



**INTERIM REPORT  
FIRST HALF OF 2012**

**Geox S.p.A.**

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

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

Tax Code and Treviso Companies Register No. 03348440268

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## Profile

The Geox Group creates, produces, promotes and distributes Geox-brand footwear and apparel, the main feature of which is the use of innovative and technological solutions that can guarantee the ability to breathe and to remain waterproof at the same time.

The extraordinary success that Geox has achieved is due to the technological characteristics of its shoes and apparel. Thanks to a technology that has been protected by over 60 different patents registered in Italy and extended internationally, "Geox" products ensure technical characteristics that improve foot and body comfort in a way that consumers are able to appreciate immediately.

Geox's innovation stems essentially from the creation and development of special outsoles: thanks to a special membrane that is permeable to vapour but impermeable to water, rubber outsoles are able to breathe and leather outsoles remain waterproof. In the apparel sector the innovation increases the expulsion of body's internal humidity thanks to hollow spaces and aerators.

Geox is market leader in Italy in its own segment and is the second brand world-wide in the "International Lifestyle Casual Footwear Market" (source: Shoe Intelligence, 2011).

## The distribution system

Geox distributes its products through over 10,000 multi-brand selling points and also through over 1,000 Geox shop (Franchising and DOS – directly operated stores).

As of June 30, 2012, the overall number of "Geox Shops" came to 1,172, of which 911 in franchising and 261 operated directly.

	06-30-2012	
	Geox Shops	of which DOS
Italy	416	79
Europe (*)	329	126
North America	42	39
Other countries (**)	385	17
<b>Total</b>	<b>1,172</b>	<b>261</b>

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

(\*\*) Includes Under License Agreement Shops (155 as of June 30 2012, 171 as of December 31 2011). Sales from these shops are not included in the franchising channel.

## The production system

Geox's production system is organized so as to ensure the attainment of three strategic objectives:

- maintaining high quality standards;
- continuously improving flexibility and time to market;
- increasing productivity and reducing costs.

Production takes place in selected factories mainly in Far East and South America. Such monitoring includes the "upstream" phases such as the processing of leather (from raw to tanned hides) and the production of outsoles.

Great care is taken by the Group in selecting third-party producers, taking into account their technical skills, quality standards and ability to handle the production volumes they are assigned by the agreed deadlines.

All of the output from these manufacturing locations is consolidated at the Group's distribution centres in Italy for Europe, Edison (NJ) for the North America, Tokyo for Japan and Hong Kong for the rest of Asia.

## Human Resources

The Company firmly believes that training its personnel is an investment of fundamental importance to develop the Group's activity. To promote the training of its human resources, Geox S.p.A launched the "**Geox School**" in 2001, a training centre designed to prepare new young resources for entry into the Group, giving them training in line with company policy, the characteristics of Geox products and the business development needs of the Group.

As of June 30, 2012 the Group had 2,941 employees, split as follows:

Level	June 30, 2012	Dec. 31, 2011
Managers	41	38
Middle managers	115	124
Office staff	688	671
Shop employees	2,053	2,025
Factory workers	44	46
<b>Total</b>	<b>2,941</b>	<b>2,904</b>

Geographical area	June 30, 2012	Dec. 31, 2011
Italy	1,196	1,199
Europe	1,105	1,015
Nord America	463	553
Other	177	137
<b>Total</b>	<b>2,941</b>	<b>2,904</b>

## Shareholders

### Financial communication

Geox maintains a constant dialogue with individual shareholders, institutional investors and financial analysts through its Investor Relations function, which actively provides information to the market to consolidate and enhance confidence and level of understanding of the Group and its businesses.

The Investor Relations section, [www.geox.com](http://www.geox.com), provides historical financial data and highlights, investor presentations, quarterly publications, official communications and real time trading information on Geox shares.

### Control of the Company

LIR S.r.l. holds a controlling interest in the share capital of Geox S.p.A. with a shareholding of 71.10%. LIR S.r.l., with registered offices in Montebelluna (TV), Italy, is an investment holding company that belongs entirely to Mario Moretti Polegato and Enrico Moretti Polegato (who respectively own 85% and 15% of the share capital).

The shareholder structure of Geox S.p.A. based on the number of shares held is as follows:

Shareholder structure (*)	Number of shareholders	Number of shares
from 1 to 5.000 shares	17,682	20,547,388
from 5.001 to 10.000 shares	919	6,927,656
10.001 shares and over	675	220,413,951
Lack of information on disposal of individual positions previously reported		11,318,336
<b>Total</b>	<b>19,276</b>	<b>259,207,331</b>

(\*) As reported by Istifid on June 30, 2012.

### Shares held by directors and statutory auditors

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

Directors, statutory auditors and executives with strategic responsibilities have submitted declarations that they hold shares in the Company as indicated below:

Name	Number of shares in Geox S.p.A. held at 12-31-2011	Number of shares purchased during 2012	Number of shares sold during 2012	Number of shares in Geox S.p.A. held at 06-30-2012	Nature of holding
Diego Bolzonello	64,000	-	-	64,000	ownership
Lodovico Mazzolari	18,304	-	-	18,304	ownership
Executives with strategic responsibilities	-	-	-	-	ownership

## Company officers

### Board of Directors

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

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

### Board of Statutory Auditors

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

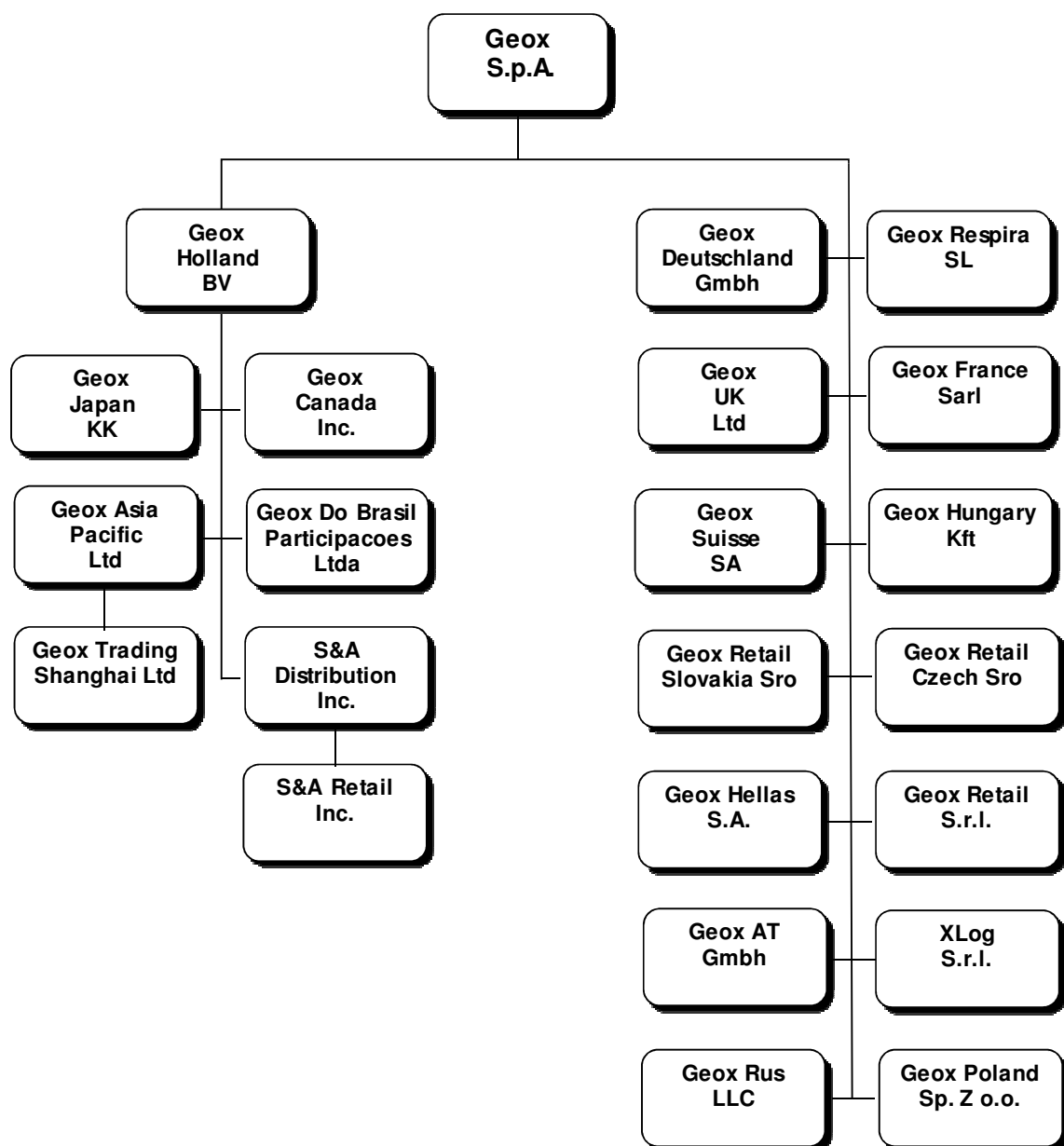
### Independent Auditors

Reconta Ernst & Young S.p.A.

## Group Structure

The structure of the Group controlled by Geox S.p.A., which acts as an operating holding company, is split into two macro-groupings:

- **Non-EU trading companies.** Their role is to monitor and develop the business in the various markets. They operate on the basis of licensing or distribution agreements stipulated with the parent company.
- **EU trading companies.** At the beginning their role was to provide commercial customer services and coordinate the sales network in favor of the parent company which distributes the products directly on a wholesale basis. Then, they started to manage the Group's own shops in the various countries belonging to the European Union.





## The Group's economic performance

### Economic results summary

The main results are outlined below:

- Net sales of Euro 429.1 million, with a decrease of 4% (5% constant exchange rates) compared with Euro 448.3 million in the first half of 2011;
- EBITDA of Euro 54.6 million, compared to Euro 60.9 million in the first half of 2011, with a 12.7% margin;
- EBIT of Euro 34.9 million, compared to Euro 41.6 million in the first half of 2011, with a 8.1% margin;
- Net income of Euro 21.3 million, compared to Euro 24.3 million in the first half of 2011, with a 5.0% margin.

In the following table a comparison is made between the consolidated income statement for first half of 2012, first half of 2011 and the full year 2011:

(Thousands of Euro)	I half 2012	%	I half 2011	%	2011	%
<b>Net sales</b>	<b>429,093</b>	<b>100.0%</b>	<b>448,336</b>	<b>100.0%</b>	<b>887,272</b>	<b>100.0%</b>
Cost of sales	(220,314)	(51.3%)	(242,755)	(54.1%)	(478,140)	(53.9%)
<b>Gross profit</b>	<b>208,779</b>	<b>48.7%</b>	<b>205,581</b>	<b>45.9%</b>	<b>409,132</b>	<b>46.1%</b>
Selling and distribution costs	(23,206)	(5.4%)	(23,593)	(5.3%)	(45,581)	(5.1%)
General and administrative expenses	(125,056)	(29.1%)	(115,992)	(25.9%)	(234,521)	(26.4%)
Advertising and promotion	(23,542)	(5.5%)	(23,995)	(5.4%)	(45,935)	(5.2%)
<b>Operating result</b>	<b>36,975</b>	<b>8.6%</b>	<b>42,001</b>	<b>9.4%</b>	<b>83,095</b>	<b>9.4%</b>
Special items	(2,057)	(0.5%)	(370)	(0.1%)	(582)	(0.1%)
<b>EBIT</b>	<b>34,918</b>	<b>8.1%</b>	<b>41,631</b>	<b>9.3%</b>	<b>82,513</b>	<b>9.3%</b>
Net interest	(1,831)	(0.4%)	(2,381)	(0.5%)	(4,386)	(0.5%)
<b>PBT</b>	<b>33,087</b>	<b>7.7%</b>	<b>39,250</b>	<b>8.8%</b>	<b>78,127</b>	<b>8.8%</b>
Income tax	(11,779)	(2.7%)	(14,926)	(3.3%)	(27,959)	(3.2%)
<i>Tax rate</i>	36%		38%		36%	
<b>Net Income</b>	<b>21,308</b>	<b>5.0%</b>	<b>24,324</b>	<b>5.4%</b>	<b>50,168</b>	<b>5.7%</b>
<b>EPS (Earnings per shares)</b>	<b>0.08</b>		<b>0.09</b>		<b>0.19</b>	
<b>EBITDA</b>	<b>54,597</b>	<b>12.7%</b>	<b>60,895</b>	<b>13.6%</b>	<b>121,514</b>	<b>13.7%</b>
Special items	(2,057)		(370)		(582)	
<b>EBITDA adjusted</b>	<b>56,654</b>	<b>13.2%</b>	<b>61,265</b>	<b>13.7%</b>	<b>122,096</b>	<b>13.8%</b>

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

### Disclaimer

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

## Sales

First half 2012 consolidated net sales decreased by 4% (5% at constant exchange rates) to Euro 429.1 million. Footwear sales represented 87% of consolidated sales, amounting to Euro 375.5 million, with a 5% decrease compared to the same period of 2011. Apparel sales accounted for 13% of consolidated sales equal to Euro 53.6 million, with a 2% decrease.

(Thousands of Euro)	I half 2012	%	I half 2011	%	Ch. %
Footwear	375,469	87.5%	393,724	87.8%	(4.6%)
Apparel	53,624	12.5%	54,612	12.2%	(1.8%)
<b>Net sales</b>	<b>429,093</b>	<b>100.0%</b>	<b>448,336</b>	<b>100.0%</b>	<b>(4.3%)</b>

Sales in Italy, the Group's main market, which accounted for 36% of sales (38% in the first half of 2011) amounted to Euro 156.6 million showing a 8% decrease.

Sales in Europe, which accounted for 43% of sales (in line with the first half of 2011) declined by 5% to Euro 183.1 million, compared with Euro 192.2 million in the first half of 2011.

North American sales decreased by 4% at Euro 25.4 million (-10% at constant exchange rates). Sales in the Other Countries increased by 8% (+5% at constant exchange rates).

(Thousands of Euro)	I half 2012	%	I half 2011	%	Ch. %
Italy	156,640	36.5%	170,168	38.0%	(7.9%)
Europe (*)	183,052	42.7%	192,237	42.9%	(4.8%)
North America	25,423	5.9%	26,457	5.9%	(3.9%)
Other countries	63,978	14.9%	59,474	13.2%	7.6%
<b>Net sales</b>	<b>429,093</b>	<b>100.0%</b>	<b>448,336</b>	<b>100.0%</b>	<b>(4.3%)</b>

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

Analyzing sales by distribution, the Geox Shop channel (franchising and *Directly Operated Stores* - DOS) increased by 8%. This channel represented 49% of sales (43% in the first half of 2011).

