Euro 265 thousand), capital gains (Euro 160 thousand), sales of miscellaneous goods (Euro 61 thousand) and insurance compensation (Euro 190 thousand).

The payments due to the directors and statutory officers of Geox S.p.A. for first half of 2007 are listed below. The amounts stated include the payments due for the execution of such functions in other companies included with the scope of consolidation.

Name and Surname	Position	Period in office	Expiry date of mandate	Emoluments (Euro)	Non-cash benefits	Other payments
Mario Moretti Polegato	Chairman	from 1 st Jan, 2007 to 30 th June, 2007	(1)	500,000 (3)	-	-
Diego Bolzonello	CEO	from 1 st Jan, 2007 to 30 th June, 2007	(1)	150,000	1,462	109,852
Enrico Moretti Polegato	Director	from 1 st Jan, 2007 to 30 th June, 2007	(1)	10,750	-	-
Francesco Gianni	Independent Director	from 1 st Jan, 2007 to 30 th June, 2007	(1)	14,750 (2)	-	-
Umberto Paolucci	Independent Director	from 1 st Jan, 2007 to 30 th June, 2007	(1)	14,750 (3)	-	-
Alessandro Antonio Giusti	Independent Director	from 1 st Jan, 2007 to 30 th June, 2007	(1)	23,750 (4)	-	-
Bruno Barel	Independent Director	from 1 st Jan, 2007 to 30 th June, 2007	(1)	18,750 (5)	-	-
Giuseppe Gravina	Independent Director	from 1 st Jan, 2007 to 30 th June, 2007	(1)	10,750	-	-
Renato Alberini	Independent Director	from 1 st Jan, 2007 to 30 th June, 2007	(1)	13,250(6)	-	-
Fabrizio Colombo	Chairman of Boards of Statutory Auditors	from 1 st Jan, 2007 to 30 th June, 2007	(1)	59,462	-	1,666 (7)
Andrea Luca Rosati	Statutory Auditor	from 1 st Jan, 2007 to 12 th April, 2007	(1)	37,553	-	1,666 (8)
Achille Frattini	Statutory Auditor	from 1 st Jan, 2007 to 30 th June, 2007	(1)	40,236	-	1,666 (7)
Francesco Mariotto	Statutory Auditor	from 12 th Apr, 2007 to 30 th June, 2007	(1)	3,004	-	-

(1) In Office until approval of the financial statements as at December 31, 2009.

(2) Includes remuneration as member of the Internal Audit Committee.

(3) Includes remuneration as member of the Ethics Committee.

(4) Includes remuneration as member of the Internal Audit Committee, Compensation Committee and Vigilance Organism.

(5) Includes remuneration as member of the Internal Audit Committee and of the Compensation Committee.

(6) Includes remuneration as member of the Compensation Committee.

(7) Includes remuneration as a Statutory Auditor of Wortec S.r.l.

(8) Includes remuneration as a Chairman of Boards of Statutory Auditors of Wortec S.r.l.

7. Advertising and Promotion

The item can be broken down as follows:

	I half 2007	I half 2006	Change
Advertising	30,236	23,275	6,961
Promotion	1,142	1,030	112
Total	31,378	24,305	7,073

Advertising costs include the production costs and the purchase of television time and billboard space.

8. Depreciation, Amortizations and Payroll Costs Included in the Consolidated Income Statement

The depreciation and amortization charges reported in the consolidated income statement are analyzed below:

	I half 2007	I half 2006	Change
Industrial depreciation	2,916	3,120	(204)
Non-industrial depreciation – tangible	4,211	3,191	1,020
Non-industrial amortization – intangible	3,430	3,010	420
Total non-industrial depreciation and amortization	7,641	6,201	1,440
Total	10,557	9,321	1,236

Depreciation solely comprises the depreciation of tangible fixed assets.

The payroll costs reported in the consolidated income statement are analyzed in the following table:

	I half 2007	I half 2006	Change
Wages of direct production personnel	4,776	3,654	1,122
Other wages and salaries included in cost of sales	5,055	4,384	671
Wages and salaries of sales personnel	2,200	2,481	(281)
Wages and salaries of administrative personnel and central staff	21,761	16,526	5,235
Total	33,792	27,045	6,747

9. Personnel

The average number of employees is given below:

	I half 2007	I half 2006	Change
Senior managers	26	20	6
Office staff	1,306	927	379
Factory workers	2,029	2,052	(23)
Total	3,361	2,999	362

10. Net Interest

	I half 2007	I half 2006	Change
Interest income	2,233	1,831	402
Interest expense	(3,149)	(2,718)	(431)
Exchange differences	(48)	(375)	327
Total	(964)	(1,262)	298

Interest income is analyzed as follows:

	I half 2007	I half 2006	Change
Interest from banks	1,173	596	577
Interest from clients	17	12	5
Other interest	1,043	1,223	(180)
Total	2,233	1,831	402

The "Other interest" item principally includes the accounting effect of the derivative financial instruments outlined in note 32 (amounting to Euro 831 thousand).

