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ITALIAN FASHION TECHNOLOGY

"Geox was born in Italy, home to creativity and ideas.
Each Geox product is the result of patented researches
which are carried out in our laboratories.
Each new collection is created by the best Italian designers.
Geox breathes and walks all around the world
thanks to its double soul made of Italian fashion and technology".

Mario Moretti Polegato
Geox S.p.A. Chairman



MISSION AND VALUES

Geox is based on an innovative idea that aims to ensure quality and well-being.

We believe that the application of ethical principles of solidarity and environmental sustainability are needed for the long-term development of our company and of the world in which we live.

Just as we guarantee the quality of our products, we also take a commitment to ensure that they are the result of a fair job, innovative production processes that are sustainable and environmentally friendly.



INNOVATION ABOVE ALL

Geox mission is improving everyday life of its endusers, through breathable innovations.

The extraordinary success of Geox is due to the technological characteristics of its shoes and apparel, a result of continued R&D investments.

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. Furthermore Geox products reflect contemporary tastes and trends, season after season.

The 'shoe that breathes' patent, featuring a rubber sole combined with a special membrane that allows the passage of water vapour but not water, has been extended to shoes with leather soles, which are also able to repel and disperse water and humidity. Geox's new generation of wind and rain proof products reached the peak of breathability and heat-regulation technology in Amphibiox, a range of products offering outstanding levels of insulation and protection. Added to this is the unique nature of the Xand cushioning system, the anatomical softness of Xense, the lightness and flexibility of use of Nebula, the Side Transpiration System and the Net Breathing System, which offer excellent levels of breathability over the entire surface area of the foot. This is not all. The main concept of well-being you can wear has been studied, developed and perfected in order to permeate all of the brand's creations, transferring technologies from shoes to clothing collections, allowing outerwear to benefit from the fundamental value of breathability.



AMPHIBIOX[®] the waterproof & breathable shoe

ALL AROUND BREATHABILITY:

GEOX AMPHIBIOX[®] IS THE WATERPROOF SHOE THAT BREATHEES ALSO FROM THE SOLE.

Geox Amphibiox[®] is now a system that offers comfort and waterproof solutions specifically developed to meet the needs of a varied range of situations and environmental conditions, from the degree of water immersion required, to the desired grade of heat insulation. A special breathable, waterproof membrane protects both the sole and the upper, preventing water from entering the shoe, while maintaining Geox's extraordinary breathability. This helps maintain an ideal comfortable microclimate for your feet, which stay warm, dry and can breathe naturally.



AMPHIBIOX



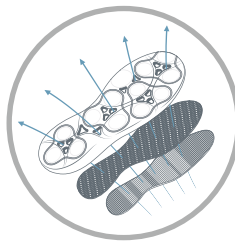
NEBULA™

3D breathing engineering

Nebula is an evolution of the traditional concept of breathability. It makes use of innovative technology that ensures exceptional breathability for the entire foot, in every direction. Nebula breathes in three dimensions thanks to the combined effect of Net Breathing System and Inner Breathing System. Net breathing system features extra-large perforations in the sole that, when combined with the full-size membrane, enhance breathability and provide high levels of performance. A special layer protects feet without limiting the performance of the membrane. The special interior lining with spacers, Inner Breathing System, creates free space between the foot and the upper. Heat can escape upwards through this space, facilitating the natural process of body temperature regulation and providing the pleasant feeling of having dry feet. Thanks to the 3D performance unit system, the sole is characterized by flexibility, cushioning, stability and grip. A level of comfort and ease of use never before achieved in footwear. Nebula's special features are the result of innovative applied technology.



INNER
BREATHING
SYSTEM



NET BREATHING SYSTEM

Perforated sole

Protective layer

Full-size membrane

NEBULA™



NEW:DO™

The art of simplicity

NEW:DO™ is the first shoe to come from our sustainable innovation programme:
BETTER PROCESSES, SIMPLE DESIGN AND RECYCLABLE SOLE.