The sales of directly operated stores (DOS) that have been open for at least 12 months (comparable stores sales) increased by 3% during the first half of 2012. Comparable store sales related to the Spring/Summer 2012 collections only (i.e. from February 27<sup>th</sup> to July 22<sup>nd</sup>) increased by 6%.

Franchising channel reported an increase of 8% in the first half of 2012 to euro 95.2 million, equal to 22% of sales.

Multibrand, the Group's main distribution channel, which accounted for 51% of sales (57% in the first half of 2011) declined by 14%.

(Thousands of Euro)	I half 2012	%	I half 2011	%	Ch. %
<b>Multibrand</b>	<b>220,825</b>	<b>51.5%</b>	<b>255,454</b>	<b>57.0%</b>	<b>(13.6%)</b>
Franchising	95,250	22.2%	87,895	19.6%	8.4%
DOS*	113,018	26.3%	104,987	23.4%	7.6%
<b>Geox Shops</b>	<b>208,268</b>	<b>48.5%</b>	<b>192,882</b>	<b>43.0%</b>	<b>8.0%</b>
<b>Net sales</b>	<b>429,093</b>	<b>100.0%</b>	<b>448,336</b>	<b>100.0%</b>	<b>(4.3%)</b>

\*Directly Operated Stores.

As of June 2012 the overall number of Geox Shops was 1,172 of which 261 DOS. During the first half of 2012, 93 new Geox Shops were opened and 61 have been closed. New openings include shops in Rome, Amsterdam, Paris, London, Madrid, Budapest, Hong Kong, Tianjin.

	06-30-2012		12-31-2011		I half 2012		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	416	79	392	79	24	31	(7)
Europe (*)	329	126	320	126	9	28	(19)
North America	42	39	44	40	(2)	1	(3)
Other countries (**)	385	17	384	17	1	33	(32)
<b>Total</b>	<b>1,172</b>	<b>261</b>	<b>1,140</b>	<b>262</b>	<b>32</b>	<b>93</b>	<b>(61)</b>

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

(\*\*) Includes Under License Agreement Shops (155 as of June 30 2012, 171 as of December 31 2011). Sales from these shops are not included in the franchising channel.

### Cost of sales and gross profit

Cost of sales, as a percentage of sales, was 51.3% compared to 54.1% of the first half of 2011, producing a gross margin of 48.7% (45.9% in first half 2011). The increase in gross profit, compared with the first half of 2011 is explained by the favorable trends of currencies, the steps taken in terms of product mix, channels, prices, which offset unfavorable trends in raw material prices and labour costs increases in supplier countries.

### Operating expenses and Operating income (EBIT)

Selling and distribution expenses as a percentage of sales was 5.4%, substantially in line with the first half of 2011 (5.3%).

General and administrative expenses were equal to Euro 125.1 million, compared with 116.0 million of the first half of 2011. General and administrative expenses, as a percentage of sales, were 29.1%, compared to 25.9% of the first half of 2011.

The increase, in line with management expectations, is explained by:

- costs of opening and running of directly operated stores (DOS);
- investments in management and operations for the start up of new subsidiaries.

Advertising and promotions expenses were equal to 5.5% of sales compared to 5.4% of the first half of 2011.

During the first half of 2012 the Group registered Euro 2.1 million costs related to contractual expenses for the closing of some non performing stores (Euro 0.4 million in first half 2011).

The Group's operating result was Euro 34.9 million, 8.1% as a percentage of sales, compared with Euro 41.6 million of the first half of 2011 (9.3% as a percentage of sales).

The table below analyses the EBIT obtained in the business segments and in main geographical areas in which the Group operates:

		I half 2012	%	I half 2011	%
Italy	Net sales	156,640		170,168	
	EBIT	24,919	15.9%	28,908	17.0%
Europe	Net sales	183,052		192,237	
	EBIT	11,443	6.3%	11,908	6.2%
North America	Net sales	25,423		26,457	
	EBIT	(6,106)	(24.0%)	(5,821)	(22.0%)
Other countries	Net sales	63,978		59,474	
	EBIT	4,662	7.3%	6,636	11.2%
<b>Total</b>	<b>Net sales</b>	<b>429,093</b>		<b>448,336</b>	
	<b>EBIT</b>	<b>34,918</b>	<b>8.1%</b>	<b>41,631</b>	<b>9.3%</b>

		I half 2012		I half 2011	
			%		%
Footwear	Net sales	375,469		393,724	
	EBIT	29,185	7.8%	34,799	8.8%
Apparel	Net sales	53,624		54,612	
	EBIT	5,733	10.7%	6,832	12.5%
<b>Total</b>	<b>Net sales</b>	<b>429,093</b>		<b>448,336</b>	
	<b>EBIT</b>	<b>34,918</b>	<b>8.1%</b>	<b>41,631</b>	<b>9.3%</b>

## EBITDA

EBITDA was Euro 54.6 million, 12.7% of sales, compared to Euro 60.9 million in the first half of 2011.

## Income Taxes and Tax Rate

Income taxes were equal to Euro 11.8 million, compared to Euro 14.9 million of first half 2011, with a tax rate of 36% (38% of the first half of 2011).

## The Group's financial performance

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Intangible assets	70,088	67,222	65,450
Property, plant and equipment	63,953	63,658	63,392
Other non-current assets - net	41,178	40,599	46,110
<b>Total non-current assets</b>	<b>175,219</b>	<b>171,479</b>	<b>174,952</b>
<b>Net operating working capital</b>	<b>206,206</b>	<b>217,768</b>	<b>196,648</b>
<b>Other current assets (liabilities), net</b>	<b>(22,523)</b>	<b>(23,331)</b>	<b>(28,499)</b>
<b>Net invested capital</b>	<b>358,902</b>	<b>365,916</b>	<b>343,101</b>
Equity	428,411	446,428	399,780
Provisions for severance indemnities, liabilities and charges	10,619	10,180	8,977
Net financial position	(80,128)	(90,692)	(65,656)
<b>Net invested capital</b>	<b>358,902</b>	<b>365,916</b>	<b>343,101</b>

The Group balance sheet shows a solid net cash position of 80.1 million.

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

(Thousands of Euro)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Inventories	176,821	196,610	189,543
Accounts receivable	160,030	154,171	135,952
Accounts payable	(130,645)	(133,013)	(128,847)
<b>Net operating working capital</b>	<b>206,206</b>	<b>217,768</b>	<b>196,648</b>
<b>% of sales for the last 12 months</b>	<b>23.8%</b>	<b>24.5%</b>	<b>22.8%</b>
Taxes payable	(17,481)	(11,818)	(19,333)
Other non-financial current assets	27,238	21,801	21,402
Other non-financial current liabilities	(32,280)	(33,314)	(30,568)
<b>Other current assets (liabilities), net</b>	<b>(22,523)</b>	<b>(23,331)</b>	<b>(28,499)</b>

The ratio of net working capital on sales was 23.8% compared with 22.8% of the first half of 2011. The increase is mainly due to:

- the increase of receivable mainly due to the extending payment terms granted to some clients;
- decrease of inventories mainly due to a different timing of deliveries of Fall/Winter 2012 products compared with the same period of last year.

The following table gives a reclassified consolidated cash flow statement:

<b>(Thousands of Euro)</b>	<b>I half 2012</b>	<b>I half 2011</b>	<b>2011</b>
<b>Net income</b>	<b>21,308</b>	<b>24,324</b>	<b>50,168</b>
Depreciation, amortization and impairment	19,679	19,264	39,001
Other non-cash items	1,850	(7,091)	(785)
	<b>42,837</b>	<b>36,497</b>	<b>88,384</b>
Change in net working capital	11,377	(22,116)	(44,128)
Change in other current assets/liabilities	603	18,058	6,080
<b>Cash flow from operations</b>	<b>54,817</b>	<b>32,439</b>	<b>50,336</b>
Capital expenditure	(23,302)	(14,257)	(36,093)
Disposals	824	1,497	2,407
<b>Net capital expenditure</b>	<b>(22,478)</b>	<b>(12,760)</b>	<b>(33,686)</b>
<b>Free cash flow</b>	<b>32,339</b>	<b>19,679</b>	<b>16,650</b>
Dividends	(41,473)	(46,657)	(46,657)
<b>Change in net financial position</b>	<b>(9,134)</b>	<b>(26,978)</b>	<b>(30,007)</b>
<b>Initial net financial position - prior to fair value adjustment of derivatives</b>			
	<b>78,214</b>	<b>108,504</b>	<b>108,504</b>
Change in net financial position	(9,134)	(26,978)	(30,007)
Translation differences	365	(529)	(283)
<b>Final net financial position - prior to fair value adjustment of derivatives</b>	<b>69,445</b>	<b>80,997</b>	<b>78,214</b>
Fair value adjustment of derivatives	10,683	(15,341)	12,478
<b>Final net financial position</b>	<b>80,128</b>	<b>65,656</b>	<b>90,692</b>

Free cash flow was Euro 32.3 million, compared with Euro 19.7 million of the first half of 2011.

During the period Euro 41.5 million dividend (Euro 46.7 million in the first half of 2011) were distributed. Capital expenditures were Euro 23.3 million of which 15.7 million for new store openings and store refurbishment.

Consolidated capital expenditure is analyzed in the following table:

<b>(Thousands of Euro)</b>	<b>I half 2012</b>	<b>I half 2011</b>	<b>2011</b>
Trademarks and patents	512	460	1,326
Opening and restructuring of Geox Shop	15,692	7,513	19,324
Industrial plant and equipment	1,235	2,125	5,006
Logistic	871	562	2,157
Information technology	3,051	2,186	5,656
Offices furniture, warehouse and fittings	1,942	1,411	2,624
<b>Total</b>	<b>23,303</b>	<b>14,257</b>	<b>36,093</b>

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

(Thousands of Euro)	June 30, 2012	Dec. 31, 2011	June 30, 2011
Cash and cash equivalents	75,966	84,794	86,732
Current financial assets - excluding derivatives	871	64	79
Bank borrowings and current portion of long-term loans	(8,451)	(7,573)	(6,406)
Current financial liabilities - excluding derivatives	(5)	-	(1)
<b>Net financial position - current portion</b>	<b>68,381</b>	<b>77,285</b>	<b>80,404</b>
Non-current financial assets	1,323	1,287	1,049
Long-term loans	(259)	(358)	(456)
<b>Net financial position - non-current portion</b>	<b>1,064</b>	<b>929</b>	<b>593</b>
<b>Net financial position - prior to fair value adjustment of derivatives</b>	<b>69,445</b>	<b>78,214</b>	<b>80,997</b>
Fair value adjustment of derivatives	10,683	12,478	(15,341)
<b>Net financial position</b>	<b>80,128</b>	<b>90,692</b>	<b>65,656</b>

## Treasury shares and equity interests in parent companies

Note that pursuant to art. 40.2 d) of Decree 127, the Group does not hold any of its own shares nor shares in parent companies, whether directly or indirectly, nor did it buy or sell such shares during the period.

## Stock Option

On December 18, 2008, the Extraordinary Shareholders' Meeting authorized a divisible cash increase in capital, waiving option, for a maximum par value of Euro 1,200,000, by issuing up to n. 12,000,000 ordinary shares to service one or more share incentive plans reserved for the directors, employees and/or collaborators of the Company and/or its subsidiaries, in order to encourage beneficiaries to pursue the Company's medium-term plans, increase their loyalty to the Company and promote better relations within the Company.

Five cycles of stock option plans have been approved as of the date of this half year report. The cycles are made up of a vesting period, from the date the options are granted, and a maximum period to exercise them (exercise period). Any options not vesting or, in any case, not exercised by the expiration date are automatically cancelled to all effects, releasing both the Company and the beneficiary from all obligations and liabilities.

The ability to exercise the options, which is determined tranche by tranche, depends on the Company achieving certain cumulative targets during the vesting periods, based on EBIT (Earnings Before Interest and Tax) as shown in the Geox Group's consolidated business plan.

The main characteristics of the five cycles are as follows:

- The first, which was approved by the Board of Directors on November 30, 2004, provides for a cycle of options to be granted starting in November 2004. At that time, 2,850,000 options were granted with a strike price of Euro 4.60 (the offering price when the shares were listed). The vesting period goes from 3 to 5 years, while the exercise period ends on December 31, 2014.  
On December 5, 2005, the Board gave the managers holding these 2,850,000 options the right to exercise 344,000 of them earlier than as laid down in the Plan.  
On February 27, 2008 the Board of Directors approved the fact that the first of the three option cycles could be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2005, 2006 and 2007.  
On March 4, 2009 the Board of Directors approved the fact that the second of the three option cycles could be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2005, 2006, 2007 and 2008.  
On February 26, 2010 the Board of Directors approved the fact that the third of the three option cycles could be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2005, 2006, 2007, 2008 and 2009.
- The second, which was approved by the Board on December 15, 2005, provides for a cycle of options to be granted from December 2005. At that time, 898,800 options were granted with a strike price equal to the "normal value" of the shares at the time the options were granted, as defined in art. 9 of the Income Tax Consolidation Act

917/86 (T.U.I.R.), which amounted to Euro 9.17. The vesting period goes from 3 to 5 years, while the exercise period ends on December 31, 2015.

On March 4, 2009 the Board of Directors approved the fact that the first of the three option cycles could be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2006, 2007 and 2008.

On February 26, 2010 the Board of Directors approved the fact that the second of the three option cycles could be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2006, 2007, 2008 and 2009.

On March 3, 2011 the Board of Directors approved the fact that the third of the three option cycles could be exercised for 85% after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2006, 2007, 2008, 2009 and 2010.

- The third, which was approved by the Board on April 7, 2008, provides for options to be granted as part of a cycle that began in April 2008. At that time, 3,395,000 options were granted with a strike price equal to the "normal value" of the shares at the time the options were granted, as defined in art. 9 of the Income Tax Consolidation Act 917/86 (T.U.I.R.), which amounted to Euro 9.6217. The vesting period goes from 3 to 4 years, while the exercise period ends on December 31, 2013.

On March 3, 2011 the Board of Directors approved the fact that the first of the three option cycles could not be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2008, 2009 and 2010.

On March 8, 2012 the Board of Directors approved the fact that the second of the three option cycles could not be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2008, 2009, 2010 and 2011.

