GEOX

2014 HALF-YEAR FINANCIAL REPORT

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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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DIRECTORS' REPORT

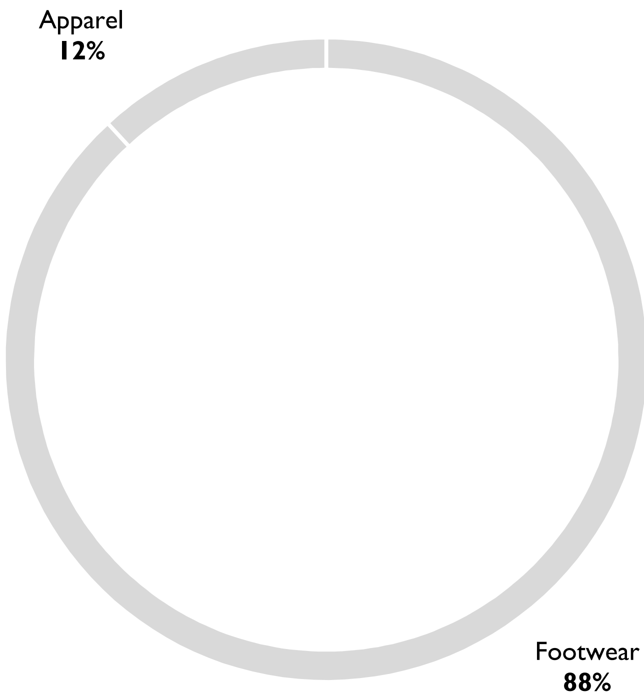
Profile

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 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 one of the leading brands world-wide in the "International Lifestyle Casual Footwear Market" (source: Shoe Intelligence, 2013).

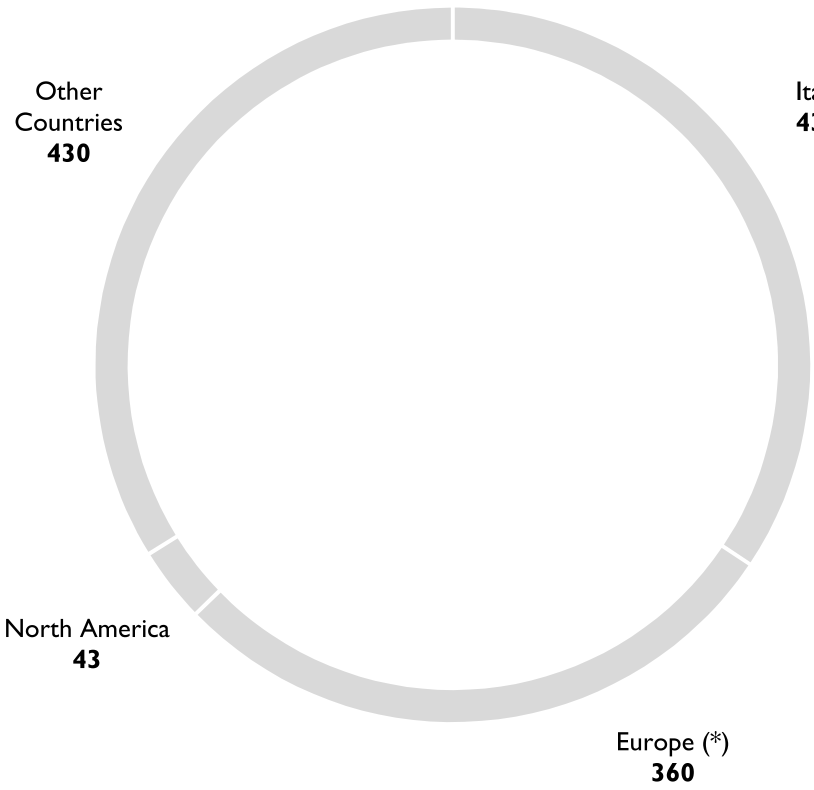


Net sales 1H2014 – 400.2 million

The distribution system

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

As of June 30, 2014 the overall number of "Geox Shops" came to 1,270, of which 799 in franchising and 471 operated directly.



Geox Shops

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

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 the Far East. All stages of the production process are strictly under the control and coordination of Geox organization.

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 which 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, New Jersey for the North America, Tokyo for Japan, Shanghai for China and Hong Kong for the rest of Asia.

Geox recently decided to invest in a manufacturing company in Serbia, which, once operative, will produce about 5-10% of the Group's requirements, mainly in order to reduce the production lead time for the replenishment of best-selling products in the stores, maximizing the sellout.

The project involves hiring 1,250 people, for a total investment of nearly Euro 16 million co-financed by the Republic of Serbia. The plant will be built during 2014 in Vranje, an area where there is a high level of know-how in the production of footwear.

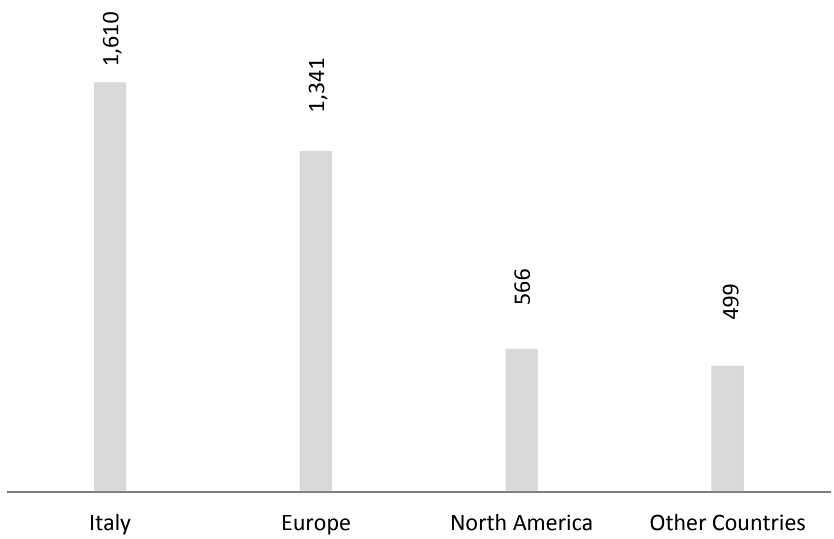
Human Resources

At June 30, 2014 the Group had 4,016, an increase of 303 compared with 3,713 employees at December 31, 2013. The increase was mainly due to the new DOS openings and the first direct recruitments in the production unit in Serbia.

As of June 30, 2014 the Group had 4,016 employees, split as follows:

Level	**06-30-2014**	**12-31-2013**
Managers	41	36
Middle Managers	155	124
Office Staff	745	773
Shop Employees	2,844	2,557
Factory workers	231	223
Total	**4,016**	**3,713**

The graph shows the employees of the Group at June 30, 2014, broken down by geographic area:



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, at 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	17,023	19,947,825
from 5,001 to 10,000 shares	881	6,658,170
10,001 shares and over	718	247,161,218
Lack of information on disposal of individual positions previously reported		(14,559,882)
Total	**18,622**	**259,207,331**

(*) As reported by Istifid on June 30, 2014.

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 19,800 shares of the Company as of June 30, 2014.

Company officers

Board of Directors

Name	Position and independent status (where applicable)
Mario Moretti Polegato (1)	Chairman and Executive Director
Enrico Moretti Polegato (1)	Vice Chairman and Executive Director
Giorgio Presca (1)	CEO and Executive Director (*)
Roland Berger (2) (4)	Independent Director
Fabrizio Colombo (2) (3) (4)	Independent Director
Lara Livolsi (3)	Independent Director
Renato Alberini (4)	Director
Claudia Baggio	Director
Alessandro Antonio Giusti (2) (3)	Director

(1) Member of the Executives Committee
(2) Member of the Audit and Risk Committee
(3) Member of the Compensation Committee
(4) Member of the Nomination Committee

(*) 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 17, 2013.