Interest expense is analyzed as follows:

	I half 2007	I half 2006	Change
Bank interest and charges	(90)	(11)	(79)
Interest on loans	(21)	(108)	87
Other interest expense	(231)	(391)	160
Financial discounts and allowances	(2,807)	(2,208)	(599)
Total	(3,149)	(2,718)	(431)

The "Other interest expenses" item principally includes the accounting effect of the derivative financial instruments outlined in note 32 (amounting to Euro 224 thousand).

Exchange-rate differences are analyzed as follows:

	I half 2007	I half 2006	Change
Exchange gains	4,281	2,976	1,305
Exchange losses	(4,329)	(3,351)	(978)
Total	(48)	(375)	327

11. Income Taxes

Income taxes are analyzed as follows:

	I half 2007	I half 2006	Change
Current taxes – Italy	31,307	24,867	6,440
Current taxes – foreign	2,122	1,279	843
Portion of the tax charge relating to the Company restructures	610	212	398
Total current taxes	34,039	26,358	7,681
Deferred taxes – Italy	(1,961)	(1,211)	(750)
Deferred taxes – foreign	(346)	(712)	366
Total deferred taxes	(2,307)	(1,923)	(384)
Total income taxes	31,732	24,435	7,297

Concerning the elements accounted for directly in the shareholders' equity for the period, the only deferred taxes recorded concern the "cash flow hedge" totalling Euro 531 thousand.

The following schedule reconciles the Group's effective tax charge with the theoretical charge, determined using the tax rates in force in Italy in the period under consideration (country of the parent company Geox S.p.A.).

	I half 2007	%	I half 2006	%
PBT	100,637	100.0%	71,788	100.0%
Theoretical income taxes (*)	33,210	33%	23,690	33.0%
Effective income taxes	31,732	31.5%	24,435	34.0%
Difference explained by:	(1,478)	(1.5%)	745	1.0%
1) different tax rates in force in other countries	(825)	(0.8%)	(1,097)	(1.5%)
2) effect on amortization of the conferral of trademarks and patents	(5,551)	(5.5%)	(1,580)	(2.2%)
3) permanent differences:				
i) IRAP and other local taxes	4,450	4.4%	3,278	4.6%
ii) cost of stock option plans	250	0.2%	169	0.2%
iii) other disallowed costs/ untaxed income	198	0.2%	(25)	0.0%
Total difference	(1,478)	(1.5%)	745	1.0%

(*) Theoretical taxes determined using the tax rates applicable to Geox S.p.A.

12. Earning per Share

Earnings per share are calculated by dividing the net income of the period attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net income for the period attributable to the shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period, taking account of the effects of all dilutive potential ordinary shares.

The following table reports the results and the number of ordinary shares used to calculate basic and diluted earnings per share in accordance with IAS 33 accounting policies.

	I half 2007	I half 2006
Earnings per share (Euro)	0.27	0.18
Diluted earnings per share (euro)	0.27	0.18
Weighted average number of shares:		
Outstanding		
- basic	258,844,000	258,514,333
- diluted	258,844,000	258,514,333

The average weighted number of diluted shares is only calculated on the vested options.

13. Intangible Fixed Assets

Intangible fixed assets are analyzed as follows:

	June 30, 2007	Dec. 31, 2006	Change
Industrial patents and intellectual property rights	5,532	4,519	1,013
Trademarks, concessions and licenses	1,185	1,368	(183)
Key money	28,176	28,685	(509)
Intangible assets in progress and payments on account	7,487	2,402	5,085
Other intangible fixed assets	9	22	(13)
Goodwill and consolidation differences	1,133	1,061	72
Total	43,522	38,057	5,465

The table below shows the changes in the intangible fixed assets during first half of 2007 :

	Dec. 31, 2006	Purchases and capitalizations	Translaction differences	Amort. and write-downs	Disposals	Other changes	June 30, 2007
<i>Intangible assets with finite useful life:</i>							
Industrial patents and intellectual property rights	4,519	1107	(61)	(1,060)	-	1,027	5,532
Trademarks, concessions and licenses	1,368	38	(17)	(125)	-	(79)	1,185
Key money	28,685	1,431	(30)	(2,242)	(200)	532	28,176
Intangible assets in progress and payments on account	2,402	6737	-	-	-	(1,652)	7,487
Other intangible fixed assets	22	-	-	(3)	-	(10)	9
<i>Assets with an indefinite useful life:</i>							
Goodwill and consolidation differences	1,061	-	-	-	-	72	1,133
Total intangible fixed assets	38,057	9,313	(108)	(3,430)	(200)	(110)	43,522

Capital expenditure mainly includes:

- the purchase and installation of the new SAP software accounting system, subsidiary order management software and the new shops layout planning software for a total of Euro 880 thousand;
- costs incurred for patents registration, extension and protection in the different countries of the world (Euro 219 thousand);
- costs incurred for GEOX trademark registration, protection and extension in the different countries of the world (Euro 38 thousand);
- key money costs (Euro 1,431 thousand) including:
 - Euro 582 thousand for the acquisition of trade companies, among which Trento's shop .
 - Euro 849 thousand paid to obtain access to leased property by taking over existing contracts or causing lessees to terminate so that the new contracts can be signed with the lessors. Such properties are then fitted as Geox shops. The capital expenditure mainly regarded the opening in Italy of shops in the shopping mall of Torino – CC Le Gru, Casalecchio CC Granreno, Roma CC Cinecittà and abroad in London CC Blue Water.
- intangible assets in progress for a total amount of Euro 6,737 thousand of which Euro 1,748 relate to further implementation and customization of the new accounting software and Euro 4,989 thousand refer to the sums paid to take over lease contracts on property to be fitted as Geox shops during the second half of 2007.