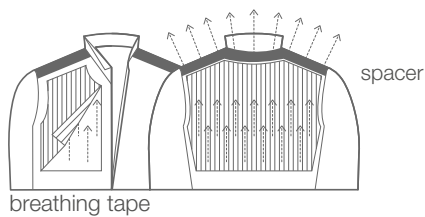
- The leather is tanned with an innovative process that ensures a “metal free” leather and is sourced from an Italian tannery that is ICEC certified for ISO 9001 std.
- Raw materials are sourced as locally to the point of manufacture as possible, reducing the impact of transport.
- A limited number of components are used in order to simplify construction and reduce the consumption of materials and energy during the manufacturing process.
- The rubber is made from a plant-based renewable material extracted from the Hevea tree.
 - The sole is 100% recyclable and can be used again as a secondary raw material.



THE JACKET THAT BREATHES

Geox has developed an exclusive line of jackets that ensures maximum breathability, maximum body temperature regulation and maximum comfort.

Harnessing the principle of convection, the warm humid air created by the evaporation of sweat passes through a unique spacer underneath the apparel's padding and it moves upward, exiting through a breathing tape across the shoulders. Thanks to a revolutionary breathable and waterproof membrane inserted below the breathing tape (which is a band of air-holes at the top of the shoulders) the body breathes more freely.



NORDPLUS

thermoregulating outerwear

NORDPLUS IS POWERED BY A BREAKTHROUGH INNOVATIVE THERMOREGULATING TECHNOLOGY DEVELOPED TO PROVIDE OPTIMAL CLIMATIC COMFORT: AERANTIS™.

Aerantis™ is a Dynamic Breathing System, evolved from the Original Breathing System already applied in Geox jackets that delivers outstanding performance in terms of insulation and breathability. This Dynamic Breathing System is the result of the application of a Dynamic Ventilation Concept combined with an outstanding breathable new fabric created by the fusion of two complementary and innovative textiles: Geox "Cardo" and Polartec® Alpha®.

AERANTIS
DYNAMIC
BREATHING
SYSTEM



GEOX WORLDWIDE

Geox is a wholly Italian idea but with a strong international vocation.
Nearly 70% of its turnover is achieved abroad in more than 110 countries worldwide.

In order to optimize the commercial penetration in the individual markets, Geox distributes its product through around 10,000 multi-brand selling points but also through a network of 1.161 mono-brand shops.



BRAND WITH HIGH VISIBILITY

Thanks to an effective, clearly defined strategy implemented directly by the Company that focuses on the benefits of perspiration, consumers of every age associate Geox with the concept of “breathing”. Its communication strategy involves various media and consists of advertising campaigns targeting kids, women and men.



EVERYDAY COLLECTION

The Geox products are characterized by innovative technological solutions but also by comfort and a style that is in line with the latest fashion trends.

The Company's design center analyzes the new consumption trends, explores materials and ideas and designs a wide range of shoes and apparel for men, women and kids.



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GEOX GROUP **ANNUAL REPORT 2015**

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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CHAIRMAN'S LETTER



To the Shareholders,

I am satisfied with the results achieved in 2015, with Geox recording a growth in revenues and an increase in profitability. Turnover grew by 6.1% thanks to the excellent performance of the multi-brand channel (+7.2%) and the increase in comparable sales for both directly operated mono-brand stores (+4.2%) and franchised mono-brand stores (+3.9%).

Positive business performance and operational efficiency allowed the group to achieve strong cash generation of Euro 47 million, following Euro 39 million of capex, thus closing the year with a sound cash position of Euro 21 million.

The fact that these results have been achieved despite challenging macroeconomic conditions is a clear demonstration of the strength of our brand, the distinctive nature of our technical know-how and the fact that our products are popular with consumers, who appreciate their style and comfort. This makes me confident that the strategy being followed, based on continuous innovation, the creation of a flexible supply chain and focus on boosting efficiency across all departments, is undoubtedly on the right track.

However, macro conditions remain volatile, presenting us with a number of challenges that we must transform into opportunities. It is therefore essential that we pursue our goals with conviction: on the one hand, boosting sales and having the right geographic balance to mitigate the effects of currency volatility; and, on the other hand, ensuring appropriate levels of production efficiency and effective retail management in order to further improve performance. Given these objectives, we have formalized the company's strategy in a newly developed 2016-2018 Strategic Plan, which will address the initiatives we intend to implement to achieve solid and sustainable growth, profitability and cash flows.