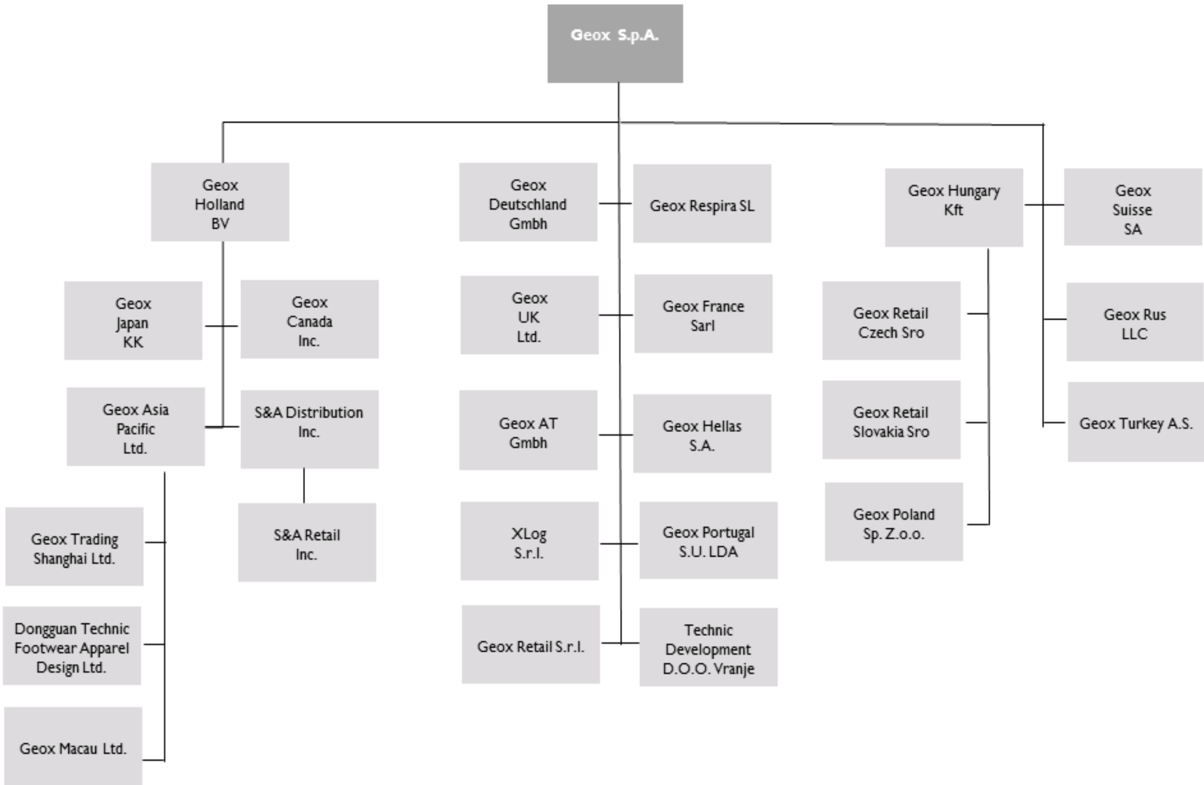
Board of Statutory Auditors

Name	Position
Francesco Gianni	Chairman
Valeria Mangano	Statutory Auditor
Francesca Meneghel	Statutory Auditor
Giulia Massari	Alternate Auditor
Andrea Luca Rosati	Alternate Auditor

Independent Auditors

Deloitte & Touche 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 3 macro-groups:

- **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 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.

- **European trading companies.** They are responsible for developing and overseeing their area in order to provide a better customer service, increasing the presence of the Group through localized direct sales force and investments in showrooms closer to the market. The trading companies in Switzerland, Russia and Turkey also have the need of purchasing a product immediately marketable in the territory, having already complied with the customs.

The Group's economic performance

Economic results summary

The main results are outlined below:

- Net sales of Euro 400.2 million, with a increase of 3.5% (4.1% constant exchange rates) compared to Euro 386.8 million in first half 2013;
- EBITDA of Euro 20.7 million, compared to Euro 21.9 million in first half 2013, with a 5.2% margin;
- EBIT of Euro 0.1 million, compared to Euro 0.2 million in first half 2013;
- Net result of Euro -3.9 million, compared to Euro -3.6 million in first half 2013, with a -1.0% margin.

The following table summarizes the consolidated income statement:

(Thousands of Euro)	I half 2014	%	I half 2013	%	2013	%
Net sales	**400,180**	**100.0%**	**386,795**	**100.0%**	**754,191**	**100.0%**
Cost of sales	(203,457)	(50.8%)	(200,680)	(51.9%)	(402,701)	(53.4%)
Gross profit	**196,723**	**49.2%**	**186,115**	**48.1%**	**351,490**	**46.6%**
Selling and distribution costs	(23,620)	(5.9%)	(23,896)	(6.2%)	(46,634)	(6.2%)
General and administrative expenses	(153,053)	(38.2%)	(136,671)	(35.3%)	(281,960)	(37.4%)
Advertising and promotion	(19,973)	(5.0%)	(18,703)	(4.8%)	(38,750)	(5.1%)
Operating result	**77**	**0.0%**	**6,845**	**1.8%**	**(15,854)**	**(2.1%)**
Special items	-	0.0%	(4,834)	(1.2%)	(14,054)	(1.9%)
Net asset impairment	-	0.0%	(1,840)	(0.5%)	(4,725)	(0.6%)
EBIT	**77**	**0.0%**	**171**	**0.0%**	**(34,633)**	**(4.6%)**
Net interest	(3,179)	(0.8%)	(2,088)	(0.5%)	(3,846)	(0.5%)
PBT	**(3,102)**	**(0.8%)**	**(1,917)**	**(0.5%)**	**(38,479)**	**(5.1%)**
Income tax	(801)	(0.2%)	(1,723)	(0.4%)	8,730	1.2%
Tax rate	*-26%*		*-90%*		*23%*	
Net result	**(3,903)**	**(1.0%)**	**(3,640)**	**(0.9%)**	**(29,749)**	**(3.9%)**
EPS (Earnings per shares)	**(0.02)**		**(0.01)**		**(0.11)**	
EBITDA	**20,739**	**5.2%**	**21,949**	**5.7%**	**10,684**	**1.4%**
Special items	-		(4,834)		(14,054)	
EBITDA adjusted	**20,739**	**5.2%**	**26,783**	**6.9%**	**24,738**	**3.3%**

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 2014 consolidated net sales increased by 3.5% (4.1% at constant exchange rates) to Euro 400.2 million. Footwear sales, which accounted for about 88% of consolidated sales, amounting to Euro 352.7 million, increased 2.8% compared to first half of 2013. Apparel sales, which represented 12% of consolidated sales, equal to Euro 47.5 million, increased 8.3%.

(Thousands of Euro)	I half 2014	%	I half 2013	%	Var. %
Footwear	352,674	88.1%	342,949	88.7%	2.8%
Apparel	47,506	11.9%	43,846	11.3%	8.3%
Net sales	**400,180**	**100.0%**	**386,795**	**100.0%**	**3.5%**

Sales in Italy, the Group's main market, which accounted for 33% of sales (32% in the first half of 2013) amounted to Euro 133.7 million showing a 9.2% increase compared with the same period of the previous year.

Sales in Europe, which accounted for 44% of sales (45% in the first half of 2013) amounted to Euro 176.8 million, compared to Euro 172.7 million of the same period of last year.

North American sales decreased by 7.4% at Euro 24.2 million (-4.7% at constant exchange rates). Sales in Other Countries decreased by 0.1% compared to the first half of 2013 (+2.7% at constant exchange rates).

(Thousands of Euro)	I half 2014	%	I half 2013	%	Var. %
Italy	133,744	33.4%	122,485	31.7%	9.2%
Europe (*)	176,767	44.2%	172,667	44.6%	2.4%
North America	24,239	6.1%	26,165	6.8%	(7.4%)
Other countries	65,430	16.4%	65,478	16.9%	(0.1%)
Net sales	**400,180**	**100.0%**	**386,795**	**100.0%**	**3.5%**

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

In the first half of 2014, sales of the DOS channel, which represent 41% of Group revenues, grew 24.9% to Euro 163.8 million. The improvement is mainly driven by new openings and by comparable store sales growth recorded on DOS channel (+8.2%). Comparable sales related to the Spring/Summer Collection (from February 27, 2014 to July 27, 2014) registered a 6.3% growth.

Sales of the franchising channel, which account for 19% of Group revenues, amount to Euro 74.5 million, with a decrease of 3.6%. This trend is mainly due to the Group's decision to operate directly some shops which were previously run by agents whose contracts have terminated and to close stores with a performance not in line with the expected profitability.

Multibrand stores representing 40% of Group revenues (46% in the first half 2013) amount to Euro 161.8 million. The change compared with the same period of 2013 is equal to -9.3% and is mainly due to the difficult market conditions in Mediterranean countries with the consequent prudent business approach and selective cancellations of orders.

(Thousands of Euro)	I half 2014	%	I half 2013	%	Var. %
Multibrand	**161,836**	**40.4%**	**178,332**	**46.1%**	**(9.3%)**
Franchising	74,529	18.6%	77,331	20.0%	(3.6%)
DOS*	163,815	40.9%	131,132	33.9%	24.9%
Geox Shops	**238,344**	**59.6%**	**208,463**	**53.9%**	**14.3%**
Net sales	**400,180**	**100.0%**	**386,795**	**100.0%**	**3.5%**

* Directly Operated Store

As of June 30, 2014, the overall number of Geox Shops was 1,270 of which 471 DOS. During the first half of 2014, 43 new Geox Shops were opened and 72 have been closed, in line with the announced plan for the rationalization of the Geox Shop network.

	06-30-2014		12-31-2013		I half 2014		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	437	176	465	169	(28)	4	(32)
Europe (*)	360	169	361	162	(1)	14	(15)
North America	43	43	40	40	3	4	(1)
Other countries (**)	430	83	433	79	(3)	21	(24)
Total	**1,270**	**471**	**1,299**	**450**	**(29)**	**43**	**(72)**

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

(**) Includes Under License Agreement Shops (182 as of June 30 2014, 176 as of December 31 2013). 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 50.8% compared to 51.9% of the first half 2013, producing a gross margin of 49.2% (48.1% in the first half 2013).

The increase in gross profit, in line with management expectations, is explained by the increased profitability in the directly operated stores and the steps taken in terms of product mix, channels, prices.

Operating expenses and Operating income (EBIT)

Selling and distribution expenses as a percentage of sales was 5.9% (6.2% in the first half of 2013).

