

AUDITORS' REPORT TO THE SHAREHOLDER'S MEETING CONVENED TO
APPROVE THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2009

(art. 153, Law Decree no. 58/98)

Dear Shareholders,

During the business year closed at 31 December 2009 we carried out the monitoring activity required by law, also taking into account the principles of behaviour of the Board of Statutory Auditors recommended by the National Council of Professional Accountants and Accountancy Experts.

In particular, as regards the activities performed during the business year, including by way of observance of the indications provided by the Consob (National Commission for Listed Companies and the Stock Exchange), with notice dated 6 April 2001 no. DEM/1025564, amended and supplemented with notice dated 4 April 2003 no. DEM/3021582 and subsequently with notice dated 7 April 2006. no. DEM/6031329, we report as follows:

1. we have monitored to ensure the observance of the law and the articles of association;
2. we have taken part in the Shareholders' meetings, in the meetings of the Board of Directors and in the meetings of the Committees within the Board itself and have received from the Directors periodical information on the general management situation and its expected evolution, as well as on the operations of greatest economic, financial and equity importance resolved and implemented during the course of the year, including through controlled companies, making sure these were not clearly imprudent, risky, in conflict of interests, in contrast with meeting resolutions and the articles of association or such as to negatively affect the integrity of the corporate equity;
3. we have not discovered any atypical and/or unusual operations with Group companies, third parties or related parties. The information provided by the Board of Directors including with specific reference to the infra-group operations and with correlated parties are deemed adequate. In particular, these latter operations are to be deemed connected and consistent with the implementation of the corporate purpose and consistent and in line with company interests. The Board of Directors in its Management Report and in Note 33 to the financial statements for the period

provided exhaustive details on the operations, all of which of an ordinary nature, implemented with controlled companies and correlated parties, explicating their economic and financial effects and representing them as regulated at market conditions. Some operations with correlated parties, deemed to be of greater importance, were submitted to the attention of the Board of Directors;

4. on 8 March 2010, the auditing company Reconta Ernst & Young S.p.A. issued its reports on the separated and consolidated financial statements as of 31 December 2009, containing both a favourable judgement without informative observations or references. Furthermore, the auditing company stated that the “Management report is coherent with the financial statements as of 31 December 2009”;
5. during the 2009 business period, no reports were made in accordance with art. 2408 Italian civil code, nor petitions received from third parties;
6. as appears from the information shown on Schedule 2 to the consolidated financial statements, during the 2009 business year, the Company did not grant Reconta Ernst & Young S.p.A. any further appointments other than the auditing of the financial statements, of the consolidated financial statements, of the twice-yearly report and of the audits to ensure corporate accounts had been properly kept. The Company appointed Studio Legale Tributario Associato, a firm tied by continuative relations to Reconta Ernst & Young S.p.A. and forming part of the international membership network to provide tax consultancy services amounting to Euro 63,000. Finally, additional appointments, other than legal auditing and amounting to Euro 7,000, were granted, by other Group companies, to firms associated with and having continuative relations with Reconta Ernst & Young S.p.A. and forming part of the international membership network.

Taking into account (i) the independence statement issued by Reconta Ernst & Young S.p.A. and (ii) the appointments granted to the latter and to the companies belonging to its network by the Company and by the Group companies, we do not think any critical aspects exist as regards the independence of Reconta Ernst & Young S.p.A.;

7. on 9 June 2009, we expressed a favourable opinion, pursuant to art. 154-bis of Law Decree no. 58/1998, as well as to art. 17-bis of the Articles of Association, in relation to the proposal submitted by the Managing Director, in agreement with the

Chairperson of the Board of Directors, to appoint the Administration Finance and Control Manager, Dr. Livio Libralesso, as Director in charge of drawing up the corporate accounts documents;