- The fourth, which was approved by the Board on April 21, 2009, provides for options to be granted as part of a cycle that began in April 2009. At that time, 3,690,000 options were granted with a strike price equal to the "normal value" of the shares at the time the options were granted, as defined in art. 9 of the Income Tax Consolidation Act 917/86 (T.U.I.R.), which amounted to Euro 5.1976. The vesting period goes from 2 to 3 years, while the exercise period ends on December 31, 2013.

On March 3, 2011 the Board of Directors approved the fact that the first of the two option cycles could not be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2009 and 2010.

On March 8, 2012 the Board of Directors approved the fact that the second of the two option cycles could not be exercised after having checked that the performance targets laid down in the plan (in terms of EBIT) had been achieved during 2009, 2010 and 2011.

- The fifth plan, which was approved by the Board on 22 December 2011, establishes a maximum number of options (2,830,000) and envisages two grant cycles in 2011 and 2012. At that time, 1,780,000 options were granted with a strike price equal to the "normal value" of the shares at the time the options were granted, as defined in art. 9 of the Income Tax Consolidation Act 917/86 (T.U.I.R.), which amounted to Euro 2.29. The options have a minimum vesting period of 3 years, while the exercise period ends on 31 March 2020.

The stock options granted to the directors of the Group and the executives with strategic responsibilities are summarized below:

(A)	(B)	Options held at the beginning of the year			Option granted during the period		
		(1)	(2)	(3)	(4)	(5)	(6)
Name	Position	Numbers of options	Average strike price	Average expiry date	Numbers of options	Average strike price	Average expiry date
Diego Bolzonello	CEO	943,500	4.60	2014	-	-	-
Diego Bolzonello	CEO	115,900	9.17	2015	-	-	-
Diego Bolzonello	CEO	800,000	9.62	2013	-	-	-
Diego Bolzonello	CEO	800,000	5.20	2013	-	-	-
Diego Bolzonello	CEO	800,000	2.29	2020	-	-	-
Lodovico Mazzolari	Executive Director	146,667	4.60	2014	-	-	-
Lodovico Mazzolari	Executive Director	47,500	9.17	2015	-	-	-
Lodovico Mazzolari	Executive Director	160,000	9.62	2013	-	-	-
Lodovico Mazzolari	Executive Director	160,000	5.20	2013	-	-	-
Executives with strategic responsibilities		52,250	9.17	2015	-	-	-
Executives with strategic responsibilities		60,000	9.62	2013	-	-	-
Executives with strategic responsibilities		60,000	5.20	2013	-	-	-
Executives with strategic responsibilities		750,000	2.29	2020	-	-	-



(A)	Options exercised during the period			Options expired in 2012 (*)	Options held at the end of the period		
	(7)	(8)	(9)	(10)	(11)=1+4-7-10	(12)	(13)
Name	Numbers of options	Average strike price	Average market price on exercise	Numbers of options	Numbers of options	Average strike price	Average expiry date
Diego Bolzonello	-	-	-	-	943,500	4,60	2014
Diego Bolzonello	-	-	-	-	115,900	9,17	2015
Diego Bolzonello	-	-	-	800,000	-	9,62	2013
Diego Bolzonello	-	-	-	800,000	-	5,20	2013
Diego Bolzonello	-	-	-	-	800,000	2,29	2020
Lodovico Mazzolari	-	-	-	-	146,667	4,60	2014
Lodovico Mazzolari	-	-	-	-	47,500	9,17	2015
Lodovico Mazzolari	-	-	-	160,000	-	9,62	2013
Lodovico Mazzolari	-	-	-	160,000	-	5,20	2013
Exec. Strat. Resp.	-	-	-	-	52,250	9,17	2015
Exec. Strat. Resp.	-	-	-	60,000	-	9,62	2013
Exec. Strat. Resp.	-	-	-	60,000	-	5,20	2013
Exec. Strat. Resp.	-	-	-	-	750,000	2,29	2020

(\*) The options expired in 2012 are the those for which the Board of 8 March 2012 resolved to not be exercisable after having checked that the performance targets laid down in the plan (in terms of EBIT) had not been achieved.

## Transactions between Related Parties

During the period, there were no transactions with related parties which can be qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties is provided in Note 31 of the Consolidated Financial Statements.

## Outlook for operation and significant subsequent events

In early 2012, the macroeconomic and financial environment has become increasingly difficult in Europe, especially in the Mediterranean area, with the introduction of growing austere fiscal policies, restrictions on access to credit for commercial distribution and a deterioration in consumer expectations. In this context, management decided to adopt prudent policies with a view to containing business risk, rationalization of the wholesale accounts, maintaining strong control over working capital and focus on margins. This led, among other things, to lower promotions during the sales period and selective cancellations of orders of customers in financial difficulty.

Considering the general expectation that these problems will continue in the second half of the year and the fact that, in certain geographical areas, the distribution network is holding stocks of products from the previous Fall/Winter collection, it is resulting in a weak trend in orders for the 2012 Fall/Winter season. Management is convinced that it has to look with considerable caution and prudence also at the sales forecast for the entire year, which is likely to see an overall percentage decrease between 6% and 8%.

Given the current situation, the Geox Group has reacted with measures aimed to generate cash and boost gross margins, which are confirmed by the orders book in terms of product mix, channels and prices. Furthermore, significant investments related to new shop openings, management hiring and commercial structure improvements in Russia, Eastern Europe and Asia will allow Geox to achieve the important potential growth opportunity in these markets, where the Group's presence is still limited, but rapidly growing. These investments will however lead to pressure on 2012 fiscal year operating margins (EBITDA).

Biadene di Montebelluna, July 31, 2012

for the Board of Directors  
The Chairman  
Mr. Mario Moretti Polegato

## **Consolidated Financial Statements and explanatory notes**

## Consolidated financial statements

### Consolidated income statement (\*)

(Thousands of Euro)	Notes	I half 2012	of which related party	I half 2011	of which related party	2011	of which related party
<b>Net sales</b>	3	<b>429,093</b>	1,078	<b>448,336</b>	1,403	<b>887,272</b>	2,155
Cost of sales		(220,314)	84	(242,755)	52	(478,140)	65
<b>Gross profit</b>		<b>208,779</b>		<b>205,581</b>		<b>409,132</b>	
Selling and distribution costs		(23,206)		(23,593)		(45,581)	
General and administrative expenses	4	(125,056)	(1,554)	(115,992)	(2,573)	(234,521)	(3,891)
Advertising and promotion		(23,542)	-	(23,995)	(16)	(45,935)	(110)
Special items	7	(2,057)		(370)		(582)	
<b>EBIT</b>	3	<b>34,918</b>		<b>41,631</b>		<b>82,513</b>	
Net interest	8	(1,831)		(2,381)		(4,386)	
<b>PBT</b>		<b>33,087</b>		<b>39,250</b>		<b>78,127</b>	
Income tax	9	(11,779)		(14,926)		(27,959)	
<b>Net income</b>		<b>21,308</b>		<b>24,324</b>		<b>50,168</b>	
Earnings per share [Euro]	10	0.08		0.09		0.19	
Diluted earnings per share [Euro]	10	0.08		0.09		0.19	

(\*) pursuant to Consob Resolution No. 15519 of 27 July 2006.

### Consolidated statement of comprehensive income (\*)

(Thousands of Euro)	I half 2012	of which related party	I half 2011	of which related party	2011	of which related party
<b>Net income</b>	<b>21,308</b>		<b>24,324</b>		<b>50,168</b>	
Net gain (loss) on Cash Flow Hedge, net of tax	744		(5,496)		17,738	
Currency translation	1,225		1,308		(1,122)	
<b>Net comprehensive income</b>	<b>23,277</b>		<b>20,136</b>		<b>66,784</b>	

(\*) pursuant to Consob Resolution No. 15519 of 27 July 2006.

**Consolidated statement of financial position (\*)**

(Thousands of Euro)	Notes	June 30, 2012	of which related party	Dec. 31, 2011	of which related party	June 30, 2011	of which related party
<b>ASSETS:</b>							
Intangible assets	11	70,088		67,222		65,450	
Property, plant and equipment	12	63,953		63,658		63,392	
Deferred tax assets	13	25,565		24,975		32,183	
Non-current financial assets	18-30	1,323		1,287		1,049	
Other non-current assets	14	19,545		17,873		15,897	
<b>Total non-current assets</b>		<b>180,474</b>		<b>175,015</b>		<b>177,971</b>	
Inventories	15	176,821		196,610		189,543	
Accounts receivable	16	160,030	1,787	154,171	1,715	135,952	1,458
Other non-financial current assets (A)	17	27,238	64	21,801	17	21,402	9
Current financial assets	18-30	13,645		16,305		2,124	
Cash and cash equivalents	19	75,966		84,794		86,732	
<b>Current assets</b>		<b>453,700</b>		<b>473,681</b>		<b>435,753</b>	
<b>Total assets</b>		<b>634,174</b>		<b>648,696</b>		<b>613,724</b>	
<b>LIABILITIES AND EQUITY:</b>							
Share capital	20	25,921		25,921		25,921	
Reserves	20	381,182		370,339		349,535	
Net income	20	21,308		50,168		24,324	
<b>Equity</b>		<b>428,411</b>		<b>446,428</b>		<b>399,780</b>	
Employee severance indemnities	21	2,010		2,119		2,292	
Provisions for liabilities and charges	22	8,609		8,061		6,685	
Long-term loans	23	259		358		456	
Other long-term payables	24	3,932		2,249		1,970	
<b>Total non-current liabilities</b>		<b>14,810</b>		<b>12,787</b>		<b>11,403</b>	
Accounts payable	25	130,645	224	133,013	215	128,847	186
Other non-financial current liabilities	26	32,280		33,314		30,568	
Taxes payable (B)	27	17,481	6,257	11,818	479	19,333	9,367
Current financial liabilities	17-29	2,096		3,763		17,387	
Bank borrowings and current portion of long-term loans	28	8,451		7,573		6,406	
<b>Current liabilities</b>		<b>190,953</b>		<b>189,481</b>		<b>202,541</b>	
<b>Total liabilities and equity</b>		<b>634,174</b>		<b>648,696</b>		<b>613,724</b>	

(\*) pursuant to Consob Resolution No. 15519 of 27 July 2006.

**Consolidated statement of cash flows**

(Thousands of Euro)	Notes	I Half 2012	I Half 2011	2011
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net income	20	21,308	24,324	50,168
<b>Adjustments to reconcile net income to net cash provided (used) by operating activities:</b>				
Depreciation and amortization and impairment	5	19,679	19,264	39,001
Increase in (use of) deferred taxes and other provisions		(975)	2,072	3,951
Provision for employee severance indemnities, net		(109)	(76)	(261)
Other non-cash items		2,934	(9,087)	(4,475)
		21,529	12,173	38,216
<b>Change in assets/liabilities:</b>				
Accounts receivable		(3,911)	(13,518)	(34,876)
Other assets		(6,362)	7,198	1,980
Inventories		18,006	(20,563)	(23,968)
Accounts payable		(2,718)	11,965	14,716
Other liabilities		1,361	1,232	2,124
Taxes payable		5,604	9,628	1,976
		11,980	(4,058)	(38,048)
<b>Operating cash flow</b>		<b>54,817</b>	<b>32,439</b>	<b>50,336</b>
<b>CASH FLOW USED IN INVESTING ACTIVITIES:</b>				
Capital expenditure on intangible assets	11	(10,202)	(3,455)	(12,040)
Capital expenditure on property, plant and equipment	12	(13,100)	(10,802)	(24,053)
		(23,302)	(14,257)	(36,093)
Disposals		824	1,497	2,407
(Increase) decrease in financial assets		(844)	224	2
<b>Cash flow used in investing activities</b>		<b>(23,322)</b>	<b>(12,536)</b>	<b>(33,684)</b>
<b>CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:</b>				
Increase (decrease) in short-term bank borrowings, net		850	331	490
Loans:				
- Repayments		(98)	(98)	(195)
Dividends	32	(41,473)	(46,657)	(46,657)
<b>Cash flow used in financing activities</b>		<b>(40,721)</b>	<b>(46,424)</b>	<b>(46,362)</b>
<b>Increase in cash and cash equivalents</b>		<b>(9,226)</b>	<b>(26,521)</b>	<b>(29,710)</b>
<b>Cash and cash equivalents, beginning of the period</b>	19	<b>84,794</b>	<b>114,200</b>	<b>114,200</b>
Effect of translation differences on cash and cash equivalents		398	(947)	304
<b>Cash and cash equivalents, end of the period</b>	19	<b>75,966</b>	<b>86,732</b>	<b>84,794</b>
<b>Supplementary information to the cash flow statement:</b>				
- Interest paid during the period		1,860	529	1,673
- Interest received during the period		858	1,193	1,698
- Taxes paid during the period		7,050	4,831	20,988

## Consolidated statements of changes in equity

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Stock option reserve	Retained earnings	Net income for the period	Group equity
<b>Balance at December 31, 2010</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(188)</b>	<b>(7,924)</b>	<b>5,840</b>	<b>301,787</b>	<b>58,003</b>	<b>426,301</b>
Allocation of 2011 result	-	-	-	-	-	-	58,003	(58,003)	-
Distribution of dividends	-	-	-	-	-	-	(46,657)	-	(46,657)
Net comprehensive income	-	-	-	1,308	(5,496)	-	-	24,324	20,136
<b>Balance at June 30, 2011</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>1,120</b>	<b>(13,420)</b>	<b>5,840</b>	<b>313,133</b>	<b>24,324</b>	<b>399,780</b>

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Stock option reserve	Retained earnings	Net income for the period	Group equity
<b>Balance at December 31, 2010</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(188)</b>	<b>(7,924)</b>	<b>5,840</b>	<b>301,787</b>	<b>58,003</b>	<b>426,301</b>
Allocation of 2010 result	-	-	-	-	-	-	58,003	(58,003)	-
Distribution of dividends	-	-	-	-	-	-	(46,657)	-	(46,657)
Net comprehensive income	-	-	-	(1,122)	17,738	-	-	50,168	66,784
<b>Balance at December 31, 2011</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(1,310)</b>	<b>9,814</b>	<b>5,840</b>	<b>313,133</b>	<b>50,168</b>	<b>446,428</b>
Allocation of 2011 result	-	-	-	-	-	-	50,168	(50,168)	-
Distribution of dividends	-	-	-	-	-	-	(41,473)	-	(41,473)
Recognition of cost stock option plans	-	-	-	-	-	179	-	-	179
Net comprehensive income	-	-	-	1,225	744	-	-	21,308	23,277
<b>Balance at June 30, 2012</b>	<b>25,921</b>	<b>5,184</b>	<b>37,678</b>	<b>(85)</b>	<b>10,558</b>	<b>6,019</b>	<b>321,828</b>	<b>21,308</b>	<b>428,411</b>

## Explanatory notes

### 1. Information about the Company: the Group's business activity

The Geox Group coordinates the third-party suppliers production and sells Geox-brand footwear and apparel to retailers and end-consumers. It also grants distribution rights and/or use of the brand name to third parties in markets where the Group has chosen not to have a direct presence. Licensees handle production and marketing in accordance with licensing agreements and pay Geox royalties.