General and administrative expenses were equal to Euro 153.1 million, compared with Euro 136.7 million of the first half 2013. General and administrative expenses, as a percentage of sales, were 38.2%, compared to 35.3% of the same period of 2013.

The increase is mainly due to costs of opening and running new directly operated stores (DOS), including the conversion to directly operated stores of stores previously managed by some franchisees during 2013.

Advertising and promotions expenses were equal to 5.0% of sales compared to 4.8% of the first half of 2013.

The operating result is equal to Euro 0.1 million, in line with the first half of 2013.

The table below analyses the EBIT obtained across business segments in which the Group operates:

		I half 2014	**%**	**I half 2013**	**%**
Footwear	Net sales	352,674		342,949	
	EBIT	4,953	1.4%	2,099	0.6%
Apparel	Net sales	47,506		43,846	
	EBIT	(4,876)	(10.3%)	(1,928)	(4.4%)
Total	**Net sales**	**400,180**		**386,795**	
	EBIT	**77**	**0.0%**	**171**	**0.0%**

EBITDA

EBITDA was Euro 20.7 million, 5.2% of sales, compared to Euro 21.9 million (5.7% on sales) of the first half of 2013.

Income taxes and tax rate

Income taxes were equal to Euro 0.8 million, compared to Euro 1.7 million of the first half of 2013.

The Group's financial performance

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	June 30, 2014	Dec. 31, 2013	June 30, 2013
Intangible assets	58,236	64,023	66,575
Property, plant and equipment	60,292	65,291	65,208
Other non-current assets - net	66,981	67,338	55,241
Total non-current assets	**185,509**	**196,652**	**187,024**
Net operating working capital	**235,764**	**213,646**	**212,834**
Other current assets (liabilities), net	**(15,088)**	**(18,415)**	**(15,473)**
Net invested capital	**406,185**	**391,883**	**384,385**
Equity	354,360	355,429	385,835
Provisions for severance indemnities, liabilities and charges	8,628	8,228	11,519
Net financial position	43,197	28,226	(12,969)
Net invested capital	**406,185**	**391,883**	**384,385**

The Group balance sheet shows a negative financial position of Euro 43.2 million.

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

(Thousands of Euro)	June 30, 2014	Dec. 31, 2013	June 30, 2013
Inventories	284,300	281,907	205,160
Accounts receivable	100,000	100,837	140,862
Accounts payable	(148,536)	(169,098)	(133,188)
Net operating working capital	**235,764**	**213,646**	**212,834**
% of sales for the last 12 months	***30.7%***	***28.3%***	***27.8%***
Taxes payable	(8,029)	(8,424)	(10,864)
Other non-financial current assets	33,693	32,072	36,983
Other non-financial current liabilities	(40,752)	(42,063)	(41,592)
Other current assets (liabilities), net	**(15,088)**	**(18,415)**	**(15,473)**

The ratio of net working capital to sales comes to 30.7% compared with 27.8% of the first half 2013. This change is mainly due to the increase in inventory of next season (Fall/Winter 2014) and the Spring/Summer 2014 season currently on sales.

The following table gives a reclassified consolidated cash flow statement:

(Thousands of Euro)	I half 2014	I half 2013	2013
Net result	**(3,903)**	**(3,640)**	**(29,749)**
Depreciation, amortization and impairment	20,661	21,778	45,318
Other non-cash items	1,318	297	(5,138)
	18,076	**18,435**	**10,431**
Change in net working capital	(31,297)	(27,751)	(40,065)
Change in other current assets/liabilities	2,672	(4,131)	7,924
Cash flow from operations	**(10,549)**	**(13,447)**	**(21,710)**
Capital expenditure	(11,648)	(18,465)	(40,112)
Disposals	1,875	493	649
Net capital expenditure	**(9,773)**	**(17,972)**	**(39,463)**
Free cash flow	**(20,322)**	**(31,419)**	**(61,173)**
Dividends	-	(15,552)	(15,552)
Change in net financial position	**(20,322)**	**(46,971)**	**(76,725)**
Initial net financial position - prior to fair value adjustment of derivatives	**(18,339)**	**57,792**	**57,792**
Change in net financial position	(20,322)	(46,971)	(76,725)
Translation differences	(776)	867	594
Final net financial position - prior to fair value adjustment of derivatives	**(39,437)**	**11,688**	**(18,339)**
Fair value adjustment of derivatives	(3,760)	1,280	(9,887)
Final net financial position	**(43,197)**	**12,968**	**(28,226)**

In the first half of 2014, net capital expenditure were equal to Euro 9.8 million (Euro 18.0 million in the first half of 2013), of which Euro 7.1 million for new Geox Shop openings and refurbishment.

Before the fair value adjustment of derivatives, net financial position was Euro -39.4 million, compared to Euro -18.3 million of December 31, 2013. After fair value adjustment of derivatives, which negatively affected for Euro 3.8 million (Euro -9.9 million of December 31, 2013), net financial position was equal to Euro -43.2 million as of June 30, 2014 (Euro -28.2 million at the end of 2013).

Consolidated capital expenditure is analyzed in the following table:

(Thousands of Euro)	I half 2014	I half 2013	2013
Trademarks and patents	193	539	912
Opening and restructuring of Geox Shop	7,064	11,654	24,135
Industrial plant and equipment	1,450	2,533	7,132
Logistic	127	73	223
Information technology	1,743	2,433	6,469
Offices furniture, warehouse and fittings	1,071	1,233	1,241
Total	**11,648**	**18,465**	**40,112**

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

(Thousands of Euro)	June 30, 2014	Dec. 31, 2013	June 30, 2013
Cash and cash equivalents	51,970	46,991	47,373
Current financial assets - excluding derivatives	211	114	73
Bank borrowings and current portion of long-term loans	(72,876)	(66,969)	(37,199)
Current financial liabilities - excluding derivatives	(266)	(24)	(13)
Net financial position - current portion	**(20,961)**	**(19,888)**	**10,234**
Non-current financial assets	1,586	1,611	1,517
Long-term loans	(20,062)	(62)	(62)
Net financial position - non-current portion	**(18,476)**	**1,549**	**1,455**
Net financial position - prior to fair value adjustment of derivatives	**(39,437)**	**(18,339)**	**11,688**
Fair value adjustment of derivatives	(3,760)	(9,887)	1,280
Net financial position	**(43,197)**	**(28,226)**	**12,968**

Treasury shares and equity interests in parent companies

Note that pursuant to art. 40.2 d) of D.Lgs 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.

At the date of this report there are three cycles of stock option plans. 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 three 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 plan, which was approved by the Board on December 22, 2011, establishes a maximum number of options (2,830,000) and envisages two grant cycles in 2011 and 2012. In 2011, 1,780,000 options and in 2012 500,000 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 respectively amounted to Euro 2.29 and Euro 2.08. The options have a minimum vesting period of 3 years, while the exercise period ends on March 31, 2020.

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

		Option held at the beginning of the year			Option granted during the period		
(A) Name	**(B)** Position	**(1)** Number of option	**(2)** Average Strike Price	**(3)** Average Expiry Date	**(4)** Number of option	**(5)** Average Strike Price	**(6)** Average Expiry Date
Giorgio Presca	CEO	250,000	2.29	2020	-	-	-
Giorgio Presca	CEO	500,000	2.08	2020	-	-	-
Executives with strategic responsibilities		120,000	4.60	2014	-	-	-
Executives with strategic responsibilities		19,000	9.17	2015	-	-	-
Executives with strategic responsibilities		180,000	2.29	2020	-	-	-

	Options exercised during the period			Options expired	Options held at the end of the period		
(A) Name	**(7)** Number of option	**(8)** Average Strike Price	**(9)** Average Expiry Date	**(10)** Number of option	**(11)=1+4-7-10** Number of option	**(12)** Average Strike Price	**(13)** Average Expiry Date
Giorgio Presca	-	-	-	-	250,000	2.29	2020
Giorgio Presca	-	-	-	-	500,000	2.08	2020
Exec. Strat. Resp.	-	-	-	-	120,000	4.60	2014
Exec. Strat. Resp.	-	-	-	-	19,000	9.17	2015
Exec. Strat. Resp.	-	-	-	-	180,000	2.29	2020

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

The 2014-2016 Business Plan presented to the financial community is based on steps designed to:

- focus on the core business and product innovation;
- simplify the business to obtain a drastic reduction of the complexity with consequent reduction in costs;
- rationalize the network of monobrand stores by closing those that are underperforming;
- open new stores only if strict profitability criteria are met;
- improve commercial structures in the countries of Northern and Eastern Europe and in Asia which will allow us, in the future, to take advantage of the significant growth potential of these countries where the Group's presence is still limited, but in rapid expansion, with positive results;
- improvement of gross profit.

Thanks to the expectations of a positive second half compared with the same period last year, management confirms the objectives set in the Business Plan for 2014 with an increase in revenues to around Euro 800 million and a return to break-even at EBIT level.