Mario Moretti Polegato



DIRECTORS' REPORT

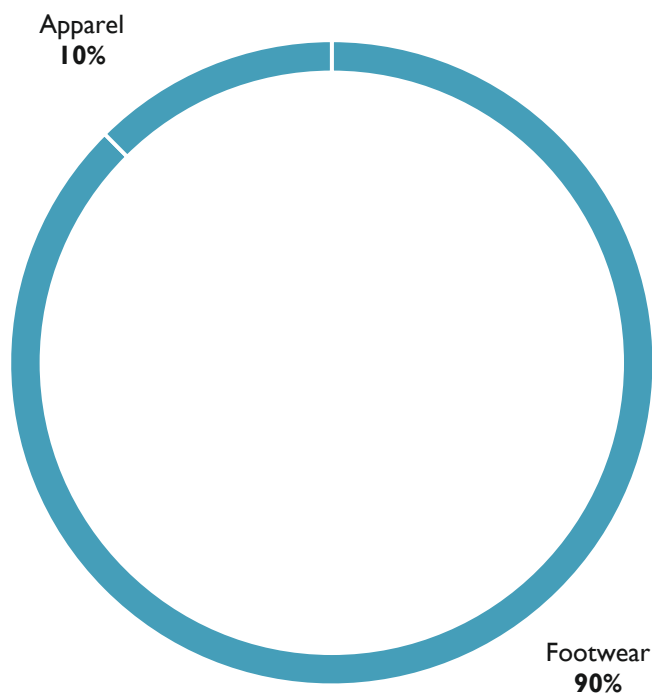
Profile

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, 2015).



Strategy

The Geox Group's strategic plan, focused on a sustainable and profitable growth, is based on several key elements, including:

Product innovation

Product innovation is fundamental for the consolidation of Geox's competitive advantage. The strategic plan provides the constant strengthening of the competitive advantage which comes from the uniqueness of the product and from innovation in footwear and clothing, focusing on the strengths that have always distinguished the Group, such as the physical benefits of transpiration.

International expansion

The strategic plan provides for a geographic balancing of sales by:

- focusing on core markets;
- developing new markets with high growth potential.

Sales channels

The strategic plan provides for each distribution channel to have a particular focus and specialization:

- sustainable growth in the wholesale market, mainly through the specialization of a dedicated sales force and increased market penetration and multibrand customer loyalty, by using the formula of corner shops and shop-in-shop;
- rationalization and development of the retail channel, with the closure of shops that are not in line with the expected profitability standards and the opening of new stores with strict profitability criteria;
- growth of the online channel which has significant growth potential.

Product and supply chain

The strategic plan includes:

- control of the processes and various stages of production with improved delivery times and quality;
- implementation of projects to improve efficiency in the supply chain;
- reduction of complexity in the range of products on offer, both in footwear and clothing, and the development of new products;
- improvement of business processes in order to reduce structural costs and increase the profitability of the Group.

Critical success factors

Geox owes its success to certain strengths which, taken together, distinguish it from the rest of the footwear sector, both in Italy and abroad, namely:

Technology

Constant focus on the product with the application of innovative and technological solutions developed by Geox and protected by patents.

Focus on the consumer

Cross-market positioning for products, with a vast range of shoes for men, women and children in the medium to medium/high price range (family brand).

Brand recognition

Strong recognition of the Geox brand thanks to an effective communication strategy and its identification by the consumer with the "breathing" concept.

Distribution

A network of monobrand Geox which has been developed according to each country's distribution structure and calibrated to the widespread network of multibrand clients. The goal of both networks is to optimize market share and, at the same time, to promote the Geox brand to end-consumers on a consistent basis.

Supply chain

A flexible delocalized business model in outsourcing, capable of efficiently managing the production and logistics cycle while the Company maintains control over critical phases of the value chain, so as to ensure product quality and timely deliveries.

Research and Development

The applied research carried out by Geox in 2015 was mainly directed to the identification of innovative solutions for improving products and manufacturing processes, through the study of the active breathing element of shoe soles, the development of new products for footwear and apparel and certification of the materials used.

This experimentation has allowed Geox to develop footwear and apparel that combine comfort and well-being with a greater ability to breathe, to be waterproof and to be highly resistant.