The market in which the Group operates is characterized by seasonal phenomena, typical of the sector, leading to differences in the flow of costs and revenues in the various months of the year. In particular, the invoicing of products in the two semesters of the year, corresponding to the Spring/Summer and to the Fall/Winter sales period, is characterized by a concentration in the first three months of each semester, while the operating costs showed a more linear trend throughout the semester.

While the Income Statement relating to the Quarter cannot be considered as a proportionate part of the whole financial period, the results of the periods ending on June 30 and December 31 are characterized by the same seasonal phenomena and so they are comparable.

Geox S.p.A. is a joint-stock company incorporated in Italy and controlled by Lir S.r.l.

### 2. Accounting policies

#### Form and contents of the consolidated financial statements

These explanatory notes have been prepared by the Board of Directors on the basis of the accounting records updated to June 30, 2012. They are accompanied by the directors' report on operations, which provides information on the results of the Geox Group. The consolidated financial statements have been drawn up in compliance with the International Financial Reporting Standards adopted by the European Union (IFRS, which include IAS).

This half-year report have been prepared in accordance with IAS 34 - *Interim Financial Reporting* applying the same accounting principles and policies used in the preparation of the comparative figures.

To facilitate comparison with the previous year, the accounting schedules provide comparative figures: at December 31, 2011 for the balance sheet and for the half period of 2011 in the case of the income statement.

The reporting currency is the Euro and all figures have been rounded up or down to the nearest thousand Euro.

#### Scope of consolidation

The consolidated financial statements at June 30, 2012 include the figures, on a line-by-line basis, of all the Italian and foreign companies in which the parent company holds a majority of the shares or quotas, directly or indirectly.

The companies taken into consideration for consolidation purposes are listed in the attached schedule entitled "List of companies consolidated at June 30, 2012".

#### Format of financial statements

The Group presents an income statement using a classification based on the "cost of sales" method, as this is believed to provide information that is more relevant. The format selected is that used for managing the business and for management reporting purposes and is consistent with international practice in the footwear and apparel sector.

For the Statement of financial position, a format has been selected to present current and non-current assets and liabilities.

The Statement of Cash Flows is presented using the indirect method.

In connection with the requirements of the Consob Resolution No. 15519 of 27 July 2006 as to the format of the financial statements, specific supplementary column has been added for related party transactions so as not to compromise an overall reading of the statements (Note 31).

## Consolidation principles

The financial statements of the subsidiaries included in the scope of consolidation are consolidated on a line-by-line basis, which involves combining all of the items shown in their financial statements regardless of the Group's percentage interest.

If the companies included in the scope of consolidation are subject to different regulations, the most suitable reporting formats have been adopted to ensure maximum clarity, truth and fairness. The financial statements of foreign subsidiaries are reclassified where necessary to bring them into line with Group accounting policies. They are also adjusted to ensure compliance with IFRS.

In particular, for the subsidiaries included in the scope of consolidation:

- the book value of equity investments included in the scope of consolidation is eliminated against the equity of the companies concerned according to the full consolidation method. If the Group's direct or indirect investment is less than 100%, minority interests are calculated and shown separately;
- 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 this case, the amounts are not amortized but subjected to impairment testing at least once a year, 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 intragroup transactions, taking into account the related tax effects;
- the effects of extraordinary transactions involving Group companies (mergers, capital contributions, etc).

## Accounting standards, amendments and interpretations effective from January 1, 2012 not relevant, not yet applicable and not early adopted by the Group

There are no accounting principles, amendments, improvements and interpretations adopted from January 1, 2012.

At the date of this Interim Report, the European authorities have not yet completed the process necessary for the adoption of the following accounting standards and amendments:

- IFRS 9 – Financial Instruments (Effective date 1.1.2015);
- IFRS 10 – Consolidated Financial Statements (Effective date 1.1.2013);
- IFRS 11 – Joint Arrangements (Effective date 1.1.2013);
- IFRS 12 – Disclosure of Interests in Other Entities (Effective date 1.1.2013);
- IFRS 13 – Fair Value Measurement (Effective date 1.1.2013);
- Amendment to IAS 1 – Presentation of Financial Statements (Effective date 7.1.2012);
- Amendment to IAS 19 – Employee Benefits (Effective date 1.1.2013);
- Amendment to IAS 32 – Financial Instruments: Presentation, Classification of Rights Issues (Effective date 1.1.2014);
- Amendment to IFRS 7 – Financial Instruments: Disclosures (Effective date 1.1.2013);

## Translation of foreign currency financial statements into Euro

The financial statements of foreign companies denominated in currencies other than the Euro are translated as follows:

- income statement items are translated at the average exchange rate for the period, whereas the closing rate is used for balance sheet items, except for net income and equity;
- equity items are translated at the historical exchange rate.

The difference between the equity translated at historical rates and the assets and liabilities translated at closing rates is recorded as a "Translation reserve" under "Reserves" as a part of consolidated equity.



The exchange rates used, as published by the Italian Exchange Office (U.I.C.), are as follows:

Currency	As at 06-30-2012	Average for I half 2012	As at 12-31-2011	Average for 2011	As at 06-30-2011	Average for I half 2011
US Dollar	1.2590	1.2968	1.2939	1.3918	1.4453	1.4032
Romanian Leu	4.4513	4.3904	4.3233	4.2386	4.2435	4.1798
Swiss Franc	1.2030	1.2048	1.2156	1.2335	1.2071	1.2694
Swedish Krona	n.a	n.a	8.9120	9.0283	9.1739	8.9391
British Pound	0.8068	0.8225	0.8353	0.8678	0.9026	0.8682
Canadian Dollar	1.2871	1.3041	1.3215	1.3758	1.3951	1.3706
Japanese Yen	100.1300	103.3668	100.2000	110.9910	116.2500	114.9699
Chinese Yuan	8.0011	8.1918	8.1588	8.9961	9.3416	9.1755
Czech Koruna	25.6400	25.1685	25.7870	24.5899	24.3450	24.3495
Russian Ruble	41.3700	39.6978	41.7650	40.8749	40.4000	40.1352
Polish Zloty	4.2488	4.2443	4.4580	4.1187	n.a	n.a
Hungarian forint	287.7700	295.3847	n.a	n.a	n.a	n.a

### Subjective assessments

In applying the Group's accounting policies, the directors take decisions based on the following subjective assessments (excluding those involving estimates) which can have a significant impact on the figures in the financial statements.

#### *Operating lease commitments (with the Group acting as lessor)*

The Group has stipulated commercial lease agreements for the properties that it uses. Under these agreements, which are classified as operating leases, the Group is of the opinion that it retains all of the significant risks and rewards of ownership of the assets.

### Estimates and assumptions

Drawing up financial statements and notes in compliance with IFRS requires management to make estimates and assumptions that can affect the value of the assets and liabilities in the balance sheet, including disclosures on contingent assets and liabilities at the balance sheet date. The estimates and assumptions used are based on experience and other relevant factors. Estimates and assumptions are revised periodically and the effects of each variation made to them are reflected in the income statement for the period when the estimate is revised.

In this context, it is worth pointing out that the current economic and financial crisis has created a situation where assumptions about future trends have had to be made in a state of considerable uncertainty; so one cannot exclude that the actual results over the coming months may differ from what has been forecast, and this in turn could lead to adjustments that obviously cannot be estimated or foreseen as of today. The items in the financial statements that are principally affected by these situations of uncertainty are: deferred tax assets, pension funds and other post-employment benefits, the provisions for obsolescence and slow-moving inventory and returns, provision for bad and doubtful accounts, asset impairment.

The following is a summary of the critical valuation processes and key assumptions used by management in the process of applying the accounting standards with regard to the future and which could have significant effects on the values shown in the financial statements.

#### *Deferred tax assets*

Deferred tax assets are booked on all carry-forward tax losses to the extent that it is probable that there will be adequate taxable income in the future to absorb them. The directors are required to make a significant subjective assessment to determine the amount of deferred tax assets that should be recognized. They have to assess the timing and amount of future taxable income and develop a tax planning strategy for the coming years. The book value of the tax losses that have been recognized is shown in note 13.

#### *Pension funds and other post-employment benefits*

The cost of defined-benefit pension plans and other post-employment benefits (healthcare) is determined by means of actuarial valuations. Actuarial valuations involve making assumptions about discount rates, the expected return on investment, future pay rises, mortality rates and the future increase in pensions. Because of the long-term nature of these plans, such estimates are subject to a high degree of uncertainty. Further details are provided in note 21.

*Provision for returns*

The Group has provided for the possibility that products already sold may be returned by customers. To this end, the Group has made certain assumptions based on the quantity of goods returned in the past and their estimated realizable value. Further details are provided in note 16.

*Provision for obsolete and slow-moving inventory*

The Group has set up provisions for products in inventory that may have to be sold at a discount, which means that they will have to be adjusted to their estimated realizable value. For this purpose, the Group has developed assumptions regarding the quantity of goods sold at a discount in the past and the possibility of selling them through the Group's own outlets. Further details are provided in note 15.

*Provision for bad and doubtful accounts*

The provision for bad and doubtful accounts is calculated on the basis of a specific analysis of items in dispute and of those balances which, even if not in dispute, show signs of delayed collection. Evaluating the overall amount of trade receivables that are likely to be paid requires the use of estimates regarding the probability of collecting such items, so it is an assessment that is subject to uncertainties. Further details are provided in note 16.

*Asset Impairment*

The Group has set up provisions against the possibility that the carrying amounts of tangible and intangible assets may not be recoverable from them by use. The directors are required to make a significant subjective assessment to determine the amount of asset impairment that should be recognized. They estimate the possible loss of value of assets in relation to future economic performance closely linked to them.

**Accounting policies**

The financial statements are prepared on a historical cost basis, amended as required for the valuation of certain financial instruments. They are also prepared on a going-concern basis. In fact, the Group is of the opinion that despite the difficult economic and financial context, there are no material uncertainties (as defined in paragraph 25 of IAS 1) regarding the ability to continue operating as a going concern, also in virtue of its operating flexibility, constantly good profitability and financial/capital solidity.

The main accounting policies are outlined below:

**Intangible assets**

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

Amortization is applied systematically over the useful life of the assets based on the period that they are expected to be of use to the company. The residual value of intangible assets at the end of their useful life is assumed to be zero, unless there is a commitment on the part of 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 useful life of intangible assets at the end of each period.

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

The following table summarizes the useful life (in years) of the various intangible assets:

Trademarks	10 years
Geox Patents	10 years
Other patents and intellectual property rights	3-5 years
Key money	Period of the rental contract
Other intangible assets	Period of the rental contract

Trademarks include the costs incurred to protect and disseminate them.

Similarly, Geox patents include the costs incurred to register, protect and extend new technological solutions in various parts of the world.

The other patents and intellectual property rights mainly relate to the costs of implementing and customizing software programs which are amortized in 3-5 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 agreements;
- amounts paid to access leased property by taking over existing contracts or persuading tenants to terminate their contracts so that new ones can be signed with the landlords. The premises were then fitted out as Geox shops.

Goodwill is initially recognized by capitalizing the excess cost of acquisition compared with the fair value of the net assets of the company recently acquired. Goodwill is not amortized; instead, it is subjected to impairment testing at least once a year, or more frequently if there is evidence of a loss in value, to verify whether its value has been impaired. The elements that satisfy the definition of "assets acquired in a business combination" are only accounted for separately if their fair value can be established with a reasonable degree of reliability.

### Property, plant and equipment

Property, plant and equipment are booked at their purchase or construction cost, which includes the price paid for the asset (net of any discounts and allowances) and any directly-related purchasing and start-up costs. Property, plant and equipment are shown at cost, net of accumulated depreciation and writedowns/writebacks.

The residual value of the assets, together with their estimated useful life, is reviewed at least once a year at the end of each accounting period and written down if it is found to be impaired in accordance with IAS 36, regardless of the amount of depreciation already charged. The value is reinstated in subsequent years if the reasons for the write-down no longer apply.

Routine maintenance costs are charged in full to the income statement, whereas improvement expenditure is allocated to the assets concerned and depreciated over their residual useful life.

The following table shows the depreciation rates applied:

Plant and machinery	from 5 to 8 years
Industrial and commercial equipment	from 2 to 4 years
Moulds	2 years
Office furniture	8 years
Electronic machines	5 years
Motor vehicles	4 years
Internal transport and trucks	5 years
Leasehold improvements	Period of contract *
Shop equipment	Lower of contract period and 8 years
Shop fittings	4 years
Concept stores	4 years

\* Depreciated over the lower of the useful life of the improvements and the residual duration of the lease.

Assets acquired under finance leases are shown in the consolidated financial statements at their nominal value at the start of the contract, at the same time recognizing the financial liability owed to leasing companies. These assets are depreciated using the depreciation schedules normally applied to similar types of fixed assets.

### Impairment of property, plant and equipment and intangible assets

The book value of the Geox Group's property, plant and equipment and intangible assets is reviewed whenever there is internal or external evidence that the value of such assets, or group of assets (defined as a Cash Generating Unit or CGU), may be impaired. Goodwill, consolidation differences and intangible assets with an indefinite useful life have to be subjected to impairment testing at least once a year.

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

The Group's terms and conditions for reinstating the value of an asset that has previously been written down are those established by IAS 36. Writebacks of goodwill are not possible under any circumstances.

## Financial instruments

Financial instruments held by the Group are presented in the financial statements as described in the following paragraphs:

- Other non-current financial assets comprise investments in unconsolidated companies, held-to-maturity securities, non-current loans and receivables and other non-current available-for-sale financial assets;
- current financial assets: include trade receivables, receivables from financing activities, current securities, and other current financial assets (which include derivative financial instruments stated at fair value as assets), as well as cash and cash equivalents;
- cash and cash equivalents include cash at banks, units in liquidity funds and other money market securities that are readily convertible into cash and are subject to an insignificant risk of changes in value;
- Financial liabilities refer to debt, which includes asset-backed financing, and other financial liabilities (which include derivative financial instruments stated at fair value as liabilities), trade payables and other payables.