These results depend on the following events taking place:

1. confirmation of the growth in the DOS channel, with about 15 additional net openings and an increase in comparable sales by the existing stores;

2. stabilization of the wholesale channel, linked to the growth in orders for the upcoming Fall/Winter 2014 season, which should compensate for the weakness seen in the first half;

3. it is assumed that the positive performances of the wholesale channels and directly operated stores are such as to compensate for the slight decline expected in the franchising channel, mainly due to the slowdown in new openings envisaged in the Business Plan and an acceleration of the rationalization process by closing non-performing stores. The Geox Group is implementing the techniques and processes that have already been applied to the network of directly operated stores, also in the franchising channel, and consequently management is assuming an improvement in performance with at least a slight increase in comparable sales for the year;

4. confirmation in the second half of the improvement in gross profit margins already reflected in the order book, thanks to a combination of pricing, fewer sales promotions and reduced operational complexity;

5. the current context of unfavourable exchange rates for Groups that consolidate their foreign sales in euro does not produce any significantly adverse translation effect as it did in the first half.

Biadene di Montebelluna, July 31, 2014

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

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES


GEOX

Consolidated income statement

(Thousands of Euro)	Notes	I half 2014	of which related party	I half 2013	of which related party	2013	of which related party
Net sales	3-31	**400,180**	**1,881**	**386,795**	**2,562**	**754,191**	**4,653**
Cost of sales	31	(203,457)	-	(200,680)	110	(402,701)	378
Gross profit		**196,723**		**186,115**		**351,490**	
Selling and distribution costs		(23,620)	(2)	(23,896)	-	(46,634)	-
General and administrative expenses	4-31	(153,053)	(1,078)	(136,671)	(1,332)	(281,960)	(3,078)
Advertising and promotion	31	(19,973)	(93)	(18,703)	(106)	(38,750)	(220)
Special items	7	-	-	(4,834)	-	(14,054)	-
Net asset impairment	5	-	-	(1,840)	-	(4,725)	-
EBIT	3	**77**		**171**		**(34,633)**	
Net interest	8	(3,179)	-	(2,088)	-	(3,846)	-
PBT		**(3,102)**		**(1,917)**		**(38,479)**	
Income tax	9	(801)	-	(1,723)	-	8,730	-
Net result		**(3,903)**		**(3,640)**		**(29,749)**	
Earnings per share [Euro]	10	(0.02)		(0.01)		(0.11)	
Diluted earnings per share [Euro]	10	(0.02)		(0.01)		(0.11)	

Consolidated statement of comprehensive income

(Thousands of Euro)	I half 2014	of which related party	I half 2013	of which related party	2013	of which related party
Net income	**(3,903)**		**(3,640)**		**(29,749)**	
Other comprehensive income that will not be reclassified subsequently to profit or loss:						
- Net gain (loss) on actuarial defined-benefit plans	(212)	-	(195)	-	(110)	-
Other comprehensive income that may be reclassified subsequently to profit or loss:						
- Net gain (loss) on Cash Flow Hedge, net of tax	3,314	-	2,546	-	(2,583)	-
- Currency translation	(268)	-	(160)	-	587	-
Net comprehensive income	**(1,069)**		**(1,449)**		**(31,855)**	

Consolidated statement of financial position

(Thousands of Euro)	Notes	June 30, 2014	of which related party	Dec. 31, 2013	of which related party	June 30, 2013	of which related party
ASSETS:							
Intangible assets	11	58,236		64,023		66,575	
Property, plant and equipment	12	60,292		65,291		65,208	
Deferred tax assets	13	52,700		51,249		36,796	
Non-current financial assets	18-30	1,586		1,611		1,517	
Other non-current assets	14-31	16,466	-	18,253	-	20,703	12
Total non-current assets		**189,280**		**200,427**		**190,799**	
Inventories	15	284,300		281,907		205,160	
Accounts receivable	16-31	100,000	3,721	100,837	4,515	140,862	4,622
Other non-financial current assets	17-31	33,693	1,764	32,072	3,774	36,983	4,420
Current financial assets	18-30	1,620		1,019		3,172	
Cash and cash equivalents	19	51,970		46,991		47,373	
Current assets		**471,583**		**462,826**		**433,550**	
Total assets		**660,863**		**663,253**		**624,349**	
LIABILITIES AND EQUITY:							
Share capital	20	25,921		25,921		25,921	
Reserves	20	332,342		359,257		363,554	
Net income	20	(3,903)		(29,749)		(3,640)	
Equity		**354,360**		**355,429**		**385,835**	
Employee severance indemnities	21	2,574		2,379		2,652	
Provisions for liabilities and charges	22	6,054		5,849		8,867	
Long-term loans	23	20,062		62		62	
Other long-term payables	24	2,185		2,164		2,258	
Total non-current liabilities		**30,875**		**10,454**		**13,839**	
Accounts payable	25-31	148,536	1,051	169,098	2,338	133,188	1,086
Other non-financial current liabilities	26	40,752		42,063		41,592	
Taxes payable	27	8,029		8,424		10,864	
Current financial liabilities	18-30	5,435		10,816		1,832	
Bank borrowings and current portion of long-term loans	28	72,876		66,969		37,199	
Current liabilities		**275,628**		**297,370**		**224,675**	
Total liabilities and equity		**660,863**		**663,253**		**624,349**	

Consolidated statement of cash flow

(Thousands of Euro)	Notes	I half 2014	I half 2013	2013
CASH FLOW FROM OPERATING ACTIVITIES:				
Net result	20	**(3,903)**	**(3,640)**	**(29,749)**
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation and amortization and impairment	5	20,661	21,778	45,318
Increase in (use of) deferred taxes and other provisions		2,754	1,753	(7,631)
Provision for employee severance indemnities, net		(22)	61	(118)
Other non-cash items		(1,414)	(1,517)	2,611
		21,979	**22,075**	**40,180**
Change in assets/liabilities:				
Accounts receivable		(3,815)	1,248	31,599
Other assets		797	(4,060)	4,991
Inventories		(6,831)	426	(79,131)
Accounts payable		(20,651)	(29,424)	7,467
Other liabilities		2,271	64	5,487
Taxes payable		(396)	(135)	(2,554)
		(28,625)	**(31,881)**	**(32,141)**
Operating cash flow		**(10,549)**	**(13,447)**	**(21,710)**
CASH FLOW USED IN INVESTING ACTIVITIES:				
Capital expenditure on intangible assets	11	(2,341)	(5,770)	(12,645)
Capital expenditure on property, plant and equipment	12	(9,307)	(12,695)	(27,467)
		(11,648)	**(18,465)**	**(40,112)**
Disposals		1,875	493	649
(Increase) decrease in financial assets		(73)	(164)	(300)
Cash flow used in investing activities		**(9,846)**	**(18,136)**	**(39,763)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:				
Increase (decrease) in short-term bank borrowings, net		(20,849)	766	23,373
Loans:				
- Proceeds		46,334	30,000	38,000
- Repayments		-	(99)	(198)
Dividends	32	-	(15,552)	(15,552)
Cash flow used in financing activities		**25,485**	**15,115**	**45,623**
Increase (decrease) in cash and cash equivalents		**5,090**	**(16,467)**	**(15,850)**
Cash and cash equivalents, beginning of the period	19	**46,991**	**63,867**	**63,867**
Effect of translation differences on cash and cash equivalents		(111)	(27)	(1,026)
Cash and cash equivalents, end of the period	19	**51,970**	**47,373**	**46,991**
Supplementary information to the cash flow statement:				
- Interest paid during the period		1,578	1,322	2,440
- Interest received during the period		267	476	872
- Taxes paid during the period		3,051	6,938	11,010

Consolidated statement 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	Group equity
Balance at December 31, 2012	**25,921**	**5,184**	**37,678**	**396**	**(2,087)**	**1,661**	**324,044**	**10,039**	**402,836**
Allocation of 2012 result	-	-	-	-	-	-	10,039	(10,039)	-
Distribution of dividends	-	-	-	-	-	-	(15,552)	-	(15,552)
Net comprehensive result	-	-	-	(160)	2,546	-	(195)	(3,640)	(1,449)
Balance at June 30, 2013	**25,921**	**5,184**	**37,678**	**236**	**459**	**1,661**	**318,336**	**(3,640)**	**385,835**

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Stock option reserve	Retained earnings	Net income	Group equity
Balance at December 31, 2012	**25,921**	**5,184**	**37,678**	**396**	**(2,087)**	**1,661**	**324,044**	**10,039**	**402,836**
Allocation of 2012 result	-	-	-	-	-	-	10,039	(10,039)	-
Distribution of dividends	-	-	-	-	-	-	(15,552)	-	(15,552)
Recognition of cost stock option plans	-	-	-	-	-	(485)	485	-	-
Net comprehensive result	-	-	-	587	(2,583)	-	(110)	(29,749)	(31,855)
Balance at December 31, 2013	**25,921**	**5,184**	**37,678**	**983**	**(4,670)**	**1,176**	**318,906**	**(29,749)**	**355,429**
Allocation of 2012 result	-	-	-	-	-	-	(29,749)	29,749	-
Net comprehensive result	-	-	-	(268)	3,314	-	(212)	(3,903)	(1,069)
Balance at June 30, 2014	**25,921**	**5,184**	**37,678**	**715**	**(1,356)**	**1,176**	**288,945**	**(3,903)**	**354,360**

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.

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, 2014. 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). The accounting principles and policies used in the preparation of the consolidated financial statements are the same as last year.