The sales decreases of intangible fixed assets concern the key money item and are principally linked to the sale of a branch of the company to third parties or to affiliated with a franchising contract of the Ancona, Pesaro, Bergamo shops. The sale of the aforementioned shops has let to a net capital gain of approximately Euro 77 thousand.

14. Tangible Fixed Assets

Tangible fixed assets are analyzed in the following table:

	June 30, 2007	Dec. 31, 2006	Change
Plant and machinery	4,475	4,621	(146)
Industrial and commercial equipment	3,627	4,124	(497)
Other tangible fixed assets	9,939	10,110	(171)
Leasehold improvements	15,227	12,906	2,321
Tangible assets in progress and payment on account	1,463	309	1,154
Total	34,731	32,070	2,661

The table below shows the changes in tangible fixed assets recorded in the first half of 2007:

	Dec. 31, 2006	Purchases and capitalizations	Transaction differences	Amort. and write-downs	Disposals	Other changes	June 30, 2007
Equipment and machinery	4,621	507	12	(597)	(97)	29	4,475
Industrial and commercial equipment	4,124	2,009	(5)	(2,547)	(113)	159	3,627
Other tangible fixed assets	10,110	2,999	(4)	(2,163)	(160)	(843)	9,939
Leasehold improvements	12,906	3,318	(113)	(1,820)	(147)	1,083	15,227
Tangible assets in progress and payment on account	309	1,377	23	-	-	246	1,463
Total tangible fixed assets	32,070	10,210	(87)	(7,127)	(517)	182	34,731

Capital expenditure mainly concerns:

- purchase of installations and equipment by Geox S.p.A. (Euro 136 thousand) and Notech Kft (Euro 282 thousand) and TDR (Euro 89 thousand);
- purchase of industrial equipment (mainly moulds for outsoles) by the parent company Geox S.p.A. (Euro 1,430 thousand), Wortec S.r.l. (Euro 188 thousand) and Notech Kft (Euro 233 thousand);
- Euro 3,318 thousand for improvements on the industrial and commercial real estate under lease. The capital expenditure refers to industrial and office buildings for Euro 214 thousand and to property used as Geox Shops for 3,104 thousand.
- furnishings and hardware for the "Geox" shops (Euro 1,333 thousand), furnishings for offices and showrooms (Euro 234 thousand), hardware for the offices and headquarters (Euro 1,272 thousand) and vehicles (Euro 160 thousand).
- tangible assets in progress for a total amount of Euro 1,463 thousand which refers to equipment and machinery for new offices and laboratory and for the Romania and Italia manufactory.

Industrial and commercial equipment decreased by Euro 440 thousand following, as at June 30, 2007, the complete devaluation of the moulds which are not expected to be used in the future and whose estimated recovery value is zero. Such devaluation has been included in the amortization and depreciation.

The item is analyzed as follows:

	June 30, 2007	Dec. 31, 2006	Change
Electronic machines	3,877	3,692	185
Furniture and furnishings	5,865	6,262	(397)
Motor vehicles and internal transport	197	156	41
Total	9,939	10,110	(171)

15. Deferred Taxes

The following table analyses the nature and changes in deferred tax assets and the related timing differences. Deferred tax assets and liabilities linked to the parent company have been compensated since the law envisages the compensation of current fiscal assets with current fiscal liabilities:

	June 30, 2007	Dec. 31, 2006	Change
Tax losses carried forward	5,336	5,197	139
Depreciation and amortization	2,537	2,185	352
Mark-to market derivatives	595	901	(306)
Provision for inventories and returns	4,679	3,480	1,199
Receivables	20	4	16
Agents' severance indemnities (FISC)	878	415	463
Entertaining expenses	125	115	10
Write-down of moulds	161	229	(68)
Other	977	414	563
Total deferred tax assets	15,308	12,940	2,368
Accelerated depreciation	(440)	(56)	(384)
TFR/FISC (discounting)	(425)	(210)	(215)
IMI grant	(208)	(208)	-
Total deferred tax liabilities	(1,073)	(474)	(599)
Total deferred taxes	14,235	12,466	1,769

Derivatives defined as cash flow hedges and assessed mark to market directly at shareholders' equity imply that the relative taxes are accounted for in the shareholders' equity and not the income statement. The value of the taxes directly accounted for in the shareholders' equity amounts to approximately Euro 531 thousand.