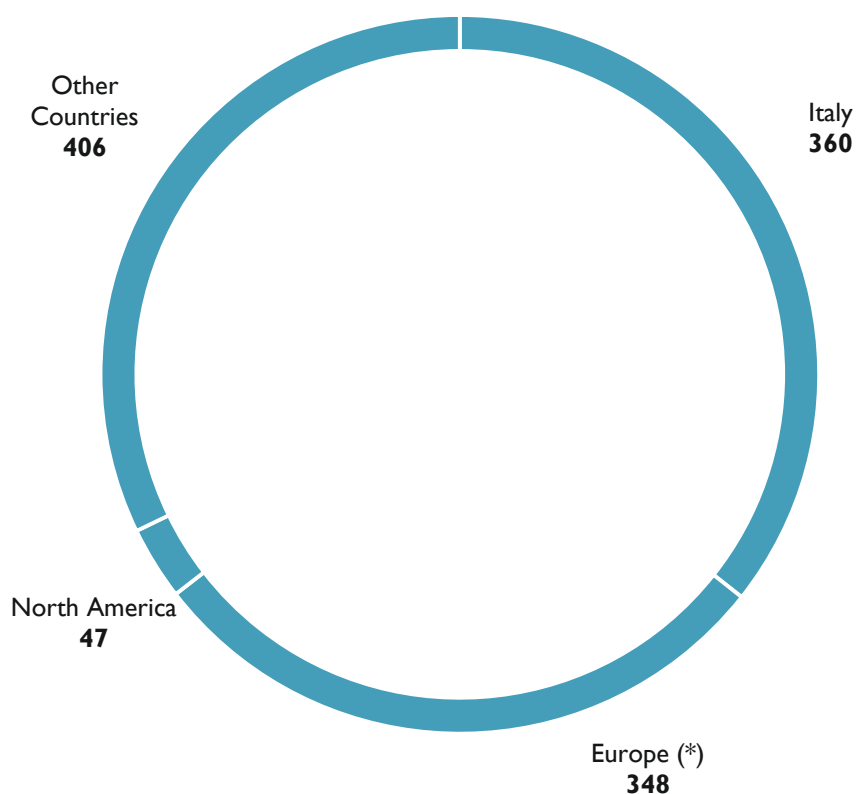
During 2015, new applications were developed for shoes characterized by high flexibility, breathability, lightweight and cushioning. In particular, the new product Nebula combines three different technologies (Net Breathing System, Inner Breathing System and 3D Performance Unit), obtaining a shoe that breathes at 360 degrees. The special internal lining and its unique design ensure a perfect thermoregulation. The maxi-holes in the sole, combined with the membrane, allow a high level of breathability. The sole has been designed following the foot natural points of support and it's made with materials that give cushioning and flexibility. The innovative shape of the sole lends stability without giving up lightness.

Over 60 different patents registered in Italy and extended internationally protect Geox's innovation.

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 December 31, 2015, the overall number of "Geox Shops" came to 1,161, of which 685 in franchising and 476 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 centers 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 is located in Vranje, an area where there is a high level of know-how in the production of footwear, and will be started with a full production capacity during 2016.

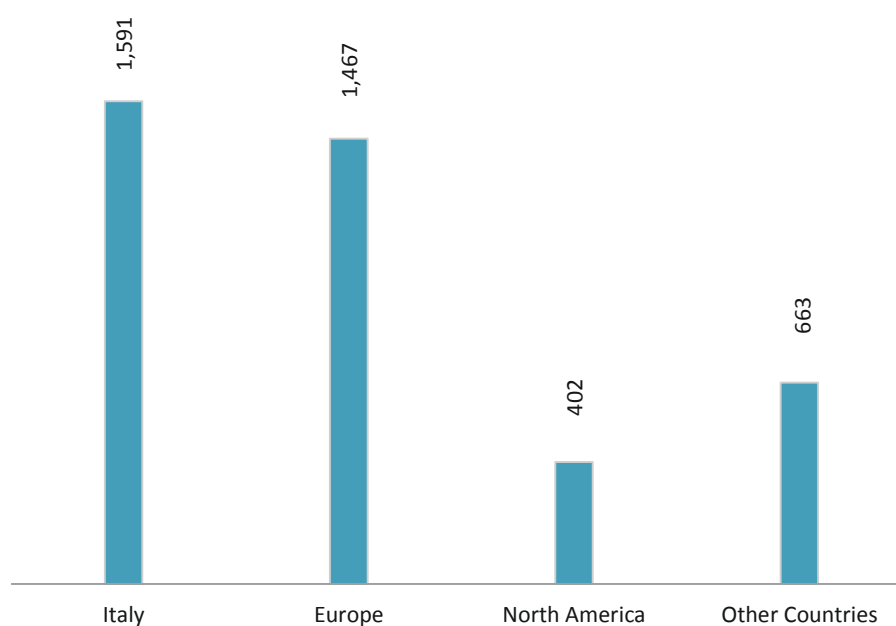
Human Resources

At December 31, 2015 the Group had 4,123 employees, an increase of 90 compared with 4,033 employees at 31 December 2014.