Non-current financial assets other than investments, as well as current financial assets and financial liabilities, are accounted for in accordance with IAS 39.

Current financial assets and held-to-maturity securities are recognized on the basis of the settlement date and, on initial recognition, are measured at acquisition cost, including transaction costs.

Subsequent to initial recognition, available-for-sale and held for trading financial assets are measured at fair value. When market prices are not available, the fair value of available-for-sale financial assets is measured using appropriate valuation techniques e.g. discounted cash flow analysis based on market information available at the balance sheet date.

Gains and losses on available-for-sale financial assets are recognized directly in equity until the financial asset is disposed or is determined to be impaired; when the asset is disposed of, the cumulative gains or losses, including those previously recognized in equity, are reclassified into the income statement for the period; when the asset is impaired, accumulated losses are recognized in the income statement. Gains and losses arising from changes in fair value of held for trading financial instruments are included in the income statement for the period.

Loans and receivables which are not held by the Group for trading (loans and receivables originating in the course of business), held-to-maturity securities and all financial assets for which published price quotations in an active market are not available and whose fair value cannot be determined reliably, are measured, to the extent that they have a fixed term, at amortized cost, using the effective interest method. When the financial assets do not have a fixed term, they are measured at acquisition cost. Receivables with maturities of over one year which bear no interest or an interest rate significantly lower than market rates are discounted using market rates.

Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of assets may be impaired. If any such evidence exists, an impairment loss is included in the income statement for the period.

Except for derivative instruments, financial liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities hedged by derivative instruments are measured in accordance with hedge accounting principles applicable to fair value hedges: gains and losses arising from remeasurement at fair value, due to changes in relevant hedged risk, are recognized in the income statement and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument.

## Derivative financial instruments

Derivative financial instruments are used for hedging purposes, in order to reduce currency, interest rate and market price risks. In accordance with IAS 39, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which the hedge is designated.

All derivative financial instruments are measured in accordance with IAS 39 at fair value.

When derivative financial instruments qualify for hedge accounting, the following accounting treatment applies:

- Fair value hedge – Where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement;

- **Cash flow hedge** – Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect income statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in equity. The cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the economic effect arising from the hedged item affects income. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in equity and is recognized in the income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in equity is recognized in the income statement immediately.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

### **Inventories**

Inventories of finished products are measured at the lower of purchase or production cost and their estimated net realizable or replacement value. For raw materials, purchase cost is calculated at the weighted average cost for the period.

For finished products and goods, purchase or production cost is calculated at the weighted average cost for the period, including directly-related purchasing costs and a reasonable proportion of production overheads.

Obsolete and slow-moving goods are written down according to the likelihood of them being used or sold.

### **Employee benefits**

Benefits paid to employees under defined-benefit plans on termination of employment (employee severance indemnities) are recognized over the period that the right to such benefits accrues.

The liability arising under defined-benefit plans, net of any assets servicing the plan, is determined using actuarial assumptions and recorded on an accruals basis in line with the work performed to earn the benefits. The liability is assessed by independent actuaries. Gains and losses deriving from this actuarial calculation are booked to the income statement as revenues or costs regardless of their amount, without applying the corridor method.

The amount reflects not only the liabilities accrued up to the balance sheet date, but also future pay rises and related statistical trends.

The benefits guaranteed to employees through defined-contribution plans (also in virtue of the recent changes in the Italian regulations on pensions) are recognized on an accruals basis; at the same time, they also give rise to the recognition of a liability at face value.

### **Share-based payments (stock options)**

Group employees receive part of their compensation in the form of share-based payments. Employees therefore provide services in exchange for shares ("equity-based transactions").

The cost of equity-based transactions with employees is measured on the basis of the fair value at the grant date. The fair value is determined by an independent appraiser using an appropriate valuation method. Further details are provided in note 29.

The cost of the equity-based transactions and the corresponding increase in equity is accounted for from the time that the conditions for the attainment of the objectives and/or provision of the service are met, and ends on the date when the employees concerned have fully accrued the right to receive the compensation (the "maturity date").

The accumulated costs recorded for such transactions at the end of each accounting period up to the maturity date are compared with a best estimate of the number of equity securities that will effectively reach maturity at the end of the maturity period. The gain or loss posted to the income statement reflects the change in the accumulated cost recorded at the beginning and end of the accounting period.

No costs are booked for rights that do not reach full maturity, except in the case of rights whose granting is linked to market conditions. These are treated as if they had matured independently of the underlying market conditions, as long as all the other conditions are met.

If the initial conditions are changed, at the very least a cost has to be indicated, assuming that the conditions have remained the same. Moreover, a cost is recorded for each change implying an increase in the total fair value of the payment plan, or in any case when the change is favorable to the employees. This cost is measured taking into account the date on which the change takes place.

If rights are cancelled, they are treated as though they had reached maturity on the date of cancellation and any unrecorded costs relating to these rights are recognized immediately. However, if a cancelled right is replaced by a new right and the latter is recognized as a replacement on the date it is granted, the cancelled right and the new right are treated as though they were a change in the original right, as explained in the previous paragraph.

The dilutive effect of any vested options not yet exercised is reflected in the calculation of the dilution of earnings per share (see note 10).

### **Provisions for liabilities and charges**

Provisions for liabilities and charges are recognized when there is an effective obligation (legal or implicit) deriving from a past event, providing there will probably be an outlay of resources to settle the obligation and the amount of the obligation can be reliably estimated.

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 date. Provisions are determined by discounting the expected future cash flows if the effect of discounting the value of money is significant.

### **Revenue and income**

Revenues are recognized on an accruals basis.

Revenues derive from the Company's ordinary operations and include sales revenues, commissions and fees, interests, dividends, royalties and lease installments. They are recognized net of any returns, discounts, allowances and bonuses.

Revenues from the sale of products are recognized when the Company transfers most of the risks and benefits of ownership of the goods, and collection of the amount billed is reasonably certain.

Revenues deriving from services rendered are accounted for with reference to the stage of completion of the transaction at the balance sheet date.

Royalties are accounted for on an accruals basis in accordance with the substance of the contractual agreements.

Interest income is accounted for on an accruals basis, in a way that takes into account the actual yield of the assets concerned.

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

### **Costs and expenses**

Costs and expenses are accounted for on an accruals basis.

Interest expense is recognized and booked to the income statement at the time that it is incurred.

### **Leasing**

To be able to define a contractual arrangement as a lease (or as one containing a lease), one has to look at the substance of the arrangement. One also has to assess whether fulfillment of the contract depends on the use of one or more specific assets and if the arrangement transfers the right to use such assets. The situation can only be reviewed after the start of the contract if one of the following conditions is met:

- (a) there is a change in the contractual conditions, other than a renewal or extension of the contract;
- (b) a renewal option is exercised or an extension is granted, unless the terms of the renewal or extension were included in the terms of the lease from the start;
- (c) there is a change in the condition according to which fulfillment depends on a specific asset; or
- (d) there is a substantial change in the asset.

If a review is carried out, accounting for the lease will begin or end on the date of the change in the circumstances that gave rise to the review for scenarios a), c) or d) and at the date of the renewal or extension for scenario b).

Operating lease installments are treated as costs in the income statement on a straight-line basis over the life of the contract.

## **Income tax**

### *Current income taxes*

Current income taxes for the period are calculated on the basis of taxable income in accordance with the tax rules in force in the various countries.

### *Deferred taxes*

Deferred tax assets and liabilities are recognized on temporary differences between the amounts shown in the balance sheet and their equivalent value for fiscal purposes. Deferred tax assets are also recognized on the tax losses carried forward by Group companies when they are likely to be absorbed by future taxable income earned by the same companies.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply in the various countries in which the Geox Group operates in the tax periods when the temporary differences reverse or expire.

Deferred tax assets are recorded to the extent that, according to future plans, there is likely to be sufficient taxable income to cover deductible temporary differences.

The book value of deferred tax assets is reviewed at each balance sheet date and if necessary reduced to the extent that future taxable income is no longer likely to be sufficient to recover all or part of the assets. These writedowns are reversed if the reasons for them no longer apply.

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

## **Earnings per share (EPS)**

Basic EPS is calculated by dividing the net income attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the net income attributable to the parent company's shareholders by the weighted average number of shares outstanding, taking into account the effects of all potentially dilutive ordinary shares (e.g. employee stock option plans).

### 3. Segment reporting

For management purposes, the Group runs and controls its business according to the type of products being supplied, and for disclosure purposes these consist of two operating segments: footwear and apparel.

The directors monitor the results of these two business units separately so that they can make decisions regarding the allocation of resources and check the return on investment. The yield of each segment is evaluated on the basis of the operating result, which is allocated to the various operating segments as follows:

- Net sales, cost of sales, direct selling costs and advertising are input directly to the segment concerned as they are clearly identifiable;
- General and administrative costs, including non-industrial depreciation and amortization, are input to the segment concerned to the extent that they are directly attributable. When such costs are common to various segments, they are allocated in proportion to their respective percentage of total cost of sales;
- The Group's financial activities (including financing costs and revenues) and income taxes are handled at Group level and not allocated to the individual segments;
- There are no problems of transfer pricing between segments as they are totally independent from each other.

The following table provides information on the Group's business segments:

		I half 2012	%	I half 2011	%
Footwear	Net sales	375,469		393,724	
	D&A	17,742		17,016	
	EBIT	29,185	7.8%	34,799	8.8%
Apparel	Net sales	53,624		54,612	
	D&A	1,937		2,248	
	EBIT	5,733	10.7%	6,832	12.5%
<b>Total</b>	<b>Net sales</b>	<b>429,093</b>		<b>448,336</b>	
	D&A	19,679		19,264	
	<b>EBIT</b>	<b>34,918</b>	<b>8.1%</b>	<b>41,631</b>	<b>9.3%</b>

Segment assets and liabilities are all managed at Group level, so they are not shown separately by segment. The only exception to this rule is the value of inventories, which amount to Euro 143,827 thousand for footwear (Euro 155,866 thousand in first half 2011) and Euro 32,120 thousand for apparel (Euro 32,087 thousand in first half 2011).

The following table provides information on the Group's geographical segments:

		I half 2012	%	I half 2011	%
Italy	Net sales	156,640		170,168	
	EBIT	24,919	15.9%	28,908	17.0%
Europe	Net sales	183,052		192,237	
	EBIT	11,443	6.3%	11,908	6.2%
North America	Net sales	25,423		26,457	
	EBIT	(6,106)	(24.0%)	(5,821)	(22.0%)
Other countries	Net sales	63,978		59,474	
	EBIT	4,662	7.3%	6,636	11.2%
<b>Total</b>	<b>Net sales</b>	<b>429,093</b>		<b>448,336</b>	
	<b>EBIT</b>	<b>34,918</b>	<b>8.1%</b>	<b>41,631</b>	<b>9.3%</b>



Non-current assets, which relate to property, plant and equipment and intangible assets, are split geographically as follows: in Italy Euro 83,553 thousand (Euro 83,565 thousand in first half 2011), in Europe Euro 41,536 thousand (Euro 36,575 thousand in first half 2011), in North America Euro 7,070 thousand (Euro 7,361 thousand in first half 2011) and other countries Euro 1,882 thousand (Euro 1,341 thousand in first half 2011).

#### 4. General and administrative expenses

General and administrative expenses are analyzed in the following table:

	I half 2012	I half 2011	Change
Wages and salaries	46,145	42,062	4,083
Rental expenses	36,976	33,638	3,338
Other costs	52,151	49,033	3,118
Rental income	(7,827)	(7,108)	(719)
Other income	(2,389)	(1,633)	(756)
<b>Total</b>	<b>125,056</b>	<b>115,992</b>	<b>9,064</b>

Rental and 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 agreements.

Other costs mainly include: depreciation and amortization, services and consulting, sample costs, utilities, insurance, maintenance and bank charges.

Other income mainly includes sales of miscellaneous goods and insurance compensation.

Research and the ongoing conception and implementation of innovative solutions is a significant factor in the Group's strategies because, as already explained in the directors' report on operations, product innovation is fundamental to maintain and strengthen the Group's competitive advantage.

Research and development is a complex corporate process, which ranges from the study of technical solutions involving materials that are able to breathe while remaining waterproof, to the concession of new patents and the development of new product lines.

This process can be broken down into the following stages:

- pure research, which consists of verifying the performance of the materials used in Geox footwear and apparel. This activity's vocation is to create new patents and to implement solutions that use particular materials to make products that can breathe and at the same time remain waterproof.
- applied research, which consists of creating the collections, passing through the various phases of design, prototyping and modeling.

Research and development makes use of dedicated personnel, who transmit the results of their work to all those (designers, product managers, production technicians, etc.) who take part in the definition, industrialization and production of the Group's products.

R&D costs are all written off to income during the period and amounted in total to Euro 8,318 thousand (Euro 8,505 thousand in first half 2011).

The fees due to the directors, statutory auditors and executives with strategic responsibilities for first half 2012 are listed below. These amounts include the fees due for performing the same functions in Geox S.p.A. and in other companies included in the scope of consolidation.

Name Position	Period in office	Expiry of mandate	Emoluments (Euro)	Non-cash benefits (Euro) (*)	Bonus and other incentives (Euro)	Other remuneration (Euro)	Total
Mario Moretti Polegato	from 01-01-2012	(1)	900,000	-	-	-	900,000
<i>Chairman</i>	to 06-30-2012		(2)				
Enrico Moretti Polegato	from 01-01-2012	(1)	75,000	-	-	-	75,000
<i>Deputy Chairman</i>	to 06-30-2012						
Diego Bolzonello	from 01-01-2012	(1)	200,000	1,882		382,100	583,982
<i>CEO and Executive Director</i>	to 06-30-2012					(3)	
Francesco Gianni	from 01-01-2012	(1)	17,500	-	-	-	17,500
<i>Independent Director</i>	to 06-30-2012		(4)				
Umberto Paolucci	from 01-01-2012	(1)	17,500	-	-	-	17,500
<i>Independent Director</i>	to 06-30-2012		(2)				
Alessandro Antonio Giusti	from 01-01-2012	(1)	32,500	-	-	-	32,500
<i>Independent Director</i>	to 06-30-2012		(5)				
Bruno Barel	from 01-01-2012	(1)	22,500	-	-	-	22,500
<i>Independent Director</i>	to 06-30-2012		(6)				
Renato Alberini	from 01-01-2012	(1)	17,500	-	-	-	17,500
<i>Independent Director</i>	to 06-30-2012		(7)				
Lodovico Mazzolari	from 01-01-2012	(1)	12,500	-	-	50,000	62,500
<i>Executive Director</i>	to 06-30-2012					(8)	
Fabrizio Colombo	from 01-01-2012	(1)	37,500	-	-		37,500
<i>Chairman of the Board of Statutory Auditors</i>	to 06-30-2012						
Francesco Mariotto	from 01-01-2012	(1)	25,000	-	-	-	25,000
<i>Statutory Auditor</i>	to 06-30-2012						
Francesca Meneghel	from 01-01-2012	(1)	25,000	-	-	-	25,000
<i>Statutory Auditor</i>	to 06-30-2012						
Executives with strategic responsibilities (**)				2,921	185,885	955,081	1,143,887
				(10)	(11)	(12)	(13)

(\*) Includes the use of transport for personal purposes.