With reference to the foreign subsidiaries, deferred taxes covering all past fiscal losses have been recorded since their collection in the future is deemed more than likely. The prepaid taxes on the fiscal losses which can be carried forward amounting to 5,336 thousand on June 30, 2007 refer to Geox Usa (Euro 3,548 thousand), Geox Japan (Euro 828 thousand) and other companies of the Group (Euro 960 thousand). In determining taxes, reference was made to the different rates envisaged in the different countries.

16. Other Fixed Assets

Other fixed assets include:

	June 30, 2007	Dec. 31, 2006	Change
Other receivables due between 1 and 5 years	4,888	3,613	1,275
Other receivables due beyond 5 years	2,233	1,393	840
Total	7,121	5,006	2,115

Other accounts receivables due between 1 and 5 years relate principally to guarantee deposits for shop utilities and lease contracts (beyond 5 years Euro 335 thousand) and deferred asset relating to rental (beyond 5 years Euro 871 thousand). It also includes the long-term portion (between 1 and 5 years – Euro 856 thousand, beyond 5 years- Euro 1,027 thousand) of prepaid taxes in relation to the corporate restructuring of 2001.

This cost has been deferred to match the future tax benefits deriving from the corporate restructuring which shall manifest themselves in the future.

17. Inventories

The table below analyses the inventories:

	June 30, 2007	Dec. 31, 2006	Change
Raw materials	36,002	29,608	6,394
Work in process and semi-finished products	7,169	4,464	2,705
Finished products and goods for resale	110,480	95,292	15,188
Furniture and furnishings	1,283	1,633	(350)
Total	154,934	130,997	23,937

Inventories of finished products include goods in transit acquired from countries in the Far East.

The book value of inventories is not significantly different to their current cost at the end of the period.

“Furniture and Furnishings” relate to fittings that will be sold to franchisees opening new Geox shops.

Inventories are stated net of inventory allowance considered adequate for a prudent assessment of the finished products belonging to the previous collection and the raw materials no longer used. The inventory allowance is analyzed below:

January 1, 2007	3,045
Provisions	5,878
Translation differences	65
Utilizations	(2,814)
June 30, 2007	6,174

The allowance mainly reflects the adaptation to the market value stemming from sales of finished stock products from previous collections as per the statistical data. There is no significant difference between the balance sheet assessment and the net realizable value.

18. Accounts Receivables

Account receivables are analyzed as follows:

	June 30, 2007	Dec. 31, 2006	Change
Gross value	115,236	90,033	25,203
Allowance for doubtful accounts	(643)	(451)	(192)
Provision for returns and credit notes	(4,439)	(5,423)	984
Net value	110,154	84,159	25,995

Accounts receivables rose by Euro 25,995 thousand as compared to December 31, 2006. Accounts receivables include bank receipts totaling approx Euro 38 million presented to banks for advances with recourse that are not yet due at period end.

The Group continues to apply the credit management practices that have supported balanced growth despite the rapid expansion of the business. In particular, clients are not served if they have not paid in full for the products supplied to them from the collection. This management practice ensures that the investment in working capital is contained despite strong growth.

Accounts receivable are adjusted to their estimated realizable value via provisions to an allowance account, determined with reference to the individual outstanding balances. The inventory allowance as of June 2007 represents a prudent estimate of the current collection risk. The change in the allowance is analyzed below:

January 1, 2007	451
Provisions	195
Translation differences	(3)
Utilizations	0
June 30, 2007	643

Client Insolvency risks associated are practically negligible since specific clauses in the contracts with leading factors and credit insurance companies envisage that initially invoices are sold solely in the form a request to the factor to accept the credit risk in advance to the extent of the credit risk agreed. The sale becomes "without recourse" only after a formal communication to the factor stating that the client has not paid by the due date. In substance, given these specific clauses, the contracts initially provide credit insurance and only transform into the "without recourse" sale of accounts receivable after non-collection has been formally communicated.

Accounts receivable covered by guarantees during 2007 in the different countries totalled: Italy and Switzerland Euro 341,367 thousand, Japan yen 166,472, thousand and USA Euro 12.188 thousand. Accounts receivable actually sold "without recourse", following claims made, resulted in insurance compensation totalling Euro 532 thousand in Italy during 2007.

The change in the provision for returns during the first half of 2007 is analyzed below:

January 1, 2007	5,423
Provisions	4,361
Translation differences	(3)
Utilizations	(5,342)
June 30, 2007	4,439

19. Other Current Assets

The item is analyzed as follows:

	June 30, 2007	Dec. 31, 2006	Change
Tax credits	118	441	(323)
VAT recoverable	4,768	11,650	(6,882)
Advances to vendors	1,756	257	1,499
Other receivables	4,000	5,315	(1,315)
Accrued income and prepaid expenses	2,862	2,445	417
Total	13,504	20,108	(6,604)

VAT receivables relates to taxes paid on the importation of finished products from Eastern Europe and the Far East. This credit will be offset against the VAT due on sales made next half of year.