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, 2013 for the balance sheet and for the half period of 2013 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, 2014 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, 2014”.

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 flow is presented using the indirect method.

In connection with the requirements of the Consob Resolution No. 15519 of July 27, 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 the 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 applied since January 1, 2014

IFRS 10 – Consolidates Financial Statements. The Group adopted IFRS 10, as amended, effective January 1, 2014. The new standard builds on existing principles by identifying a single control model applicable to all entities, including "structured entities". The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.
In accordance with the transition provision in IFRS 10, the Group reassessed the conclusion on control of its investees on January 1, 2014 without reporting any significant effect on the adoption of the new standard.

Amendments to IAS 36 – Impairment of assets. The Group adopted the amendments to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets* addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal effective January 1, 2014 without reporting any effect on the Consolidated Financial Statement.

Accounting standards, amendments and interpretations effective not yet applicable and not early adopted by the Group

- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other Entities;
- Amendment to IAS 32 – Financial instruments;
- Amendment to IAS 39 – Financial instruments: Recognition and Measurement;
- IFRIC 21 – Levies, an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.

At the date of this financial statements, the European Union has not yet completed its endorsement process for these amendments:

- IFRS 9 – Financial instruments (Effective date 1.1.2015);
- Amendments to IAS 19 – *Employee benefits* entitled " *Defined Benefit Plans: Employee Contributions*". The amendments are effective, retrospectively, for annual periods beginning on or after July 1, 2014 with earlier application permitted;
- Amendments to IFRS 11 – *Joint arrangements: Accounting for acquisitions of interests in joint operations*. The amendments are effective, retrospectively, for annual periods beginning on or after January 1, 2016 with earlier application permitted;

- Amendments to IAS 16 – *Property, plant and equipment* and to IAS 38 – *Intangible assets*. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted;
- Amendments to IFRS 15 – *Revenue for contracts with customers*. The amendments are effective for annual periods beginning after December 15, 2016 and require full or limited retrospective application.

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	Medio 06-30-14	Puntuale 06-30-14	Average for 2013	As at 12-31-13	Average for 06-30-13	As at 06-30-13
US Dollar	1.3705	1.3658	1.3281	1.3791	1.3135	1.3080
Swiss Franc	1.2214	1.2156	1.2309	1.2276	1.2299	1.2338
British Pound	0.8214	0.8015	0.8493	0.8337	0.8512	0.8572
Canadian Dollar	1.5032	1.4589	1.3685	1.4671	1.3345	1.3714
Japanese Yen	140.3957	138.4400	129.6597	144.7200	125.4660	129.3900
Chinese Yuan	8.4517	8.4722	8.1655	8.3491	8.1294	8.0280
Czech Koruna	27.4436	27.4530	25.9872	27.4270	25.6974	25.9490
Russian Ruble	48.0204	46.3779	42.3248	45.3246	40.7641	42.8450
Polish Zloty	4.1755	4.1568	4.1971	4.1543	4.1781	4.3376
Hungarian Forint	306.9958	309.3000	296.9412	297.0400	296.0837	294.8500
Macau Pataca	10.9485	10.9041	10.6109	11.0150	10.4966	10.4509
Serbian Dinar	115.6140	115.8087	113.0792	114.7910	111.9205	113.9390
Vietnam Dong	28,949.3500	29,134.0899	27,922.5833	29,096.7000	27,476.6833	27,715.6000
Indonesian Rupiah	16,054.6167	16,248.1500	13,858.7167	16,764.8000	12,788.8667	12,980.4000
Turkish Lira (*)	2.9675	2.8969	2.5491	2.9605	2.3873	2.5210

* 2013 Average exchange rate from February to December.

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 it cannot be exclude that the actual results over the coming months may differ from what has been forecasted, 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 Group. 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	5-8 years
Photovoltaik plant	11 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	2-4 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.

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, interest, 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), it's necessary to look at the substance of the arrangement. It must also be assessed 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 2014	**%**	**I half 2013**	**%**
Footwear	Net sales	352,674		342,949	
	D&A	17,984		19,024	
	EBIT	4,953	1.4%	2,099	0.6%
Apparel	Net sales	47,506		43,846	
	D&A	2,678		2,754	
	EBIT	(4,876)	(10.3%)	(1,928)	(4.4%)
Total	**Net sales**	**400,180**		**386,795**	
	D&A	**20,662**		**21,778**	
	EBIT	**77**	**0.0%**	**171**	**0.0%**

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 241.749 thousand for footwear (Euro 235.715 thousand at December 31, 2013) and Euro 41.881 thousand for apparel (Euro 45.704 thousand at December 31, 2013).

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

(Thousands of Euro)	I half 2014	%	I half 2013	%
Italy	133,744	33.4%	122,485	31.7%
Europe (*)	176,767	44.2%	172,667	44.6%
North America	24,239	6.1%	26,165	6.8%
Other countries	65,430	16.4%	65,478	16.9%
Net sales	**400,180**	**100.0%**	**386,795**	**100.0%**

4. General and administrative expenses

General and administrative expenses are analyzed in the following table:

	I half 2014	I half 2013	Change
Wages and salaries	52,434	44,968	7,466
Rental expenses	47,536	42,800	4,736
Other costs	62,041	58,286	3,755
Rental income	(5,938)	(7,557)	1,619
Other income	(3,020)	(1,826)	(1,194)
Total	**153,053**	**136,671**	**16,382**

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 8,310 thousand (in the first half 2013 Euro 7,193 thousand).

The fees due to the directors, statutory auditors and executives with strategic responsibilities for the first half 2014 are listed below. These amounts, in Euro, 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**	**Exp. of Mand.**	**Emolument**	**Non cash Benefits (*)**	**Bonus and other incentives**	**Other Remuneration**	**Totale**
Mario Moretti Polegato *Chairman*	from 01-01 to 06-30-14	(1)	900,000 (2)	-	-	-	900,000
Enrico Moretti Polegato *Deputy Chairman*	from 01-01 to 06-30-14	(1)	75,000 (3)	-	-	-	75,000
Giorgio Presca *CEO and Executive Director*	from 01-01 to 06-30-14	(1)	200,000 (3)	208	-	632,692 (4)	832,900
Roland Berger *Indipendent Director*	from 01-01 to 06-30-14	(1)	27,500 (5)	-	-	-	27,500
Fabrizio Colombo *Indipendent Director*	from 01-01 to 06-30-14	(1)	32,500 (6)	-	-	-	32,500
Lara Livolsi *Indipendent Director*	from 01-01 to 06-30-14	(1)	22,500 (7)	-	-	-	22,500
Renato Alberini *Director*	from 01-01 to 06-30-14	(1)	17,500 (8)	-	-	-	17,500
Claudia Baggio *Director*	from 01-01 to 06-30-14	(1)	12,500	-	-	-	12,500
Alessandro Antonio Giusti *Director*	from 01-01 to 06-30-14	(1)	50,000 (9)	-	-	-	50,000
Francesco Gianni *Chairman of the Board of St. Auditors*	from 01-01 to 06-30-14	(1)	37,500	-	-	-	37,500
Valeria Mangano *Statutory Auditor*	from 01-01 to 06-30-14	(1)	25,000	-	-	-	25,000
Francesca Meneghel *Statutory Auditor*	from 01-01 to 06-30-14	(1)	25,000	-	-	-	25,000
Executives with strategic responsabilities			-	8,633	330,148	856,793 (10)	1,195,574 (11)

(*) Includes the fringe benefits.

(1) Term of office expires at General Meeting held to approve the financial statements at December 31, 2015.
(2) Includes remuneration as member of the Ethics Committee and the Executives Committee.
(3) Includes remuneration as member of Executives Committee.
(4) Includes remuneration as executive employees in Geox S.p.A. and a director in the subsidiaries.
(5) Includes remuneration as member of the Audit and Risk Committee, member of the Compensation Committee and Chairman of the Nomination Committee.
(6) Includes remuneration as Chairman of the Audit and Risk Committee, member of the Nomination Committee and Compensation Committee.
(7) Includes remuneration as Chairman of the Compensation Committee.
(8) Includes remuneration as member of the Nomination Risk Committee.
(9) Includes remuneration as member of the Compensation Committee and member of the Audit and Risk Committee.
(10) Includes salary and amounts paid following termination of employment.
(11) 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 of the depreciation and amortization charges included in the consolidated income statement:

	I half 2014	I half 2013	Change
Industrial depreciation	3,393	3,507	(114)
Non-industrial depreciation and amortization	17,269	16,931	338
Industrial net asset impairment	-	(500)	500
Non-industrial net asset impairment	-	1,840	(1,840)
Total	**20,662**	**21,778**	**(1,116)**

Industrial and non-industrial amortization expenses were substantially in line with the same period of previous year and increase from Euro 20,438 thousand of the first half 2013 to Euro 20,662 thousand of the first half 2014.

Non-industrial net asset impairment of Euro 1,840 thousand in the first half 2013 related to store assets.

Payroll costs amounted to Euro 64,062 thousand (Euro 56,618 thousand in the first half 2013).