(\*\*) Includes four executives employees as at June 30, 2012.

(1) Term of office expires at General Meeting held to approve the financial statements at December 31, 2012.

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

(3) Includes remuneration as executive employees in Geox S.p.A. and a director in the subsidiary Geox Asia Pacific Ltd.

(4) Includes remuneration as member of the Audit Committee.

(5) Includes remuneration as member of the Audit Committee, the Compensation Committee and the Supervisory Body.

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

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

(8) Includes amounts paid as business developer.

(10) Includes fringe benefits.

(11) Variable portion of compensation.

(12) Includes salary, amounts paid following termination of employment and compensation for offices held at subsidiaries.

(13) Social contributions paid by the company are not included.

## 5. Depreciation, amortization and payroll costs included in the consolidated income statement

The following table shows all the depreciation and amortization charges included in the consolidated income statement:

	I half 2012	I half 2011	Change
Industrial depreciation	3,079	2,856	223
Non-industrial depreciation and amortization	16,209	16,169	40
Industrial net asset impairment	391	239	152
<b>Total</b>	<b>19,679</b>	<b>19,264</b>	<b>415</b>

Non industrial amortization expenses were substantially in line with previous half-year and rose from Euro 16,169 thousand of first half 2011 to Euro 16,679 thousand of first half 2012.

Payroll costs amounted to Euro 56,568 thousand (Euro 52,092 thousand in first half 2011).

## 6. Personnel

The average number of employees is shown below:

	I half 2012	I half 2011
Managers	42	32
Middle managers	119	112
Office staff	679	640
Shop employees	1,903	1,688
Factory workers	44	54
<b>Total</b>	<b>2,787</b>	<b>2,526</b>

## 7. Special items

Special items, which are not recurring costs, are related to contractual expenses for the closing of some shops.

## 8. Net interest

This item is made up as follows:

	I half 2012	I half 2011	Change
Interest income	3,436	1,580	1,856
Interest expense	(5,401)	(3,731)	(1,670)
Exchange differences	134	(230)	364
<b>Total</b>	<b>(1,831)</b>	<b>(2,381)</b>	<b>550</b>

Interest income is made up as follows:

	I half 2012	I half 2011	Change
Interest from banks	545	634	(89)
Interest from customers	10	-	10
Other interest income	2,881	946	1,935
<b>Total</b>	<b>3,436</b>	<b>1,580</b>	<b>1,856</b>

Other interest income mainly consists of the effect of accounting for financial derivatives as explained in note 30.

Interest expense is made up as follows:

	I half 2012	I half 2011	Change
Bank interest and charges	80	37	43
Interest on loans	1	103	(102)
Other interest expense	3,587	1,529	2,058
Financial discounts and allowances	1,733	2,062	(329)
<b>Total</b>	<b>5,401</b>	<b>3,731</b>	<b>1,670</b>

Other interest expense mainly consists of the effect of accounting for financial derivatives as explained in note 30.

Financial discounts and allowances relate to the discounts granted to customers who pay in advance, as is the practice in various European markets.

Exchange differences are made up as follows:

	I half 2012	I half 2011	Change
Exchange gains	20,599	16,203	4,396
Exchange losses	(20,465)	(16,433)	(4,032)
<b>Total</b>	<b>134</b>	<b>(230)</b>	<b>364</b>

## 9. Income taxes

Income taxes were equal to Euro 11,779 thousand, compared Euro 14,926 thousand of first half 2011, with a tax rate of 36% (38% of first half 2011).

The following table shows a reconciliation between the Group's effective tax burden and its theoretical tax charge, based on the current tax rate ruling during the period in Italy (the country of Geox S.p.A., the parent company):

	I half 2012	%	I half 2011	%
PBT	33,087	100.0%	39,250	100.0%
Theoretical income taxes (*)	9,099	27.5%	10,794	27.5%
Effective income taxes	11,779	35.6%	14,926	38.0%
<b>Difference due to:</b>	<b>2,680</b>	<b>8.1%</b>	<b>4,132</b>	<b>10.5%</b>
1) different tax rates applicable in other countries	(534)	(1.6%)	(805)	(2.1%)
2) permanent differences:				
i) IRAP and other local taxes	2,026	6.1%	4,775	12.2%
ii) writedowns of deferred tax asset	665	2.0%	375	1.0%
iii) previous years' taxes	493	1.5%	123	0.3%
iv) other	30	0.1%	(336)	(0.9%)
<b>Total difference</b>	<b>2,680</b>	<b>8.1%</b>	<b>4,132</b>	<b>10.5%</b>

(\*) Theoretical income taxes based on the tax rates applicable to Geox S.p.A.

## 10. Earning per share

EPS is calculated by dividing the net income for the period attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the net income for the period attributable to the parent company's shareholders by the weighted average number of shares outstanding during the period, taking into account the effects of all potentially dilutive ordinary shares (for example, vested options under a stock option plan that have not yet been exercised).

The following table shows the result and the number of ordinary shares used to calculate basic and diluted EPS in accordance with IAS 33:

	I half 2012	I half 2011	2011
Earning per share (Euro)	0.08	0.09	0.19
Diluted earnings per share (Euro)	0.08	0.09	0.19
Weighted average number of shares outstanding:			
- basic	259,207,331	259,207,331	259,207,331
- diluted	259,207,331	259,207,331	259,207,331

## 11. Intangible assets

Intangible assets are made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Industrial patents and intellectual property rights	10,114	11,562	(1,448)
Trademarks, concessions and licenses	957	1,025	(68)
Key money	53,612	51,527	2,085
Assets in process of formation and payments on account	4,267	1,970	2,297
Goodwill	1,138	1,138	-
<b>Total</b>	<b>70,088</b>	<b>67,222</b>	<b>2,866</b>

The following table shows the changes in intangible assets during first half 2012:

	12-31-2011	Purchases and capitali- zations	Translation differences	Amort. and write- downs	Disposals	Other changes	06-30-2012
<i>Intangible assets with finite useful life:</i>							
Industrial patents and intellectual property rights	11,562	974	11	(2,470)	-	37	10,114
Trademarks, concessions and licenses	1,025	42	3	(113)	-	-	957
Key money	51,527	6,226	50	(4,403)	(415)	627	53,612
Assets in process of formation and payments on account	1,970	2,961	-	-	-	(664)	4,267
<i>Intangible assets with an indefinite useful life:</i>							
Goodwill	1,138	-	-	-	-	-	1,138
<b>Total intangible assets</b>	<b>67,222</b>	<b>10,203</b>	<b>64</b>	<b>(6,986)</b>	<b>(415)</b>	<b>0</b>	<b>70,088</b>

Additions during the period mainly concern:

- personalization of the IT systems for a total of Euro 504 thousand;
- the costs incurred for the registration, extension and protection of patents in various parts of the world (Euro 470 thousand);
- the costs incurred for the registration, protection and extension of the GEOX trademark in various parts of the world (Euro 42 thousand);
- key money costs (Euro 6,226 thousand) for the amounts paid to access leased properties by taking over existing contracts or persuading tenants to terminate their contracts so that new ones could be signed with the landlords. The premises were then fitted out as Geox shops.
- Assets in process of formation for a total of Euro 2,961 thousand. Such amounts mainly include the sums paid to take over the leases of shops that will be fitted out as Geox Shops during the second half of 2012 and the further implementations and customizing of the new IT system.

Each shop is considered a CGU and the current value of the forecast net cash flow (the so-called "value in use") is determined for each of them. If the value in use of a CGU is lower than its book value, its assets are written down accordingly.

## 12. Property, plant and equipment

Details of property, plant and equipment are shown in the following table:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Plant and machinery	8,706	7,982	724
Industrial and commercial equipment	2,823	3,976	(1,153)
Other assets	16,468	16,278	190
Leasehold improvements	34,005	33,650	355
Construction in progress and payments on account	1,951	1,772	179
<b>Total</b>	<b>63,953</b>	<b>63,658</b>	<b>295</b>

The following table shows the changes in property, plant and equipment during first half 2012:

	12-31-2011	Purchases and capitali- zations	Translaction differences	Amort. and write- downs	Disposals	Other changes	06-30-2012
Plant and machinery	7,982	739	-	(1,084)	(3)	1,072	8,706
Industrial and commercial equipment	3,976	1,314	4	(2,466)	(5)	-	2,823
Other assets	16,278	3,911	79	(3,741)	(203)	144	16,468
Leasehold improvements	33,650	5,255	193	(5,402)	(198)	507	34,005
Construction in progress and payments on account	1,772	1,881	21	-	-	(1,723)	1,951
<b>Total property, plant and equipment</b>	<b>63,658</b>	<b>13,100</b>	<b>297</b>	<b>(12,693)</b>	<b>(409)</b>	<b>-</b>	<b>63,953</b>

Additions during the period mainly concern:

- The completion of the automated plant at the Signoressa distribution centre for Euro 739 thousand;
- the purchase of industrial equipment (mainly moulds for shoe soles) by the parent company Geox S.p.A.;
- Geox shop fittings and hardware for Euro 2,708 thousand, office and show room fittings for Euro 304 thousand, office and head office hardware for Euro 899 thousand;
- leasehold improvements of Euro 5,255 thousand. These additions relate to industrial buildings and offices for Euro 942 thousand and to premises fitted out as Geox Shop for Euro 4,313 thousand;

- construction in progress of Euro 1,881 thousand. These additions relate to the fitting out of shops due to be inaugurated in second half of 2012.

Depreciation, amortization and impairment include Euro 391 thousand relating to moulds that at June 30, 2012 are not expected to be used in the future and whose estimated recovery value is zero. As at June 30, 2011 impairments amounted to Euro 239 thousand.

Other assets are made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Electronic machines	2,551	2,130	421
Furniture and fittings	13,857	14,063	(206)
Motor vehicles and internal transport	60	85	(25)
<b>Total</b>	<b>16,468</b>	<b>16,278</b>	<b>190</b>

### 13. Deferred taxes

The following table analyses the change in deferred tax assets and the nature of the items and temporary differences that gave rise to them. The Group has offset the deferred tax assets and liabilities relating to the parent company as the law permits the compensation of current fiscal assets with current fiscal liabilities:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Carry-forward tax losses	665	1,167	(502)
Depreciation and amortization and impairment	10,744	9,289	1,455
Provision for obsolescence and slow-moving inventory and returns	10,205	9,991	214
Provision for agents' severance indemnities	2,162	2,001	161
Other	6,578	6,847	(269)
<b>Deferred tax assets</b>	<b>30,354</b>	<b>29,295</b>	<b>1,059</b>
Evaluation derivatives	(3,901)	(3,612)	(289)
Other	(888)	(708)	(180)
<b>Deferred tax liabilities</b>	<b>(4,789)</b>	<b>(4,320)</b>	<b>(469)</b>
<b>Total deferred taxes</b>	<b>25,565</b>	<b>24,975</b>	<b>590</b>

Derivatives that are defined as cash flow hedges and valued on a mark-to-market basis directly to equity require all related taxes also to be booked directly to equity and not to the income statement. The income taxes booked directly to equity amount to Euro 3,901 thousand (Euro 3,612 thousand in first half 2011).

The deferred tax assets on carry-forward tax losses, which at June 30, 2012 amount to Euro 665 thousand mainly relate to subsidiaries in France.

Deferred tax assets have been calculated at the tax rates applied in the various countries concerned.

## 14. Other non-current assets

Other non-current assets are made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Accounts receivable from others in 1 to 5 years	15,132	13,106	2,026
Accounts receivable from others in more than 5 years	4,413	4,767	(354)
<b>Total</b>	<b>19,545</b>	<b>17,873</b>	<b>1,672</b>

Accounts receivable from others relate principally for Euro 8,738 thousand of guarantee deposits for utilities and shop leases (from 1 to 5 years: Euro 6,797 thousand; over 5 years: Euro 1,941 thousand) and accounts receivable, payable from 1 to 5 years, for Euro 586 thousand.

Prepaid expenses for lease payments made in advance for Euro 10,221 thousand (from 1 to 5 years: Euro 7,748 thousand; over 5 years: 2,473 thousand).

## 15. Inventories

The following table shows the breakdown of inventories:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Raw materials	9,859	8,123	1,736
Finished products and goods for resale	166,088	187,409	(21,321)
Furniture and fittings	873	1,078	(205)
<b>Total</b>	<b>176,820</b>	<b>196,610</b>	<b>(19,790)</b>

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

In first half 2012 the Group has a decrease in the value of inventories. Such decrease is mainly due to different timing of receipt of Fall/Winter collection compared to the same period of 2011.

Furniture and fittings relate to furnishings that will be used or sold to franchisees for opening new Geox Shops.

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

Inventories are shown net of the provision for obsolete and slow-moving inventory, which is considered adequate for a prudent valuation of finished products from previous collections and raw materials that are no longer used. The provision for obsolete and slow-moving inventory is analyzed below:

<b>Balance at January 1</b>	<b>9,260</b>
Provisions	11,539
Translation differences	11
Utilizations	(9,328)
<b>Balance at June 30</b>	<b>11,482</b>

The write-down mainly reflects the adjustment to market value based on statistical forecasts of discounted sales of products from previous collections.



## 16. Accounts receivable

Accounts receivable are made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Gross value	189,666	185,841	3,825
Provision for bad and doubtful accounts	(6,534)	(5,584)	(950)
Provision for returns and credit notes	(23,102)	(26,086)	2,984
<b>Net value</b>	<b>160,030</b>	<b>154,171</b>	<b>5,859</b>

Accounts receivable have risen by Euro 3,825 thousand compared with December 31, 2011. Accounts receivable include notes for a total of Euro 31.6 million presented to banks for advances with recourse, but not yet due at the end of the period.