Other receivables include:

- Euro 230 thousand in grants towards expenditure pertaining to 2002 awarded (but not yet paid) by Istituto S. Paolo Imi for the development of a research project regarding footwear with leather outsoles;
- Euro 340 thousand in expenditure grants requested from Institution San Paolo for the development of a research project entitled "New Membrane with high-performance mechanical characteristics";
- Euro 1,137 thousand due from an Italian factor representing the value of claims made for which reimbursement has not yet been received ;
- Euro 1,452 thousand for amounts paid covering preliminary agreements for the purchase of company branches for the opening of new points of sale in Italy;
- Euro 256 thousand for insurance compensation.

Accrued income and prepaid expenses include the current portion (Euro 612 thousand) of the tax charge relative to future years incurred in relation to the corporate restructuring carried out in 2001.

20. Financial Assets and Liabilities

The item is analyzed below:

	June 30, 2007	Dec. 31, 2006	Change
Term bank deposits	1,274	805	469
Loans given by Geox	51	51	-
Securities	42	-	42
Total fixed financial assets	1,367	856	511
Mark to market - derivative contracts	156	78	78
Loans given by Geox	19	34	(15)
Total current financial assets	175	112	63
Mark to market - derivative contracts	(2,107)	(2,638)	531
Other current financial liabilities	(19)	-	(19)
Total current financial liabilities	(2,126)	(2,638)	512

"Term bank deposits" totaling Euro 1,274 thousand established as a guarantee on the lease contracts stipulated on foreign shops.

Concerning the “mark to market derivative contracts” please see note 32 “Exchange and accounts receivable risk: objectives and criteria”.

21. Cash and Cash Equivalents

The amount of Euro 87.447 thousand refers to the current account balances in Euro and other currencies (Euro 87,313), checks (Euro 2 thousand) and cash on hand (Euro 132 thousand). The current account balances relate to temporary funds held on current accounts to be used for payments, and liquidity investments in unrestricted deposit accounts and to funds in dollars linked to the payment of supplies from the Far East. The remuneration of liquidity ranges from a minimum of 2,5% on current accounts to Euribor plus a spread for the deposits in Euro, whereas the currency funds offer a yield which is substantially equal to the reference rate.

22. Shareholders' Equity

Share Capital

The share capital amounting to Euro 25,884 thousand is fully paid and comprises 258,844,000 shares with a nominal value of Euro 0.10 each.

Other Reserves

	June 30, 2007	Dec. 31, 2006	Change
Legal reserve	5,177	3,698	1,479
Share premium reserve	35,014	35,014	-
Translation reserve	(1,204)	(881)	(323)
Reserve to state derivatives at fair value	(1,079)	(1,827)	748
Reserve for stock options	2,782	2,024	758
Retained earnings	172,423	115,467	56,956
Total reserves	213,113	153,495	59,618

The legal reserve totalling Euro 5,177 thousand increased by Euro 1,479 thousand following the allocation of part of the previous year's net income as decided by the shareholders' meeting on April 12, 2007. Such reserve is not distributable.

The translation reserve recorded in the financial statements not including the Euro amounts to Euro (1,204) thousand. Such reserve is not distributable.

The “fair value derivatives reserve”, totalling Euro (1,079) thousand originated this year as a result of the cash flow hedge contracts as at June 30, 2007.

The cash flow hedges market value described in greater detail in note 32 is stated net of the tax effect. Such reserve is not distributable.

The stock option reserve has been established in accordance with the IFRS 2 principle. The adoption of a stock option plan requires that the fair value of the options at the grant date be recognized as a cost. Such cost is entered in the income statement over the vesting period with a matching entry to a specific reserve within shareholders' equity.

Retained earnings comprise unallocated results earned in previous years. This item increased by Euro 56,956 thousand notwithstanding the distribution of dividends (Euro 38.827 thousand) to the shareholders .

The amounts are net of the related tax effects, where applicable.

23. Employee Severance Indemnities

The employee severance indemnities as at June 30, 2007 amount to Euro 3,172 thousand as analyzed below:

December 31, 2006	3,349
Decrease on the transfer of employees	(280)
Amounts paid to leavers	(110)
Advances paid	952
Provision	(649)
Change as a result of actuarial calculations	(90)
June 30, 2007	3,172

Concerning the Employee severance indemnities (TFR) Fund during 2007, Euro 649 thousand were paid to complementary pension schemes. Indeed, following the novelties introduced by Law No. 296/06 in force as of June 30, 2007 companies with at least 50 workers must pay all employee severance indemnities after January 1, 2007 to a special Treasury Fund of the INPS (unless the workers have instructed the company to pay such amounts to a Complementary Pension Fund as per Legislative Decree 252/05).

Following such payment to the INPS, amounts are no longer entered into the Employee Severance Indemnities caption.

Companies thus enter a short term debt which is cancelled upon the payment to the INPS.