6. Personnel

The average number of employees is shown below:

	I half 2014	I half 2013	Change
Managers	39	38	1
Middle managers	154	122	32
Office staff	744	739	5
Shop employees	2,660	2,119	541
Factory workers	225	43	182
Total	**3,822**	**3,061**	**761**

The average number of employees in the first half 2014 amounted to 3,822, increased of 761 units compared to the same period of 2013. The change is mainly due by the increase in shop employees as a direct result of the increase in the number of stores operated directly by the Group.

7. Special items

In the first half 2013, non-recurring expenses, special items, were recorded for Euro 4.8 million deriving from the implementation of a rationalization plan of the workforce and Euro 1.8 million related to stores assets impairments.

8. Net interest

This item is made up as follows:

	I half 2014	I half 2013	Change
Interest income	2,097	4,427	(2,330)
Interest expense	(5,092)	(6,403)	1,311
Exchange differences	(183)	(112)	(71)
Total	**(3,178)**	**(2,088)**	**(1,090)**

Interest income is made up as follows:

	I half 2014	I half 2013	Change
Interest from banks	68	78	(10)
Interest from customers	5	7	(2)
Other interest income	2,024	4,342	(2,318)
Total	**2,097**	**4,427**	**(2,330)**

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 2014	I half 2013	Change
Bank interest and charges	117	204	(87)
Interest on loans	995	143	852
Other interest expense	2,716	4,499	(1,783)
Financial discounts and allowances	1,264	1,557	(293)
Total	**5,092**	**6,403**	**(1,311)**

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 per practice in various European markets.

Exchange differences are made up as follows:

	I half 2014	I half 2013	Change
Exchange gains	9,271	23,187	(13,916)
Exchange losses	(9,454)	(23,299)	13,845
Total	**(183)**	**(112)**	**(71)**

9. Income taxes

Income taxes were equal to Euro 801 thousand, compared to Euro 1,723 thousand of the first half 2013.

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

	I half 2014	%	I half 2013	%
PBT	(3,102)	100.0%	(1,917)	100.0%
Theoretical income taxes (*)	(853)	27.5%	(527)	27.5%
Effective income taxes	801	(25.8%)	1,723	(89.9%)
Difference due to:	**1,654**	**(53.3%)**	**2,250**	**(117.4%)**
1) different tax rates applicable in other countries	(262)	8.4%	(392)	20.4%
2) permanent differences:				
i) IRAP and other local taxes	1,502	(48.4%)	1,355	(70.7%)
iv) other	414	(13.3%)	1,287	(67.1%)
Total difference	**1,654**	**(53.3%)**	**2,250**	**(117.4%)**

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

10. Earnings 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 2014	I half 2013
Earnings per share (Euro)	(0.02)	(0.01)
Diluted earnings per share (Euro)	(0.02)	(0.01)
Weighted average number of shares outstanding:		
- basic	259,207,331	259,207,331
- diluted	259,207,331	259,207,331

11. Intangible assets

Intangible assets are made up as follows:

	Balance at June 30, 2014	Balance at Dec. 31, 2013	Change
Industrial patents and intellectual property rights	12,578	14,268	(1,690)
Trademarks, concessions and licenses	782	787	(5)
Key money	43,014	46,260	(3,246)
Assets in process of formation and payments on account	723	1,570	(847)
Goodwill	1,138	1,138	-
Total	**58,235**	**64,023**	**(5,788)**

The following table shows the changes in intangible assets during the first half 2014:

	12-31-2013	Purchases and capital.	Translation Differences	Amort./ write-down	Disposals	Other Changes	06-30-2014
Intangible assets with finite useful life:							
Industrial patents and intellectual property rights	14,268	1,290	-	(3,273)	-	293	12,578
Trademarks, concessions and licenses	787	81	-	(86)	-	-	782
Key money	46,260	442	50	(3,556)	(1,261)	1,083	43,014
Assets in process of formation and payments on account	1,570	529	-	-	-	(1,376)	723
Intangible assets with an indefinite useful life:							
Goodwill	1,138	-	-	-	-	-	1,138
Total intangible assets	**64,023**	**2,342**	**50**	**(6,915)**	**(1,261)**	**-**	**58,235**

Investments during the period mainly concern:

- personalization of the IT system for a total of Euro 1,178 thousand;
- the costs incurred for the registration, extension and protection of patents in various parts of the world (Euro 112 thousand);
- the costs incurred for the registration, protection and extension of the GEOX trademark in various parts of the world (Euro 81 thousand);
- key money costs (Euro 442 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 529 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 course of the second half 2014 and the further implementations and customizing of the new IT system.

Each shop is considered a CGU and, other than those flagship stores, which, despite being open for more than two years showed negative results in terms of operating margin, it was decided to assess the recoverability of the carrying value on the basis of expected results in the next 12 months. If the value in use of a CGU is lower than its book value, its assets are written down accordingly. The intangible assets impairment fund amounts to Euro 3,270 thousand as of June 30, 2014 (Euro 6,359 as of December 31, 2013).

12. Property, plant and equipment

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

	Balance at June 30, 2014	Balance at Dec. 31, 2013	Changes
Land and buildings	545	550	(5)
Plant and machinery	6,019	7,132	(1,113)
Industrial and commercial equipment	3,344	4,589	(1,245)
Other assets	19,183	19,046	137
Leasehold improvements	29,488	32,411	(2,923)
Construction in progress and payments on account	1,713	1,563	150
Total	**60,292**	**65,291**	**(4,999)**

The following table shows the changes in property, plant and equipment during first half 2014:

	12-31-13	Purchases and capital.	Translation Differences	Amort./ write-down	Disposals	Other Changes	06-30-14
Land and buildings	550	-	(5)	-	-	-	545
Plant and machinery	7,132	216	(8)	(1,321)	-	-	6,019
Industrial and commercial equipment	4,589	915	(2)	(2,142)	(16)	-	3,344
Other assets	19,046	4,879	3	(4,608)	(229)	92	19,183
Leasehold improvements	32,411	2,652	72	(5,676)	(365)	394	29,488
Construction in progress and payments on account	1,563	645	(9)	-	-	(486)	1,713
Total property, plant and equipment	**65,291**	**9,307**	**51**	**(13,747)**	**(610)**	**-**	**60,292**

Investments during the period mainly concern:

- the purchase of plant and machinery by the productive subsidiary in Serbia;
- the purchase of industrial equipment (mainly moulds for shoe soles) by the Parent Company Geox S.p.A. and its productive subsidiary in Serbia;
- Geox shop fittings and hardware for Euro 3,261 thousand, office and showroom fittings for Euro 1,504 thousand, office and head office hardware for Euro 109 thousand;
- leasehold improvements of Euro 2,652 thousand. These additions relate to industrial buildings and offices for Euro 259 thousand and to premises fitted out as Geox Shop for Euro 2,393 thousand;
- construction in progress of Euro 645 thousand. These additions relate to the construction of the new plant in Vranje (Serbia) which should be completed in January 2015.

Each shop is considered a CGU and, other than those flagship stores, which, despite being open for more than two years showed negative results in terms of operating margin, it was decided to assess the recoverability of the carrying value on the basis of expected results in the next 12 months. If the value in use of a CGU is lower than its book value, its assets are written down accordingly. The tangible assets impairment fund amounts to Euro 6,581 thousand as of June 30, 2014 (Euro 6,741 as of December 31, 2013).

Other assets are made up as follows:

	Balance at June 30, 2014	**Balance at Dec. 31, 2013**	**Change**
Electronic machines	1,856	2,097	(241)
Furniture and fittings	17,305	16,911	394
Motor vehicles and internal transport	22	38	(16)
Total	**19,183**	**19,046**	**137**

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 as the law permits the compensation of fiscal assets with fiscal liabilities.

	Balance at June 30, 2014	**Balance at Dec. 31, 2013**	**Change**
Carry-forward tax losses	11,607	12,136	(529)
Depreciation and amortization and impairment	6,467	12,005	(5,538)
Evaluation derivates	100	1,851	(1,751)
Provision for obsolescence and slow-moving inventory and returns	21,156	14,839	6,317
Provision for agents' severance indemnities	976	1,209	(233)
Other	12,684	9,604	3,080
Deferred tax assets	**52,990**	**51,644**	**1,346**
Other	(290)	(395)	105
Deferred tax liabilities	**(290)**	**(395)**	**105**
Total deferred taxes	**52,700**	**51,249**	**1,451**

The deferred tax assets on carry-forward tax losses, which as of June 30, 2014 amount to Euro 11,607 thousand mainly relate to Geox S.p.A. This amount has been subjected to a strict evaluation by the directors in order to book it only if future taxable profit are likely to occur, against which such losses can be utilized.

Derivatives that are defined as cash flow hedges and valued on a mark-to-market basis booked 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 381 thousand (Euro 1.818 thousand as of December 31, 2013).

Deferred tax assets included in "Other" are mainly related to provisions for liabilities and charges (note 26).

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, 2014	Balance at Dec. 31, 2013	Change
Accounts receivable from others in 1 to 5 years	11,458	12,918	(1,460)
Accounts receivable from others in more than 5 years	5,008	5,335	(327)
Total	**16,466**	**18,253**	**(1,787)**

Accounts receivable from others relate principally for Euro 8,724 thousand of guarantee deposits for utilities and shop leases (from 1 to 5 years: Euro 5,708 thousand; over 5 years: Euro 2,888 thousand) and accounts receivable, from 1 to 5 years, for Euro 104 thousand.