The following is an ageing analysis of accounts receivable:

	Not yet due	Past due 0 - 90 days	Past due 91 - 180 days	Past due over 180 days	Total
Gross value of trade receivables at June 30, 2012	154,585	25,250	5,673	4,158	<b>189,666</b>
Gross value of trade receivables at December 31, 2011	153,723	26,032	1,398	4,688	<b>185,841</b>

As regards the sales made to individual customers, there are no situations of particular concentration as all are well under the threshold of 10% of total revenues.

The book value of trade receivables coincides with their fair value.

The Group continues to maintain tight control over credit. This management practice ensures that the investment in working capital is limited.

Accounts receivable are adjusted to their estimated realizable value by means of a provision for bad and doubtful accounts based on a review of individual outstanding balances. The provision at June 30, 2012 represents a prudent estimate of the current collection risk. Changes in the provision during the year are as follows:

<b>Balance at January 1</b>	<b>5,584</b>
Provisions	1,093
Translation differences	4
Utilizations	(147)
<b>Balance at June 30</b>	<b>6,534</b>

The risk of customer insolvency is significantly mitigated as specific contracts with leading credit insurance companies cover credit risk on most of the turnover. The clauses provide that, initially, the insurance is configured solely as a request to accept the credit risk up to previously agreed credit limits. The insurance does become operating only after a formal communication of non-payment by the due date. The increase of the fund is relative to the prudent assessment of the risk on the portion of receivables not covered by insurance.

Changes in the provision for returns and credit notes during first half 2012 are as follows:

<b>Balance at January 1</b>	<b>26,086</b>
Provisions	21,546
Translation differences	15
Utilizations	(24,545)
<b>Balance at June 30</b>	<b>23,102</b>

## 17. Other non-financial current assets

This item is made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Tax credits	1,971	4,566	(2,595)
VAT recoverable	6,610	3,707	2,903
Advances to vendors	3,077	2,144	933
Other receivables	5,771	5,482	289
Accrued income and prepaid expenses	9,809	5,902	3,907
<b>Total</b>	<b>27,238</b>	<b>21,801</b>	<b>5,437</b>

Note that as a result of Geox S.p.A. and its subsidiaries Geox Retail S.r.l. and XLog S.r.l. opting to pay tax on a group basis, the amount of tax that they owe the Italian tax authorities is paid via LIR S.r.l., the ultimate parent company.

Other receivables include:

- Euro 1,119 thousand of customs duty paid in USA on the purchase of goods to be sent to Canada; the Group will obtain a rebate of this amount from the local tax authorities;
- Euro 2,167 thousand due from a credit insurance representing the value of claims assigned for which reimbursement has not yet been received;

## 18. Financial assets and liabilities

The book value of the financial assets and liabilities shown below coincides with their fair value.

The following table shows the breakdown of this item:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Term bank deposits	1,281	1,245	36
Securities	42	42	-
<b>Total non current financial assets</b>	<b>1,323</b>	<b>1,287</b>	<b>36</b>
Fair value derivative contracts	12,774	16,241	(3,467)
Loans granted by Geox	871	64	807
<b>Total current financial assets</b>	<b>13,645</b>	<b>16,305</b>	<b>(2,660)</b>
Fair value derivative contracts	(2,091)	(3,763)	1,672
Other current financial liabilities	(5)	-	(5)
<b>Total current financial liabilities</b>	<b>(2,096)</b>	<b>(3,763)</b>	<b>1,667</b>

The term bank deposits of Euro 1,281 thousand include amounts lodged to guarantee rent contracts on foreign shops.

As regards the mark-to-market derivative contracts, see the comments in note 30.

## 19. Cash and cash equivalents

The amount of Euro 75,966 thousand relates to short term deposits for Euro 23,484 thousand, a current account in Euro for Euro 25,977 thousand, a current account in US Dollars for Euro 16,549 thousand, a current account in Rubles for Euro 2,450, a current account in Canadian Dollars for Euro 1,618 thousand, a current account in British Pound for Euro 1,609 thousand, a current account in Swiss Francs for Euro 1,055 thousand, a current account in other currencies for the rest. The term deposits relate to investments of surplus cash remunerated at a rate better than Euribor. The cash on the current account in US Dollars is used to pay suppliers in the Far East when their invoices fall due; it has a yield substantially in line with the reference rate. The cash on

the other current accounts relates to receipts from customers on June 30, 2012 and temporary cash surpluses waiting to be used to make payments.

The book value of the financial assets and liabilities shown below coincides with their fair value.

## 20. Equity

### Share capital

The share capital of Euro 25,921 thousand is fully paid and is made up of 259,207,331 shares with a par value of Euro 0.10 each.

### Other reserves

This item is made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Legal reserve	5,184	5,184	-
Share premium reserve	37,678	37,678	-
Translation reserve	(85)	(1,310)	1,225
Reserve for <i>cash flow hedges</i>	10,558	9,814	744
Reserve for <i>stock options</i>	6,019	5,840	179
Retained earnings	321,828	313,133	8,695
<b>Total</b>	<b>381,182</b>	<b>370,339</b>	<b>10,843</b>

The legal reserve amounts to Euro 5,184 thousand. This reserve is not distributable.

The share premium reserve was set up for Euro 33,466 thousand in 2004 as a result of the public offering of shares which increased the share capital by Euro 850 thousand.

During 2005, this reserve was increased by Euro 1,548 thousand following the early exercise of a tranche of the stock option plans reserved for management; this involved an increase in capital of Euro 34 thousand.

During 2008, this reserve was increased by Euro 2,635 thousand following the early exercise of the stock option plans reserved for management; this involved an increase in capital of Euro 36 thousand.

During 2009, this reserve was increased by Euro 29 thousand following the early exercise of the stock option plans reserved for management; this involved an increase in capital of Euro 1 thousand.

The reserve for cash flow hedges, which shows a credit balance of Euro 10,558 thousand, originated as a result of valuing the financial instruments defined as cash flow hedges at June 30, 2012.

Fair value valuation of cash flow hedges is stated net of the tax effect as explained in greater detail in note 30.

This reserve is not distributable.

The *stock option reserve* has been established in accordance with the IFRS 2. The adoption of a stock option plan requires that the fair value of the options at the grant date be recognized as a cost. This cost is charged to the income statement over the vesting period, with the contra-entry going to a specific equity reserve.

Retained earnings consist of unallocated results earned in previous years. This item increased by Euro 8,695 thousand even though dividends of Euro 41,473 thousand in first half 2012 were distributed to the shareholders.

Amounts are shown net of tax, where applicable.

## 21. Employee severance indemnities

Employee severance indemnities at June 30, 2012 amount to Euro 2,010 thousand, as shown in the following table:

<b>Balance at Dec. 31, 2011</b>	<b>2,119</b>
Amounts paid to leavers	(545)
Reversal of 0.50% withholding	(110)
Reversal of 11% flat-rate tax	(5)
Payments to supplementary pension schemes	(482)
Advances granted to employees	(135)
Provision for the period	1,685
Payments to supplementary pension schemes run by INPS	(517)
<b>Balance at June 30, 2012</b>	<b>2,010</b>

Changes in the provision for severance indemnities during first half 2012 show a utilization of Euro 482 thousand for payments to supplementary pension funds and one of Euro 517 thousand for payments to supplementary pension schemes run by INPS. This is because, based on the legislative changes introduced by Law 296/06, with effect from June 30, 2007, severance indemnities accruing after January 1, 2007 have to be paid by companies (with more than 50 employees) to a special treasury fund set up by INPS or, if the employee prefers, to a supplementary pension fund that complies with Decree 252/05.

Instead, companies book a short-term payable which is then cancelled when the amount is paid over to INPS.

The actuarial valuation of the severance indemnities is carried out on the basis of the Projected Unit Credit Method in accordance with IAS 19. This method involves measurements that reflect the average present value of the pension obligations that have accrued on the basis of the period of service that each employee has worked up to the time that the valuation is carried out, without extrapolating the employee's pay according to the legislative amendments introduced by the recent Pension Reform. The various stages of the calculation can be summarized as follows:

- for each employee on the books at the date of the valuation, an extrapolation of the severance indemnity already accrued up to the time that it will probably be paid;
- for each employee, a calculation of the severance indemnity that will probably have to be paid by the Company when the employee leaves due to dismissal, resignation, disability, death and retirement, as well as if an advance is requested;
- discounting the probable payments to the date of the valuation.

The actuarial model used for the valuation of the provision for severance indemnities is based on various assumptions, some demographic, others economic and financial. The main assumptions used in the model are as follows:

- mortality rates: RG48 life expectancy table
- disability rates: INPS tables split by age and gender
- employee turnover rate: 2.00%
- discount rate: 4.05%
- rate of severance indemnities increase: 3.00%
- inflation rate: 2.00%

## 22. Provisions for liabilities and charges

This item is made up as follows:

	Balance at Dec. 31, 2011	Utilizations	Provisions	Translation differences	Actuarial adjustment	Balance at June 30, 2012
Provision for agents' severance indemnities	5,125	(78)	633	5	174	5,859
Other	2,936	(1,373)	1,187	-	-	2,750
<b>Total</b>	<b>8,061</b>	<b>(1,451)</b>	<b>1,820</b>	<b>5</b>	<b>174</b>	<b>8,609</b>

The "provision for agents' severance indemnities" is provided for on the basis of legislative rules and collective agreements that regulate situations in which agency mandates may 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 date. The cumulative effect of the actuarial valuation carried out in accordance with IAS 37 amounts to Euro 1,576 thousand.

"Other" reflect, mainly, an estimate of the risks involved in outstanding disputes.

## 23. Long-term loans

Long term loans mainly include a loan for a R&D project relating to a "New membrane with high mechanical performance". The long-term portion of this loan amounts to Euro 197 thousand.

## 24. Other long-term payables

This item is made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Guarantee deposits	3,079	1,490	1,589
Accrued expenses and deferred income	853	759	94
<b>Total</b>	<b>3,932</b>	<b>2,249</b>	<b>1,683</b>

The guarantee deposits received from third parties have to guarantee business lease contracts (for Geox Shops).

## 25. Accounts payable

Accounts payable at June 30, 2012 amount to Euro 130,645 thousand, with a decrease of Euro 2,368 thousand if compared with December 31, 2011. All amounts are due within the next 12 months.

Terms and conditions of the above financial liabilities:

- Trade payables are normally settled within 30-90 days and do not generate interest;
- The terms and conditions applied to related parties are the same as those applied to third parties.

The book value of accounts payable coincides with their fair value.

## 26. Other non-financial current liabilities

This item is made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Social security institutions	2,636	3,725	(1,089)
Employees	16,172	13,740	2,432
Provisions for liabilities and charges	1,786	2,751	(965)
Other payables	5,690	6,913	(1,223)
Accrued expenses and deferred income	5,996	6,185	(189)
<b>Total</b>	<b>32,280</b>	<b>33,314</b>	<b>(1,034)</b>

The amounts due to social security institutions mainly relate to pension contributions for first half of 2011, paid on second half of 2012.

The amounts due to employees include payroll, bonuses and accrued vacation not yet taken as of June 30, 2012.

Provisions for liabilities and charges represent current portion of "Other" in note 22.

Other payables are mainly advances received from customers.

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

## 27. Taxes payable

This item is made up as follows:

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
Income taxes for the period	11,292	6,895	4,397
VAT payable	3,604	1,877	1,727
Other	2,585	3,046	(461)
<b>Total</b>	<b>17,481</b>	<b>11,818</b>	<b>5,663</b>

The liability for income taxes at June 30, 2012 amounts to Euro 11,292 thousand.

Note that as a result of Geox S.p.A. and its subsidiaries Geox Retail S.r.l. and XLog S.r.l. opting to pay tax on a group basis, the amount of tax that they owe the Italian tax authorities is paid via LIR S.r.l., the ultimate parent company.

As at June 30, 2012 Geox Group has a tax debit which includes an amount of Euro 6,257 thousand against the parent company LIR S.r.l. (Euro 479 thousand as at December 31, 2011).

## 28. Bank borrowings and current portion of long-term loans

	Balance at June 30, 2012	Balance at Dec. 31, 2011	Change
<b>Bank borrowings</b>			
- cash advances	8,353	7,475	878
<b>Other providers of funds</b>			
- loans	98	98	-
<b>Total</b>	<b>8,451</b>	<b>7,573</b>	<b>878</b>

## 29. Share-based payments

### Stock option plans

In accordance with IFRS 2, the adoption of a stock option plan requires that the fair value of the options at the grant date be recognized as a cost. This cost is charged to the income statement over the vesting period, with the contra-entry going to a specific equity reserve.

The cost recognized for the employee services received during first half 2012 amounted to Euro 179 thousand.

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 various plans are as follows:

	December 2011 Plan	April 2009 Plan	April 2008 Plan	December 2005 Plan	November 2004 Plan
Grant date	12-22-2011	04-21-2009	04-07-2008	12-15-2005	11-30-2004
Vesting periods	3 years	2-3 years	3-4 years	3-5 years	3-5 years
Share price at grant date	Euro 2.20	Euro 5.1976	Euro 9.6217	Euro 9.17	Euro 4.60
Strike price	Euro 2.29	Euro 5.1976	Euro 9.6217	Euro 9.17	Euro 4.60
Dividend yield (%)	6.00%	2.36%	2.33%	0.86%	1.43%
Volatility (%)	40.00%	41.25%	31.27%	33.43%	34.87%

No other characteristic of the stock option plans has been taken into consideration in determining their fair value. The ability to exercise the options, which is determined tranche by tranche, depends on the Company achieving certain cumulative targets during the vesting periods, based on EBIT (Earnings Before Interest and Tax) as shown in the Geox Group's consolidated business plan.

## 30. Risk management : objectives and criteria

### Exchange risk

The Geox Group also carries on its activity in countries outside the Euro-zone, which means that exchange rate fluctuations are an important factor to be taken into consideration.

The principal exchange rates to which the Group is exposed are the following:

- EUR/USD, in relation to purchases of finished product in U.S. dollars, made by Geox S.p.A., typically in the Far East, where the U.S. dollar is the reference currency for trade;
- EUR/GBP, EUR/CHF, EUR/RUB, EUR/PLN in relation to sales in the British, Swiss, Russian and Polish territories;
- USD/CAD, in relation to sales in Canadian dollars made by the subsidiary of the Group in the U.S. to Canada.