The actuarial assessment of the Employee Severance Indemnities (TFR) is calculated using the "matured benefits" method i.e. the Projected Unit Credit Method as envisaged by IAS 19. The method includes assessments which calculate the mean actual value of the pension obligations according to the service rendered by the worker until the moment at which the assessment is carried out. The workers' remuneration is not calculated as per the normative changes which have been introduced recently with the Pension Scheme Reform. The method of calculation is as follows:

- a projection is made upon the assessment date of the severance indemnity (TFR) set aside for each employed worker up until the expected time of payment;
- the possible employee severance indemnities payment (TFR) the worker is entitled to in case of firing, resignation, invalidity, death, retirement or the request for an advance payment is determined;
- actualization as at the assessment date of each possible payment.

The actuarial assessment of the Employee Severance Indemnities method requires an actuarial calculation based on demographic, economic and financial assumptions. The principal assumptions used in performing such calculations are illustrated below:

- mortality rates: ISTAT 2000 tables
- invalidity rates: INPS tables
- employee turnover rate: 3%
- discount rate: 4,85%
- payroll increase rate: 3%
- inflation rate: 1.5%

24. Provisions for Liabilities and Charges

	Dec. 31, 2006	Utilizations	Provisions	June. 30, 2007
Provision for agents' severance indemnities	1,594	(419)	627	1,802
Provision for taxation	230	-	-	230
Other	470	(13)	-	457
Total	2,294	(432)	627	2,489

The "provision for agents' severance indemnities" is earmarked with reference to the norms in force and the economic collective agreements covering situations in which agency mandates might be terminated. Provisions represent the best estimate of the amount that the business would have to pay to settle the obligation or transfer it to third parties at the balance sheet closing date. The cumulative effect of the actuarial calculation performed in accordance with IAS 37 amounts to Euro 576 thousand.

The tax risk provision was prudentially set aside by a company of the Group following an inspection report for liabilities which might emerge.

"Other provisions" cover the estimated risks in relation to outstanding disputes.

25. Long-Term Loans

The item is analyzed as follows:

	June. 30, 2007	Dec. 31, 2006	Change
Bank loans	1,069	1,216	(147)
Other providers of finance	450	613	(163)
Total	1,519	1,829	(310)

The bank loans comprise a loan from San Paolo Imi collected on December 3, 2002 and repayable on November 18, 2011 for an R&D leather outsole project. The long-term portion of this loan amounts to Euro 1,069 thousand.

The amounts due to other providers of finance mainly comprise an assisted-rate loan from Simest repayable in 2009 in relation to a program of commercial penetration abroad, the long-term portion of this loan amounts to Euro 388 thousand.

26. Other Long-Term Payables:

The item is analyzed as follows:

	June. 30, 2007	Dec. 31, 2006	Change
Guarantee deposit received	1,190	1,219	(29)
Total	1,190	1,219	(29)

These guarantee deposits received by third parties on company lease contracts (Geox Shop).

27. Accounts Payable

Accounts payable as at June 30, 2007 amounted to Euro 107.199 thousand; a Euro 10,339 thousand increase compared to December 31, 2006. All amounts are due within the next accounting period.

28. Other Current Liabilities

The item is analyzed as follows:

	June 30, 2007	Dec. 31, 2006	Change
Social security institutions	2,290	2,508	(218)
Employees	10,104	6,966	3,138
Other payables	1,232	3,624	(2,392)
Accrued expenses and deferred income	1,823	1,571	252
Total	15,449	14,669	780

The amounts due to social security institutions mainly relate to contributions pertaining to the first half 2007 which will be paid in the second half of 2007.

The amounts due to employees comprise payroll, bonuses and accrued vacation not taken as of June 30, 2007.

Other payables include guarantee deposits received from third parties under the company lease contracts (Geox Shops).

Accrued expenses mainly relate to shop lease contracts for the period.

29. Taxes Payable

This item is analyzed as follows:

	June 30, 2007	Dec. 31, 2006	Change
Income taxes	20,625	4,104	16,521
VAT payable	443	539	(96)
Other	717	1,359	(642)
Total	21,785	6,002	15,783

30. Bank Borrowings and Current Portion of Loans

	June 30, 2007	Dec. 31, 2006	Change
Bank borrowings			
- cash advances account	3,165	9	3,156
- loans	292	2,165	(1,873)
Other providers of funds			
- loans	902	1,082	(180)
Total	4,359	3,256	1,103

The bank loans refer to:

- loan from San Paolo Imi of Euro 292 thousand (current portion) collected on December 3, 2002 and repayable on November 18, 2011 to finance a leather outsole R&D project;
- credit line for Euro 1,668 thousand as of June 30, 2007, granted by the Istituto s. Paolo to the Geox Japan subsidiary to allow it to meet its cash requirements;
- current account of Euro 1,497 thousand.