As of December 31, 2015 the Group had 4,123 employees, split as follows:

Level	31-12-2015	31-12-2014
Managers	49	43
Middle Managers	167	157
Office Staff	815	806
Shop Employees	2,834	2,809
Factory Workers	258	218
Total	4,123	4,033

The graph shows the employees of the Group at 31 December 2015, 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.biz, provides historical financial data and highlights, investor presentations, quarterly publications, official communications and real time trading information on Geox shares.

Geox on the Stock Exchange

Geox S.p.A. has been listed on the Italian Stock Exchange since December 1, 2004. The following table summarizes the main share prices and stock market values for the last 3 years:

Share price and stock market information	2015	2014	2013
Earnings per share [Euro]	0.04	(0.01)	(0.11)
Equity per share [Euro]	1.43	1.44	1.37
Dividend per share [Euro]	0.06	-	-
Pay-out ratio [%]	155.40	-	-
Dividend yield (at 12.31)	1.47	-	-
Year-end price [Euro]	4.08	2.70	2.64
MTA high [Euro]	4.36	3.49	2.73
MTA low [Euro]	2.57	2.22	1.86
Price per share/EPS	105.72	(270.00)	(22.99)
Price per share/Equity per share	2.85	1.87	1.92
Stock market capitalization [thousands of Euro]	1,058,084	699,860	683,789
Number of shares making up the share capital	259,207,331	259,207,331	259,207,331

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	17,057	20,004,435
from 5.001 to 10.000 shares	891	6,728,519
10.001 shares and over	737	262,543,892
Lack of information on disposal of individual positions previously reported		(30,069,515)
Total	18,685	259,207,331

(*) As reported by Computershare S.p.A. on December 31, 2015.

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 don't hold shares of the Company as of December 31, 2015.

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
Duncan L. Niederauer	Independent Director
Claudia Baggio	Director
Alessandro Antonio Giusti ^{(2) (3) (4)}	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.

Report on corporate governance and ownership structure

Corporate Governance

The Geox Group has implemented the Code of Conduct for Italian Listed Companies published in March 2006 and updated in July 2015, with suitable amendments and adjustments considering the characteristics of the Group.

In accordance with the regulatory requirements, every year we prepare a "Report on Corporate Governance and Ownership Structure", as per Art. 123-bis of the TUF, which contains a general description of the system of corporate governance adopted by the Group. It also contains information on the ownership structure and implementation of the Code of Conduct with an explanation of the main governance practices applied and the characteristics of the risk management and internal control systems involved in the process of financial reporting. Also explained here are the mechanisms that govern the functioning of the Shareholders' Meeting and the composition and functioning of the board of directors and board of statutory auditors and their sub-committees.

The Report on Corporate Governance and the Ownership Structure is available in the Corporate Governance section of the Company's website: www.geox.biz.

The following is a summary of the main aspects relating to this directors' report.

Main characteristics of the risk management and internal control systems

The internal control system and the company risk management are processes designed by the Board of Directors, management and others in the corporate structure; they consist of a set of rules, procedures and organizational structures designed to identify, measure, manage and monitor the main risks; they ensure that the management of the business is in line with the corporate objectives, and they help protecting the business wealth, the efficiency and effectiveness of the business processes, the reliability, accuracy and promptness of the financial reporting, the compliance with laws and rules as well as with the article of associations and internal procedures.

In compliance with Law n. 262/2005, the Group has therefore put in place procedures aimed to increase the transparency of the company disclosure and to make more effective the internal control system and in particular the controls related to the financial reporting.

In line with this definition, the system for managing the existing risks in relation to Geox's process of financial reporting forms part of the Group's wider system of internal control and Group Risk management.

As part of its supervision and coordination of subsidiaries, Geox S.p.A. establishes the general principles according to which the internal control system is meant to function for the entire Group. Each subsidiary adopts these principles in line with local regulations and applies them to organizational structures and operating procedures that are suitable for their specific context. Geox has introduced tools for supervising and assessing the internal control system, allocating specific responsibilities to certain players who have been clearly identified.