The Group initially calculates the amount of exchange risk, from trading transactions forecast for the coming 12 months, that is involved in the budget for the coming period. It then gradually hedges this risk during the process of order acquisition to the extent that the orders match the forecasts. These hedges take the form of specific forward contracts and options for the purchase or sale of the foreign currency concerned. Group policy is not to arrange derivative transactions for speculative purposes.

The Board of Directors believes that the risk management policies adopted by the Geox Group are appropriate.

Group companies may find themselves with trade receivables or payables denominated in a currency different from the money of account of the company itself. In addition, it may be convenient from an economic point of view, for companies to obtain finance or use funds in a currency different from the money of account. Changes in exchange rates may result in exchange gains or losses arising from these situations. It is the Group's policy to hedge fully, whenever possible, the exposure resulting from receivables, payables and securities denominated in foreign currencies different from the company's money of account.

Certain of the Group's subsidiaries are located in countries which are not members of the European monetary union. As the Group's reference currency is the Euro, the income statements of those entities are converted into Euros using the average exchange rate for the period, and while revenues and margins are unchanged in local currency, changes in exchange rates may lead to effects on the converted balances of revenues, costs and the result in Euros.

The assets and liabilities of consolidated companies whose money of account is different from the Euros may acquire converted values in Euros which differ as a function of the fluctuation in exchange rates. The effects of these changes are recognised directly in the item Cumulative Translation Adjustments reserve, included in Other Comprehensive income.

There have been no substantial changes in first half 2012 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

The Group's consolidated interim report could be materially affected by fluctuations in the exchange rates, mainly referred to the US dollar. The impact on the Group's result at 30 June 2012 resulting from a hypothetical, unfavourable change of the exchange rates of the leading foreign currencies with the Euro would not be significant. This because for most of receivables, payables and future trade flows have been put in place appropriate hedge transaction. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged.

### Credit risk

Geox Group policy is to insure its trade receivables, thereby minimizing the risk of bad debts due to non-payment and/or significant payment delays on the part of customers. The policy of insuring against credit risk is applied to the main part of the Geox Group's accounts receivable from third parties.

The maximum risk involved in the Group's financial assets, which include cash and cash equivalents, derivative and other financial assets, is the book value of these assets in the event of counterparty insolvency (see note 16).

### Liquidity risk

The sector in which the Group operates is very seasonal in nature. The year can be split into two collections (Spring/Summer and Fall/Winter), which more or less coincide with the first and second half. On the one hand, purchases and production are concentrated in the three months prior to the half-year in question, leading to an increase in inventory and trade payables; on the other, sales are concentrated in the first three months of the half-year in question, transforming inventory into receivables. The same period sees the completion of payment of accounts payable. Most accounts receivable, on the other hand, are collected before the end of the half-year in question.

These situations bring about very strong seasonal trends, also in the Group's financial cycle, which leads to peaks of absorption of financial resources in April and October, falling to lows in January and July.

The Group manages liquidity risk by maintaining tight control over the various components of working capital, especially accounts receivable and accounts payable. The Group's credit risk hedging policies guarantee short-term collection of all accounts receivable, even those from customers in financial difficulty, eliminating almost entirely the risk of insolvency. The length of the period when financial resources are absorbed is also reduced by negotiating better payment terms with suppliers.

In any case, the Group's high level of profitability and resulting cash generation substantially eliminates liquidity risk, as the net financial position at the end of the period amounts to Euro 80.1 million. This cash surplus is invested in highly liquid, short-term assets that can be sold without making a loss. Financial liabilities are extremely limited. The Group also has bank lines of credit to match its capital structure, but which are not used.

### Fair value and related hierarchy

As at June 30, 2012 financial instruments are as follows:

	Notional value on 06-30-2012	Fair value on 06-30-2012 in EUR/thousand (debit)	Fair value on 06-30-2012 in EUR/thousand (credit)	Notional value on 06-30-2012	Fair value on 12-31-2011 in EUR/thousand (debit)	Fair value on 12-31-2011 in EUR/thousand (credit)
FX Forward buy agreements to hedge exchange rate risk	226,858	8,677	(729)	315,584	12,757	(117)
FX Forward sell agreements to hedge exchange rate risk	141,476	1,235	(1,362)	172,492	693	(3,646)
FX Currency Option agreements to hedge exchange rate risk	71,326	2,862	-	30,914	2,791	-
<b>Total financial assets/(liabilities)</b>		<b>12,774</b>	<b>(2,091)</b>		<b>16,241</b>	<b>(3,763)</b>



IFRS 7 requires financial instruments recognised in the statement of financial position at fair value to be classified on the basis of a hierarchy that reflects the significance of the inputs used in determining fair value. The following levels are used in this hierarchy:

- Level 1 – quoted prices in active markets for the assets or liabilities being measured;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are not based on observable market data.

All the financial assets and liabilities measured at fair value at June 30, 2012 are classified on Level 2. In first half 2012 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa

The Group holds the following derivatives at 30 June 2012:

- FX forward exchange agreements to hedge future purchases and sales of foreign currency;
- FX Currency Option agreements for future purchases of foreign currency.

These agreements hedge future purchases and sales planned for the Fall/Winter 2012 and Spring/Summer 2013 seasons.

The fair value mentioned above agrees with the amount shown in the balance sheet. The fair value measurement of the derivatives being analyzed was carried out by means of independent valuation models on the basis of the following market data posted on June 30, 2012:

- Short-term interest rates on the currencies in question as quoted on [www.euribor.org](http://www.euribor.org) and [www.bba.org.uk](http://www.bba.org.uk);
- The spot exchange rates taken directly from the European Central Bank's website and the relative volatility posted by Bloomberg.

### 31. Related-party transactions

The Group has dealings with the ultimate parent company (LIR S.r.l.) and with third parties that are directly or indirectly linked by common interests to the majority shareholder. The commercial relations with these parties are based on the utmost transparency and normal market conditions. Net sales mainly relate to the sale of "Geox" products in monobrand shops owned by managers that work for the Group. General and administrative expenses principally relate to leases for buildings used by the Group.

The main effects on profit and loss of the transactions with these parties for first half 2012 and 2011 are summarized below:

	<b>Total I half 2012</b>	<b>Parent company</b>	<b>Affiliates company</b>	<b>Other related parties</b>	<b>Total of which related parties</b>	<b>Effect on Total (%)</b>
Net sales	<b>429,093</b>	-	79	999	<b>1,078</b>	<b>0.3%</b>
Cost of sales	<b>(220,314)</b>	-	84	-	<b>84</b>	<b>0.0%</b>
General and administrative expenses	<b>(125,056)</b>	(56)	(1,256)	(242)	<b>(1,554)</b>	<b>1.2%</b>
Advertising and promotion	<b>(23,542)</b>	-	-	-	-	<b>0.0%</b>

	<b>Total I half 2011</b>	<b>Parent company</b>	<b>Affiliates company</b>	<b>Other related parties</b>	<b>Total of which related parties</b>	<b>Effect on Total (%)</b>
Net sales	<b>448,336</b>	-	18	1,385	<b>1,403</b>	<b>0.3%</b>
Cost of sales	<b>(242,755)</b>	-	52	-	<b>52</b>	<b>0.0%</b>
General and administrative expenses	<b>(115,992)</b>	(56)	(2,279)	(238)	<b>(2,573)</b>	<b>2.2%</b>
Advertising and promotion	<b>(23,995)</b>	-	(16)	-	<b>(16)</b>	<b>0.1%</b>

The main effects on financial statement of the transactions with these parties at 30 June 2012 and at 31 December 2011 are summarized below:

	Balance at June 30, 2012	Parent company	Affiliates company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	160,030	15	757	1,015	1,787	1.1%
Other non-financial current assets	27,238	32	-	32	64	0.2%
Accounts payable	130,645	112	32	80	224	0.2%
Taxes payable	17,481	6,257	-	-	6,257	35.8%

	Balance at Dec. 31, 2011	Parent company	Affiliates company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	154,171	-	514	1,201	1,715	1.1%
Other non-financial current assets	21,801	17	-	-	17	0.1%
Accounts payable	133,013	102	33	80	215	0.2%
Taxes payable	11,818	479	-	-	479	4.1%

There is also the corporate income tax (IRES) payable by Geox S.p.A., Geox Retail S.r.l. and XLog S.r.l. which will be paid to LIR S.r.l., the ultimate parent company, following the decision to file for tax in Italy on a Group basis. As at June 30, 2012 the Group has a tax debit for an amount of Euro 6,257 thousand (Euro 479 thousand as at December 31, 2011).

## 32. Dividends paid and proposed

	I half 2012	I half 2011
Dividends declared and paid during the first half:	41,473	46,657
Dividends declared and paid during the first half - per share:	0.16	0.18
Dividends proposed to the shareholders' meeting (not yet recognized as a liability at December 31)*:	n.a.	n.a.
Dividends proposed to the shareholders' meeting (not yet recognized as a liability at December 31) - per share:	n.a.	n.a.

## 33. Commitments and contingent liabilities

The Group has stipulated leases for a number of industrial and commercial premises with an average duration of 5-6 years in Italy and 10 years on average abroad. In certain cases, mainly in Italy, the contract provides for tacit renewal on expiry for another 6 years. These contracts can be index-based according to the annual trend in ISTAT's consumer-price index.

The future rental payments under these contracts, as of June 30, are as follows:

	06-30-2012
Within 1 year	58,984
Within 1-5 years	149,843
Beyond 5 years	69,649
<b>Total</b>	<b>278,476</b>

#### **34. Significant subsequent events after June 30, 2012**

None.

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Biadene di Montebelluna, July 31, 2012

for the Board of Directors  
The Chairman  
Mario Moretti Polegato

## Attachment 1

Biadene di Montebelluna, July 31, 2012

### ATTESTATION

#### **OF THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART- 154-BIS, PARAS. 5 AND 5-BIS OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998 "THE FINANCIAL INTERMEDIATION CODE".**

The undersigned Diego Bolzonello, Chief Executive Officer of Geox S.p.A. and Livio Libralesso, Financial Reporting Manager of Geox S.p.A., attest, bearing in mind the provisions of art. 154-bis, paras. 3 and 4 of Legislative Decree 58 of February 24, 1998:

- the adequacy in relation to the characteristics of the enterprise and
- the effective application

of the administrative and accounting procedures for preparing the consolidated financial statement during first half 2012.

They also confirm that the half-year consolidated financial statements:

- a) agree with the books of account and accounting entries;
- b) are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued to implement art. 9 of Legislative Decree 38/2005, and to the best of their knowledge, they are able to give a true and fair view of the assets and liabilities, results and financial position of the Issuer and of the other enterprises included in the consolidation;
- c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 30 June 2012 and for the half-year then ended;
- d) Director's report includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

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Diego Bolzonello  
CEO

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Livio Libralesso  
Financial Reporting Manager

## ATTACHMENT 2

## LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2012

Name	Location	Year end	Currency	Share capital	% held directly	% held indirectly	total
- Geox S.p.A.	Biadene di Montebelluna (TV), Italy	12-31-2012	EUR	25,920,733			
- Geox Deutschland Gmbh	Munich, Germany	12-31-2012	EUR	500,000	100,00%		100,00%
- Geox Respira SL	Barcelona, Spain	12-31-2012	EUR	1,500,000	100,00%		100,00%
- Geox Suisse SA	Lugano, Switzerland	12-31-2012	CHF	200,000	100,00%		100,00%
- Geox UK Ltd.	London, UK	12-31-2012	GBP	1,050,000	100,00%		100,00%
- Geox Japan K.K.	Tokyo, Japan	12-31-2012	JPY	495,000,000		100,00%	100,00%
- Geox Canada Inc.	Ontario, Canada	12-31-2012	CAD	100		100,00%	100,00%
- S&A Distribution Inc.	New Jersey, Usa	12-31-2012	USD	1		100,00%	100,00%
- Geox France Sarl	Sallanches, France	12-31-2012	EUR	5,000,000	100,00%		100,00%
- Geox Holland B.V.	Amsterdam, Netherlands	12-31-2012	EUR	20,100	100,00%		100,00%
- Geox Retail S.r.l.	Biadene di Montebelluna (TV), Italy	12-31-2012	EUR	100,000	100,00%		100,00%
- Geox Retail Czech Sro	Praga, Czech Rep.	12-31-2012	CZK	12,000,000	100,00%		100,00%
- Geox Hungary Kft	Budapest, Hungary	12-31-2012	HUF	10,000,000	99,00%	1,00%	100,00%
- Geox Hellas S.A.	Athens, Greece	12-31-2012	EUR	220,000	100,00%		100,00%
- Geox do Brasil Participacoes Ltda	San Paolo, Brazil	12-31-2012	BRL	1,000,000 *	1,00%	99,00%	100,00%
- Geox Retail Slovakia Sro	Prievidza, Slovak Rep.	12-31-2012	EUR	6,639	100,00%		100,00%
- S&A Retail Inc	New Jersey, Usa	12-31-2012	USD	200		100,00%	100,00%
- Geox Asia Pacific Ltd.	Hong Kong, China	12-31-2012	USD	1,282		100,00%	100,00%
- XLog S.r.l.	Signoressa di Trevignano (TV), Italy	12-31-2012	EUR	110,000	100,00%		100,00%
- Geox Rus LLC	Moscow, Russian	12-31-2012	RUB	900,000	100,00%		100,00%
- Geox AT Gmbh	Wien, Austria	12-31-2012	EUR	35,000	100,00%		100,00%
- Geox Poland Sp. Z.o.o.	Warszawa, Poland	12-31-2012	PLN	5,000	100,00%		100,00%
- Geox Trading Shangai Ltd	Shangai, PRC	12-31-2012	CNY	1,323,063		100,00%	100,00%
- Technic Development Srl (**)	Timisoara, Romania	12-31-2012	RON	-	1,00%	99,00%	100,00%

\* Share Capital not paid.

\*\* Company liquidated during first half 2012.

**Auditors' review report on the interim condensed consolidated financial statements  
(Translation from the original Italian text)**

To the Shareholders of  
GEOX S.P.A.

1. We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes, of GEOX S.P.A. and its subsidiaries (the "GEOX Group") as of June 30, 2012. Directors of GEOX S.P.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.
2. We conducted our review in accordance with review standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 19, 2012 and on August 5, 2011, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of GEOX Group as of June 30, 2012 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, Italy  
August 2, 2012

Reconta Ernst & Young S.p.A.  
Signed by: Stefano Marchesin, Partner

*This report has been translated into the English language solely for the convenience of the international readers*