Prepaid expenses for lease payments made in advance for Euro 7,638 thousand (from 1 to 5 years: Euro 5,518 thousand; over 5 years: 2,120 thousand).

15. Inventories

The following table shows the breakdown of inventories:

	Balance at June 30, 2014	Balance at Dec. 31, 2013	Change
Raw materials	14,571	14,396	175
Finished products and goods for resale	269,059	267,023	2,036
Furniture and fittings	670	488	182
Total	**284,300**	**281,907**	**2,393**

Inventories of finished products include goods in transit acquired from countries in the Far East. As of June 30, 2014 there was a slight increase in the value of inventories compared to December 31, 2013. This change is mainly due to an early receiving of product for next season Fall/winter 2014 and to the Spring/Summer 2014 season currently on sales.

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:

Balance at January 1	**14,933**
Provisions	20,281
Translation differences	12
Utilizations	(14,933)
Balance at June 30	**20,293**

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 30,2014	Balance at Dec. 31, 2013	Change
Gross value	156,647	153,086	3,561
Provision for bad and doubtful accounts	(9,721)	(8,905)	(816)
Provision for returns and credit notes	(46,926)	(43,344)	(3,582)
Net value	**100,000**	**100,837**	**(837)**

Accounts receivable amounted to Euro 100,0 thousand as of June 30, 2014.

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, 2014	120,042	21,805	5,758	9,042	**156,647**
Gross value of trade receivables at December 31, 2013	110,840	22,047	6,939	13,259	**153,086**

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, 2014 represents a prudent estimate of the current collection risk.

Changes in the provision during the year are as follows:

Balance at January 1	**8,905**
Provisions	1,252
Translation differences	(6)
Utilizations	(430)
Balance at June 30	**9,721**

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 2014 are as follows:

Balance at January 1	**43,344**
Provisions	37,064
Translation differences	39
Utilizations	(35,771)
Reclassifications	2,250
Balance at June 30	**46,926**

17. Other non-financial current assets

This item is made up as follows:

	Balance at June 30, 2014	**Balance at Dec. 31, 2013**	**Change**
Tax credits	5,301	8,833	(3,532)
VAT recoverable	5,307	5,118	189
Advances to vendors	6,818	3,158	3,660
Other receivables	7,068	7,032	36
Accrued income and prepaid expenses	9,199	7,931	1,268
Total	**33,643**	**32,072**	**1,621**

Other receivables include:

- Euro 2,063 thousand due from a credit insurance representing the value of claims assigned for which reimbursement has not yet been received;
- Euro 1,755 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.

Prepaid expenses mainly include prepayments for rent and for other rentals.

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, 2014	Balance at Dec. 31, 2013	Change
Term bank deposits	1,544	1,569	(25)
Securities	42	42	-
Total non current financial assets	**1,586**	**1,611**	**(25)**
Fair value derivative contracts	1,409	906	503
Loans granted by Geox	211	113	98
Total current financial assets	**1,620**	**1,019**	**601**
Fair value derivative contracts	(5,169)	(10,792)	5,623
Other current financial liabilities	(266)	(24)	(242)
Total current financial liabilities	**(5,435)**	**(10,816)**	**5,381**

The term bank deposits of Euro 1,544 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 51,970 thousand relates to short term deposits for Euro 4,878 thousand, a current account in Euro for Euro 31,461 thousand, a current account in US Dollars for Euro 3,790 thousand, a current account in Chinese Yuan for Euro 1,726 thousand, a current account in Canadian Dollars for Euro 2,016 thousand, a current account in British Pound for Euro 2,559 thousand, a current account in Hong Kong Dollars for Euro 1,436 thousand, a current account in other currencies for the rest. The term deposits relate to investments of surplus cash remunerated at a rate linked to 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, 2014 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, 2014	Balance at Dec. 31, 2013	Change
Legal reserve	5,184	5,184	-
Share premium reserve	37,678	37,678	-
Translation reserve	715	983	(268)
Reserve for cash flow hedges	(1,356)	(4,670)	3,314
Reserve for stock options	1,176	1,176	-
Retained earnings	288,945	318,906	(29,961)
Total	**332,342**	**359,257**	**(26,915)**

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 debit balance of Euro 1,356 thousand, originated as a result of valuing the financial instruments defined as cash flow hedges at June 30, 2014. 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, and a specific equity reserve is booked.

Retained earnings consist of unallocated results earned in previous years. The reserve has been decreased for Euro 29,961 thousand.

Amounts are shown net of tax, where applicable.

21. Employee severance indemnities

Employee severance indemnities at June 30, 2014 amount to Euro 2,574 thousand, as shown in the following table:

Balance at January 1, 2014	**2,379**
Amounts paid to leavers	(790)
Reversal of 0.50% withholding	(115)
Reversal of 11% flat-rate tax	(1)
Payments to supplementary pension schemes	(412)
Advances granted to employees	(50)
Provision for the period	1,803
Payments to supplementary pension schemes run by INPS	(460)
Change as a result of actuarial calculations	212
Translation differences	8
Balance at June 30, 2014	**2,574**

Changes in the provision for severance indemnities during the first half 2014 show a utilization of Euro 412 thousand for payments to supplementary pension funds and one of Euro 460 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 D.Lgs 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: 2.40%
- rate of severance indemnities increase: 3.00%
- inflation rate: 2.00%

The following table shows the effect that there would be on the obligation for the defined benefit obligation as a result of changes of significant actuarial assumptions at the year-end:

Changes in assumptions	
+1% employee turnover rate	(10)
-1% employee turnover rate	13
+1/4% inflation rate	62
-1/4% inflation rate	(59)
+1/4% discount rate	(86)
-1/4% discount rate	92

22. Provisions for liabilities and charges

This item is made up as follows:

	Balance at Dec. 31, 2013	Utilization	Provisions	Actuarial adjustment	Balance at June 30, 2014
Provision for agents' severance indemnities	4,278	(61)	198	84	4,497
Other	1,571	(121)	107	-	1,557
Total	**5,849**	**(182)**	**305**	**84**	**6,054**

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 346 thousand.
"Other" reflects mainly an estimate of the risks involved in outstanding disputes.

23. Long-term loans

Long term loans amounted to Euro 20,062 thousand and refer to a line of credit, maturing in 18 months less one day, with on a floating rate based on Euribor, used by Geox S.p.A. to finance their working capital requirements.

24. Other long-term payables

This item is made up as follows:

	Balance at June 30, 2014	Balance at Dec. 31, 2013	Change
Guarantee deposits	1,068	1,076	(8)
Accrued expenses and deferred income	1,117	1,088	29
Total	**2,185**	**2,164**	**21**

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

25. Accounts payable

Accounts payable at June 30, 2014 amount to Euro 148,536 thousand, with a decrease of Euro 20,562 thousand compared with December 31, 2013. 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, 2014	Balance at Dec. 31, 2013	Change
Social security institutions	2,813	4,172	(1,359)
Employees	15,368	12,011	3,357
Provisions for liabilities and charges	5,563	9,101	(3,538)
Other payables	5,788	8,151	(2,363)
Accrued expenses and deferred income	11,220	8,628	2,592
Total	**40,752**	**42,063**	**(1,311)**

The amounts due to social security institutions mainly relate to pension contributions, paid in the secondo half of 2014.

The amounts due to employees include payroll, bonuses and accrued vacation not yet taken as of June 30, 2014.
The provisions for liabilities and charges mainly include the estimated costs related to the change in strategy and consequently of corporate governance (see Note 7).

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, 2014	Balance at Dec. 31, 2013	Change
Income taxes for the period	981	3,727	(2,746)
VAT payable	3,916	2,425	1,491
Other	3,132	2,272	860
Total	**8,029**	**8,424**	**(395)**

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

	Balance at June 30, 2014	Balance at Dec. 31, 2013	Change
Bank borrowings			
- cash advances	8,166	28,969	(20,803)
- loans	64,710	38,000	26,710
Total	**72,876**	**66,969**	**5,907**

The increase in bank borrowings is related to the financing of working capital needs and is based on technical forms self-liquidating.

It should be noted that, at the beginning of 2014, the Group signed for a line of credit for a total of Euro 30 million, maturing in 18 months less one day. This line of credit can be used by Geox S.p.A. and by its main subsidiaries in their local currency. This is a revolving, multi-currency credit facility with a floating rate based on the currency in which it is drawn down and is intended primarily to provide the subsidiaries with the necessary funds to finance their working capital requirements. The remaining part is based on technical forms related to working capital and is therefore self-liquidating (orders, invoices, bills).

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 is recognized as a cost. This cost is charged to the income statement over the vesting period, and a specific equity reserve is booked.

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	December 2005 Plan	November 2004 Plan
Grant date	12-22-2011 and 12-20-2012	12-15-2005	11-30-2004
Vesting periods	3 years	3-5 years	3-5 years
Share price at grant date	Euro 2.20	Euro 9.17	Euro 4.60
Strike price	Euro 2.29 and Euro 2.08	Euro 9.17	Euro 4.60
Dividend yield (%)	6.00%	0.86%	1.43%
Volatility (%)	40.00%	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

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).