The current portion of loans from other providers of finance principally includes:

- an assisted-rate loan from Simest, for Euro 388 thousand, refundable in 2009 for a foreign market penetration program.
- a non-interest-bearing loan granted by I.B.M. Italia Servizi Finanziari for an original amount of Euro 107 thousand for a duration of 18 months, refundable in 4 installments. The balance as at June 30, 2007 for the current quota amounts to Euro 27 thousand.
- a non-interest-bearing loan granted by I.B.M. Italia Servizi Finanziari for an original amount of Euro 620 thousand, for a duration of 12 months refundable in 4 installments. The balance as at June 30, 2007 amounts to Euro 155 thousand.
- a non-interest-bearing loan granted by I.B.M. Italia Servizi Finanziari for an original amount of Euro 319 thousand, for a duration of 12 months refundable in 4 installments. The balance as at June 30, 2007 amounts to Euro 319 thousand.

The loan from I.B.M. was arranged in connection with the purchase of hardware and software.

31. Share-Based Payments

Stock Option Plans

Pursuant to IFRS 2, the adoption of a stock option plan implies that the fair value of the options at the grant date be recognized as the cost. Such cost is recorded in the income statement over the vesting period, with a matching entry to a specific reserve within the shareholders' equity.

The cost of services received from employees during first half 2007 amounted to Euro 758 thousand (compared to Euro 511 thousand in 1H2006).

The fair value of these options has been determined by an independent expert using the binomial method. The principal assumptions for the calculation of the different plans are:

	December 2005 Plan	November 2004 Plan	Early exercise of November 2004 Plan
Grant date	Dec. 15, 2005	Nov. 30, 2004	Nov. 30, 2004
Vesting periods	3-5 years	3-5 years	1 year
Share price at grant date	Euro 9.17	Euro 4.60	Euro 4.60
Exercise price	Euro 9.17	Euro 4.60	Euro 4.60
Expected life of the option	5.5 years	5.5 years	5.5 years
Discount for risk of forfeiture	3%	3%	0%
Dividend yield (%)	0.86%	1.43%	1.43%
Volatility (%)	33.43%	34.87%	34.87%

No other stock option plan characteristic has been considered in determining the fair value with the exception of the discount for performance conditions.

32. Management of Exchange and Credit Risk: Objectives and Criteria

The Group has entered into derivative transactions principally comprising forward currency contracts. The purpose is that of managing the exchange risks generated by the Group's operations. Group policy is not to arrange derivative transactions for speculative purposes. This policy was complied with during the period.

Exchange Risk

The Geox Group also carries out its activity in countries outside the Euro zone and as a consequence the exchange rate variations are an important factor to be considered. In particular, the Geox Group purchases in dollars exceed the revenues earned in dollars. The company makes a preliminary assessment of the exchange risk of the Group on the basis of the budget for that period and, subsequently, arranges hedges against this risk in a gradual manner, as sales orders are received, to the extent that such orders reflect budget expectations. These hedges take the form of specific forward contracts and options for the purchase of dollars. The company believes that the risk management and containment policies adopted by the Geox Group are appropriate.

Credit Risk

The policy of the Geox Group is to insure its accounts receivable, thereby minimizing the risk of collection losses due to non payment and/or significant delays in the receipt of payments from clients. The policy of insuring against collection risk in relation to accounts receivable is applied virtually to all the accounts receivable by the Geox Group from third parties.

Hedging Activities

As at June 30, 2007 the Group is a party to a number of derivatives exchange contracts, designated as hedges for planned future purchases for the Fall/Winter 2007 and Spring/Summer 2008 season. The conditions applying to these contracts are summarized below:

	Amount in US\$/000	Amount in Euro/000	Mark to Market (debit)	Mark to Market (credit)	Expiry date
Derivatives contracts to hedge future purchases:					
Fair value hedges	20,000	-	-	(156)	by July, 2007
Cash flow Hedge	200,000	-	156	(1,937)	by Mar., 2008
Total derivatives contracts to hedge future purchases:	240,000	-	156	(2,093)	
Derivatives contracts to hedge interest-rate risk					
Total derivatives contracts to hedge interest-rate risk	-	2,582	-	(35)	by Oct., 2007
Total	220,000	2,582	78	(2,638)	

The afore-mentioned derivatives are represented by plain vanilla instruments and concern the following cases:

- Forward exchange purchases by means of which the Group commits itself to buying a currency at a certain date at a fixed exchange rate. The notional principal amounts of such contracts is USD 170,000.00;
- Purchase of knock-in forward options corresponding to the purchase of a plain vanilla call option and in the sale, with the same strike of a put option with a knock-in (the effects of the option are suspended in the period between the strike and the trigger). The notional principal amounts of such contracts is USD 70,000.00.

The afore-mentioned fair value corresponds to what is stated in the balance sheet. The fair value assessment of the derivatives analyzed was carried out by means of independent assessment models and on the basis of the following market data:

- Short-term interest rates on the currencies of reference as stated on www.euribor.org and www.bba.org.uk;
- The reference spot exchange rates stated on the European Central Bank website and the relative volatility recorded by Bloomberg.

33. Related-Party Transactions

The Group maintains relations with the parent company (LIR S.r.l.) and with third parties that are directly or indirectly linked by common interests to the majority shareholder. The trade relations with these parties are based on the utmost transparency and on the market conditions and principally relate to leases for buildings used by the Group. The lease contracts will expire within 2013.