8. during the 2009 business year, 9 meetings were held of the Board of Directors, 12 meetings of the Executive Committee, 7 meetings of the Internal Control Committee, 3 meetings of the Emoluments Committee and 10 meetings of the Board of Statutory Auditors;
9. as requested, we acquired knowledge and monitored compliance with the principles of correct management, by means of direct observations, collecting information from the company department managers and from the Director in charge of drawing up the corporate accounts documents and meetings with representatives of the auditing company Reconta Ernst & Young S.p.A. including for purposes of the reciprocal exchange of important data and information, from which no aspects worthy of mention came to light. In particular, as regards the resolution processes of the Board of Directors, we ascertained, including through direct participation in board meetings, the conformity with the law and the articles of association of the management decisions made by the Directors and we verified that the relative resolutions were backed up by analyses and opinions – produced inside the company or, when necessary, by external professionals – concerning above all the economic viability of the operations and their consequent correspondence with Company interests. In the meetings of the Board of Directors, periodical management results and all aspects relating to the most significant operations were carefully analysed and discussed in detail;
10. as requested, we acquired knowledge of and monitored the adequacy of Company organization and its relevant operation;
11. we evaluated and monitored the adequacy of the internal control system and of the administrative-accounting system, as well as the reliability of the latter to correctly represent the operational items. This by (i) examining the reports whereby the Managing Director and the Director charged with drawing up the corporate accountancy documents certified the adequacy and actual application of the administrative accounting procedures, the conformity of the contents of the accounting documents with IFRS/IAS international accountancy principles, the

correspondence of the documents themselves to the results of the accounting books and bookkeeping entries and their suitability to correctly represent the company's economic and financial position; (ii) examining the report of the Internal Control Committee on the company's internal control system; (iii) obtaining information from the heads of the respective departments; (iv) examining and analysing corporate documents and the results of the work done by the auditing firm; (v) taking part in the works of the Internal Control Committee and person in charge of internal controls, with whom we exchanged information on the results of the assessments made by him. From the activities performed, no critical situations or facts came to light such as to generally consider the company's internal control system inadequate. Without prejudice to this consideration, from the analyses made, updating opportunities did however come to light in some areas of the internal control system in relation to changes in corporate strategy forming part of the general process of ongoing improvement of the effectiveness and efficiency of the system itself pursued by the company;

12. we examined and obtained information on the activities of an organisational and procedural nature implemented pursuant to Law Decree 231/2001 and following supplements and amendments, on the administrative responsibility of bodies with regard to the offences indicated in this Law Decree. The Supervisory Body charged with monitoring the effectiveness, the observance and the updating of the Organization Management and Control Model, reported on the activities performed during the course of the 2009 business year without pinpointing any significant critical facts or situations worthy of note in this report;
13. during the course of the 2009 business year, we had periodical meetings and exchanges of information with representatives of Reconta Ernst & Young S.p.A., from which no significant critical facts or situations came to light worthy of note in this report;
14. we monitored the procedures of concrete implementation of the corporate governance rules provided by the Code of Best Practice adopted by the company – in compliance with that drawn up, at the initiative of the Borsa Italiana S.p.A, by the Committee for the *Corporate Governance* of quoted companies (March 2006 edition) – according to the indications of the Report on corporate governance drawn

- up by the Directors. In particular, we checked, on an annual basis, (i) the correct application of the ascertainment principles and procedures adopted by the Board of Directors to assess the independence of its “non executive” members, as well as (ii) observance of the principles of independence by the individual Board members;
15. we assessed and monitored the adequacy of the instructions provided to the controlled companies. Such instructions enabled the latter to promptly provide the holding company with the information needed to fulfil its notification obligations as required by the law;
 16. with reference to the provision of article 36 of the Market Regulations issued by the Consob, relating to major controlled companies established and regulated by the law of States not belonging to the European Union, we wish to inform that – at 31 December 2009 – the companies to which such provision applies are included among the major enterprises for purposes of the Geox system of control of financial information with respect to which no deficiencies have been indicated;
 17. we verified the observance of the legal provisions relating to the drawing up of the financial statements for the period and consolidated financial statements at 31 December 2009 and of the respective management reports by means of direct verifications and information obtained from the auditing firm.

During the course of monitoring activities, as described above, no omissions, facts or irregularities came to light such as to require being notified to the competent external control and supervising bodies or mention in this report.

On the basis of the above, the Board of Auditors, from the viewpoint of its own province, has found no grounds for opposing the approval of the financial statements for the period closed at 31 December 2009 showing a profit for the period of Euro 74,819,000 and the proposal to distribute the dividend to the extent formulated by the Board of Directors, including in consideration of the available equity reserves.

With the approval of the financial statements being examined, the appointment expires granted to the Board of Directors and to the Board of Auditors. The Auditors extend their thanks for the confidence placed in them.