Interest rate risk

Indebtedness to the banking system exposes the Group to the risk of interest rate fluctuations. Floating rate loans, in particular, run the risk of cash flow variations. At 30 June 2014, the Group's indebtedness to the banking system amounts to Euro 92.9 million and is entirely floating rate. This debt is based on credit line maturing in 18 months less one day and on technical forms related to working capital and therefore self-liquidating (orders, invoices, bills); in other words, it is short term and linked to the Group's normal business activity with frequent extinctions and re-openings during the course of the year according to seasonal nature of the sector's financial cycle.
In this context, given expectations of lower interest rates and the short-term nature of the debt, the Group decided not to hedge its interest rate risk. It therefore does not have any derivatives on interest rates.
In terms of sensitivity analysis, we would emphasize that a positive (negative) variation of 50 b.p. in the level of interest rates applicable to short-term variable-rate financial liabilities that are not hedged would have resulted in a higher (lower) annual financial burden, gross of tax, of approximately Euro 350 thousand.

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 and sale of the foreign currency. 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.

Some 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 Euro 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 Euro.

The assets and liabilities of consolidated companies whose money of account is different from the Euro may acquire converted values in Euro which differ based on 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 the first half 2014 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

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, subsequently, the absorption of cash. On the other the wholesale and franchising 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. Receipts from customers and end consumers, 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 December to March and in June to September.

The Group manages liquidity risk by maintaining tight control over the various components of working capital, especially inventory and accounts receivable. 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. In addition, the finished products remained in stores at the end of the season are then disposed of in a planned way in the outlets owned by the Group and through promotional sales to third parties.

The Group also has bank lines of credit in line with the strong balance sheet and which are also roomy compared to seasonal phenomena described above.

Fair value and related hierarchy

As of June 30, 2014 financial instruments are as follows:

	Notional value on 06-30-14	Fair value on 06-30-14 (debit)	Fair value on 06-30-14 (credit)	Notional value on 12-31-13	Fair value on 12-31-13 (debit)	Fair value on 12-31-13 (credit)
FX Forward buy agreements to hedge exch. rate risk	238,191	1,306	(799)	167,348	1	(4,414)
FX Forward sell agreements to hedge exch. rate risk	106,434	103	(1,491)	129,895	905	(556)
FX Currency Option agreem. to hedge exch. rate risk	75,414	-	(2,879)	126,894	-	(5,822)
Total financial assets/(liabilities)	**420,039**	**1,409**	**(5,169)**	**424,137**	**906**	**(10,792)**

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, 2014 are classified on Level 2. In the first half 2014 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.

The Group holds the following derivatives at June 30, 2014:

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

These agreements hedge future purchases and sales planned for the Fall/Winter 2014 and Spring/Summer 2015 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, 2014:

- Short-term interest rates on the currencies in question as quoted on www.euribor.org and 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

Pursuant to IAS 24, the Group's related parties are companies and people who are unable to exercise control or significant influence and associated companies. Finally, are considered related parties the members of the Board of Directors, the Statutory Auditors and Executives with strategic roles of the Group and their families.

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 the first half 2014 and 2013 are summarized below:

	Total I half 2014	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Net sales	**400,180**	-	231	1,650	**1,881**	**0.47%**
Cost of sales	**(23,620)**	-	(2)	-	**(2)**	**0.01%**
General and administrative expenses	**(153,053)**	(160)	(831)	(87)	**(1,078)**	**0.70%**
Advertising and promotion	**(19,973)**	(150)	-	57	**(93)**	**0.47%**

	Total I half 2013	Parent company	Affiliates company	Other related parties	Total of which related parties	Effect on Total (%)
Net sales	**386,795**	-	223	2,339	**2,562**	**0.7%**
Cost of sales	**(200,680)**	-	110	-	**110**	**(0.1%)**
General and administrative expenses	**(136,671)**	(162)	(1,328)	158	**(1,332)**	**1.0%**
Advertising and promotion	**(18,703)**	(150)	(1)	45	**(106)**	**0.6%**

The main effects on financial statement of the transactions with these parties at June 30, 2014 and at December 31, 2013 are summarized below:

	Balance at June 30, 2014	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	**100,000**	13	1,046	2,662	**3,721**	**3.72%**
Other non-financial current assets	**33,693**	1,760	-	4	**1,764**	**5.24%**
Accounts payable	**148,536**	75	43	933	**1,051**	**0.71%**

	Balance at Dec. 31, 2013	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	**100,837**	37	855	3,623	**4,515**	**4.5%**
Other non-financial current assets	**32,072**	3,774	-	-	**3,774**	**11.8%**
Accounts payable	**169,098**	115	23	2,200	**2,338**	**1.4%**

32. Dividends paid and proposed

	I half 2014	I half 2013
Dividends declared and paid during the year:	-	15,552
Dividends declared and paid during the year - per share:	-	0.06
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:

	06-30-2014
Within 1 year	89,663
Within 1-5 years	156,618
Beyond 5 years	78,626
Total	**324,907**

34. Significant subsequent events after June 30, 2014

None.

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Biadene di Montebelluna, July 31, 2014

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

Attachment I

Biadene di Montebelluna, July 31, 2014

ATTESTATION

OF THE INDIVIDUAL AND 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 Giorgio Presca, 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 statements during the first half 2014.

They also confirm that the 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 June 30, 2014;

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.

Giorgio Presca CEO	Livio Libralesso Financial Reporting Manager

Attachment 2

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2014

Name	Location	Year end	Currency	Share capital	% held Directly	% held Indirectly	% held Total
- Geox S.p.A.	Biadene di Montebelluna (TV), Italy	Dec. 31	EUR	25,920,733			
- Geox Deutschland Gmbh	Munich, Germany	Dec. 31	EUR	500,000	100.00%		100.00%
- Geox Respira SL	Barcelona, Spain	Dec. 31	EUR	1,500,000	100.00%		100.00%
- Geox Suisse SA	Lugano, Switzerland	Dec. 31	CHF	200,000	100.00%		100.00%
- Geox UK Ltd	London, U.K.	Dec. 31	GBP	1,050,000	100.00%		100.00%
- Geox Japan K.K.	Tokyo, Japan	Dec. 31	JPY	495,000,000		100.00%	100.00%
- Geox Canada Inc.	Mississauga, Canada	Dec. 31	CAD	100		100.00%	100.00%
- S&A Distribution Inc.	New York, Usa	Dec. 31	USD	1		100.00%	100.00%
- Geox Holland B.V.	Amsterdam, Netherlands	Dec. 31	EUR	20,100	100.00%		100.00%
- Geox Retail S.r.l.	Biadene di Montebelluna (TV), Italy	Dec. 31	EUR	100,000	100.00%		100.00%
- Geox Retail Czech Sro *	Praga, Czech Rep.	Dec. 31	CZK	12,000,000		100.00%	100.00%
- Geox Hungary Kft	Budapest, Hungary	Dec. 31	HUF	10,000,000	99.00%	1,00%	100.00%
- Geox Hellas S.A.	Athens, Greece	Dec. 31	EUR	220,000	100.00%		100.00%
- Geox Retail Slovakia Sro	Prievidza, Slovak Rep.	Dec. 31	EUR	6,639		100,00%	100.00%
- Geox France Sarl	Sallanches, France	Dec. 31	EUR	15,000,000	100.00%		100.00%
- S&A Retail Inc.	New York, Usa	Dec. 31	USD	200		100.00%	100.00%
- Geox Asia Pacific Ltd	Hong Kong, China	Dec. 31	USD	1,282		100.00%	100.00%
- XLog S.r.l.	Signoressa di Trevignano (TV), Italy	Dec. 31	EUR	110,000	100.00%		100.00%
- Geox Rus LLC	Moscow, Russian	Dec. 31	RUB	900,000	100.00%		100.00%
- Geox AT Gmbh	Wien, Austria	Dec. 31	EUR	35,000	100.00%		100.00%
- Geox Poland Sp. Z.o.o.	Warszawa, Poland	Dec. 31	PLN	5,000		100.00%	100.00%
- Geox Portugal S.U. LDA	Lisbon, Portugal	Dec. 31	EUR	300,000	100.00%		100.00%
- Technic Development D.O.O. Vranje	Belgrade, Serbia	Dec. 31	RSD	258,840,925	100.00%		100.00%
- Geox Macau Ltd	Macau, China	Dec. 31	MOP	5,000,000		100.00%	100.00%
- Geox Trading Shangai Ltd	Shanghai, China	Dec. 31	CNY	95,257,035		100.00%	100.00%
- Dongguan Technic Footwear Apparel Design Ltd	Dongguan, China	Dec. 31	CNY	3,795,840		100.00%	100.00%
- Geox Turkey A.Ş.	Istanbul, Turkey	Dec. 31	TRY	1,750,000	100.00%		100.00%

* Company in liquidation.

Company's data and information for Shareholders

Registered office

Via Feltrina Centro, 16
31044 Biadene di Montebelluna (TV)

Legal data

Share Capital: Euro 25,920,733.1 i.v.
Economic and Administrative Database no. 265360
Treviso Commercial Register and Taxpayer's Code no. 03348440268

Investor Relations

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Livio Libralesso - CFO

Documents for shareholders

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(investor relations section)

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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, 2014. 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 24, 2014 and on August 6, 2013, 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, 2014 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.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
August 4, 2014

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