The economic and financial transactions with these parties during first half of 2007 are summarized below:

Company		Cost	Revenues	Payables	Receivables
		June 30, 2007	June 30, 2007	June 30, 2007	June 30, 2007
Lir Srl	(1)	53	15	-	24
Domicapital Srl	(2)	996	-	3	-
Ca D'oro Srl	(3)	125	-	45	-
I.M. srl	(4)	5	-	5	-
Nottingrom Srl	(5)	526	-	217	-
Shoe Factory Sro	(5)	104	1	21	-
Total		1,809	16	291	24

(1) Parent company

(2) Entity controlled directly from LIR S.r.l.

(3) Entity controlled indirectly from Polegato family

(4) Entity controlled directly from Polegato family

(5) Entity controlled indirectly from LIR S.r.l.

The Group has also established the following transactions with other related parties:

- sale of "Geox" trademark products in monobrand shops owned by a director operating within the Group;
- leasing of a property to be used as a Geox shop. Such shop belongs to a director operating within the Group.

Such operations which are not important in terms of overall value have been concluded as per market conditions.

No director or manager has debts vis-à-vis the Group.

34. Paid and proposed dividends

	I half 2007	2006
Dividends paid during the period:	38,827	22,001
Dividends paid during the period – per share (in Euro):	0.150	0.085
Dividends proposed to the Shareholders' meeting (not yet inserted as payable in the FS)	n.a.	38,827
Dividends proposed to the Shareholders' meeting (not yet inserted as payable in the FS) – per share (in Euro):	n.a.	0.15

35. Significant Events Subsequent to June 30, 2007

There are no significant events subsequent to June 30, 2007.

These financial statements present a true and fair view of the financial position and the results of operations in first half of 2007.

Milan, July 30, 2007

For the Board of Directors
The Chairman
Dr Mario Moretti Polegato

ATTACHMENT 1

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2007

Name	Location	Year end	Currency	Share capital	directly	Percentage held indirectly	total
Geox S.p.A.	Montebelluna (TV), Italy	Dec. 31, 2007	Euro	25,884,400			
Wortec Srl	Signoressa (TV), Italy	Dec. 31, 2007	Euro	2,000,000	100.00%		100.00%
Notech N.H. Kft	Budapest, Hungary	Dec. 31, 2007	Euro	40,024	99.00%	1.00%	100.00%
Technic Development Srl	Timisoara, Romania	Dec. 31, 2007	RON	4,446,000	1.00%	99.00%	100.00%
Geox USA Inc.	Delaware, USA	Dec. 31, 2007	USD	1	100.00%		100.00%
Geox Retail, East	Delaware, USA	Dec. 31, 2007	USD	200		100.00%	100.00%
Geox Retail France	France	Dec. 31, 2007	Euro	1,000,000	100.00%		100.00%
Technic Development Slovakia Sro	Slovak Republic	Dec. 31, 2007	SKK	3,500,000	15.00%	85.00%	100.00%
Geox Uk Ltd	United Kingdom	Dec. 31, 2007	GBP	150,000	100.00%		100.00%
Geox Respira S.L	Spain	Dec. 31, 2007	Euro	200,000	100.00%		100.00%
Geox Sweden AB	Sweden	Dec. 31, 2007	SEK	2,295,000	100.00%		100.00%
Geox France Sarl	France	Dec. 31, 2007	Euro	7,630	100.00%		100.00%
Geox Suisse S.A.	Switzerland	Dec. 31, 2007	CHF	200,000	100.00%		100.00%
Geox Deutschland Gmbh	Germany	Dec. 31, 2007	Euro	500,000	100.00%		100.00%
Geox Canada Inc.	Canada	Dec. 31, 2007	Cad	100	100.00%		100.00%
Geox Japan KK	Japan	Dec. 31, 2007	JPY	230,000,000	100.00%		100.00%
Geox Retail Holland	Netherlands	Dec. 31, 2007	Euro	20,000	100.00%		100.00%
Geox Asia Pacific	Hong Kong	Dec. 31, 2007	USD	1,282	100.00%		100.00%

Milan, June 30, 2007

DECLARATION

UNDER ARTICLE 154 *BIS* PARA. 2 – PART IV, TITLE III, CHAPTER II, SECTION V-*BIS*, OF LEGISLATIVE DECREE 58 DATED FEBRUARY 24, 1998: “CONSOLIDATED LAW ON FINANCE, PURSUANT TO ARTICLES 8 AND 21 OF LAW 52 DATED FEBRUARY 6, 1996”

With reference to the First Half Report at June 30, 2007, approved by the Company's Board of Directors on July 30, 2007, the undersigned, Luciano Santel, Manager charged with preparing the Company's financial reports for Geox S.p.A.

DECLARES

in compliance with the provisions of para. 2 of article 154 *bis*, part IV, title III, chapter II, section V-*bis* of Legislative Decree 58 dated February 24, 1998, that, to the best of his knowledge, the First Half Report at June 30, 2007 corresponds to the underlying documentary and accounting records.

Manager charged with preparing the Company's financial reports
Signed: Luciano Santel