Milano, 12 March 2010

THE BOARD OF AUDITORS

Fabrizio Colombo

Francesco Mariotto

Francesca Meneghel

Pursuant to art. 144-*quinquiesdecies* of the Issuers' Regulations, the Board of Auditors is attaching the list of appointments occupied by its members at the companies indicated in Book V, Title V, Headings V, VI and VII of the Italian civil code at the date of issue of this report. The list is drawn up on the basis of the instructions shown on Schedule 5-*bis*, Diagram 4 of the aforementioned Regulations.

**List of management and auditing offices covered in other companies by the Statutory Auditors
as of 12 March 2010, the date of issue of the Auditors' Report to the Shareholders' Meeting
(Schedule pursuant to art. 144 quinquiesdecies Issuers' Regulations)**

	Name	Office	In office until
Dott. FABRIZIO COLOMBO			
1	Geox S.p.A.	Chairman of the Board of Statutory Auditor	31/12/2009
2	LIR S.r.l.	Chairman of the Board of Statutory Auditor	31/12/2010
3	GTS Group S.p.A.	Chairman of the Board of Statutory Auditor	31/12/2009
4	Domicapital S.r.l.	Chairman of the Board of Statutory Auditor	31/12/2010
5	Ca' D'Oro 5 S.r.l.	Chairman of the Board of Statutory Auditor	31/12/2010
6	Diadora Sport S.r.l.	Chairman of the Board of Statutory Auditor	31/12/2011
7	Realty Vailog S.p.A.	Acting Auditor	31/12/2011
8	Acciaieria Arvedi S.p.A.	Acting Auditor	31/12/2009
9	Finarvedi S.p.A.	Acting Auditor	31/12/2009
10	F.C. Intenzionale Milano S.p.A.	Acting Auditor	30/06/2011
11	OTK Kart Group S.r.l.	Acting Auditor	30/10/2011
12	Bioclin S.r.l.	Acting Auditor	31/12/2009
13	Istituto Ganassini S.p.A. di ricerche biochimiche	Acting Auditor	31/12/2009
14	Qualto S.p.A.	Acting Auditor	31/12/2011
15	Polaris S.p.A.	Acting Auditor	31/12/2011
16	QUATTROPiùUNO S.p.A.	Acting Auditor	31/12/2011
17	Ipac - Ima S.p.A.	Acting Auditor	31/12/2011
18	Brioschi Sviluppo Immobiliare S.p.A.	Director	31/12/2011

Number of offices in listed companies: 3

Total number of offices: 18

Dott. FRANCESCO MARIOTTO

1	Geox S.p.A.	Acting Auditor	31/12/2009
2	Everest S.r.l.	Chairman of the Board of Statutory Auditor	31/12/2010
3	Salvadori S.p.A.	Chairman of the Board of Statutory Auditor	31/12/2009
4	Emmeuno Società Cooperativa	Director	31/12/2011

Number of offices in listed companies: 1

Totale number of offices: 4

Dott.ssa FRANCESCA MENEGHEL

1	Geox S.p.A.	Acting Auditor	31/12/2009
2	Avon Cosmetics S.r.l.	Acting Auditor	31/12/2011
3	Delmi S.p.A.	Acting Auditor	31/12/2012
4	Deutsche Asset Management Italy S.p.A.	Acting Auditor	31/12/2010
5	Finanziaria Il Poggio S.r.l.	Acting Auditor	31/12/2010
6	Immobiliare Idra S.p.A.	Acting Auditor	31/12/2011
7	Key Client Cards & Solutions S.p.A.	Acting Auditor	31/12/2012
8	Lir S.r.l.	Acting Auditor	31/12/2010
9	Mediaset Investimenti S.p.A.	Acting Auditor	31/12/2012
10	Mediolanum Comunicazione S.p.A.	Acting Auditor	31/12/2010
11	Mediolanum Distribuzione Finanziaria S.p.A.	Acting Auditor	31/12/2011
12	Mondadori Pubblicità S.p.A.	Acting Auditor	31/12/2010
13	Sumitomo Corporation Italia S.p.A.	Acting Auditor	30/03/2011
14	Videodue S.r.l.	Acting Auditor	31/12/2010

Number of offices in listed companies: 1

Totale number of offices: 14