The CEO and the Financial Reporting Manager, in accordance with the principles of operation of the Internal Control System and Risk Management for the financial reporting process, identify the main risks therein levied annually in a prudent and careful way (so-called *scoping activities*). The identifying risks process passes through the identification of the group companies and operating flows subject to material errors or fraud, with reference to the economic variables included in the financial statements of Geox S.p.A. and/or the consolidated financial statement. Companies and significant processes in relation to the financial reporting process are identified through quantitative and qualitative analysis. The identification of risks is operated through a classification based on the main sources of risk identified by the Executive Director in charge of supervising the Internal Control System and Risk Management. Control activities are policies and procedures that ensure the proper implementation of management responses to risk. The control activities are implemented throughout the organization, at every hierarchical and functional level. The assessment of control procedures is made by parsing the appropriate design of the control activities and their effective and efficient implementation of the course of time. In relation to the financial reporting process, control activities are evaluated in two semi-annual sessions followed, where appropriate, as many phases of follow-up if some critical issues are identified.

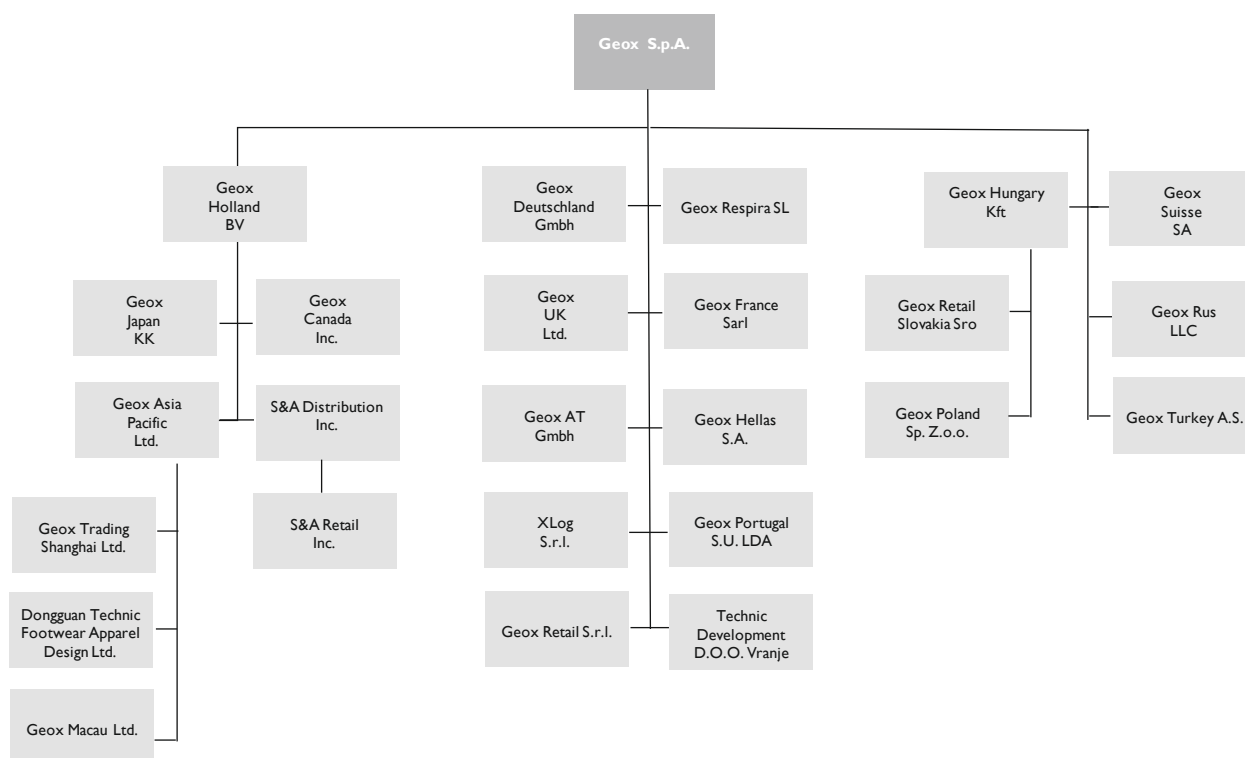
In summary, the main players of the Internal Control System and Risk Management as it relates to the process of financial reporting are as follows:

- The Financial Reporting Manager ex Art. 154-bis of the TUF, who has the responsibility for defining and evaluating specific procedures designed to monitor the risks involved in the process of preparing accounting documents;

- The Internal Auditing Department, which remains independent and objective in an advisory role concerning the methods of verifying the adequacy and effective application of the control procedures defined by the Financial Reporting Manager. Moreover, as part of a wider activity that involves evaluating the entire company's Internal Control System and Risk Management, the Internal Auditing Department also has to bring to the attention of the Audit and Risk Committee and of the Financial Reporting Manager any circumstances that might affect the financial reporting process. As of September 1, 2015 the selection process of the new Internal Auditor was concluded. On November 12, 2015, the board has endorsed the nomination. The task is properly carried out in compliance with the Internal Audit Plan;
- The Director in charge of supervising the Internal Control System and Risk Management, as the main promoter of initiatives designed to evaluate and manage corporate risks;
- The Audit and Risk Committee, which analyses the results of audits on the Internal Control System and Risk Management and reports periodically to the Board of Directors on any action that needs to be taken;
- The Supervisory Body as per D.Lgs 231/01, which intervenes as part of its duties to look out for the corporate crimes envisaged in D.Lgs 231/01, identifying risk scenarios and personally verifying compliance with the control procedures. The Supervisory Body also monitors compliance with and application of the Group's Code of Ethics.

The Group adopted some time ago its own model of organization, management and control as per D.Lgs 231/01, steadily updated to include the new crimes, most recently on November 12, 2015. In particular, financial reporting is protected by a series of controls that are carried out during the various corporate processes that lead to the formation of the figures shown in the financial statements. These control activities apply not only to the areas that are closely linked to the business (sales, purchases, inventory, etc.), but also to those areas that provide support in the processing of accounting entries (closing the accounts, IT systems management, etc.). These control procedures are defined by the Financial Reporting Manager. He also checks periodically that they are being applied properly. The outcome of the assessments made by the Financial Reporting Manager is reported in the certification that he provides in accordance with paras. 5 and 5-bis of art. 154-bis of the TUF.

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.

Principal risks and uncertainties to which Geox S.p.A. and the Group are exposed

Business risks

In terms of business risks, the Group is exposed to:

- the impact of the macroeconomic, political and social environment, in terms of changes in the purchasing power of consumers, their level of confidence and their propensity to consume;
- changes in national and international regulations;
- climatic conditions;
- changes in customers' tastes and preferences in different geographical areas in which the Group operates;
- the image, perception and recognition of the Geox brand by its consumers;
- uncertainty about management's ability to define and implement successfully its business, marketing and distribution strategy;
- uncertainty about the ability to maintain the current distribution network, as well as the ability of the Geox Group to further expand its network of brand stores by acquiring new premises;
- uncertainty about the ability to attract, retain and motivate qualified resources;
- aggressive policies implemented by competitors and the possible entry of new players into the market.

Financial risk

The Geox Group constantly monitors the financial risks to which it is exposed in order to evaluate in advance any possible negative impacts and to undertake appropriate corrective action to mitigate or correct such risks. The Group is exposed to a variety of financial risks: credit risk, interest rate risk, exchange rate risk and liquidity risk.

These risks are managed and coordinated at Parent Company level on the basis of hedging policies that also entail the use of derivatives to minimize the effects of exchange rate fluctuations (especially in the U.S. dollar).

Credit risk

The Geox Group tends to minimize the risk of insolvency on the part of its customers by adopting credit policies designed to concentrate sales on reliable and creditworthy customers. In particular, the credit management procedures implemented by the Group, which involve the use of contracts with major credit insurance companies, the evaluation of available information on customer solvency, the use of credit limits for each customer and strict control over compliance with the terms of payment, make it possible to reduce credit concentration and the related risk. Credit exposure is also spread over a large number of counterparties and customers.

Risks connected to fluctuations in interest rates

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.

The Group regularly assesses its exposure to the risk of changes in interest rates but, given expectations of lower interest rates in the past few years and the short-term nature of the debt, the Group decided not to hedge interest rate risk.

Risks connected to fluctuations in exchange rates

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 Group initially calculates the amount of exchange risk 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 the sale of the foreign currency. The Group is of the opinion that its policies for handling and limiting this type of risk are adequate. However, it cannot exclude the possibility that sudden fluctuations in exchange rates could have consequences on the results of the Geox Group.

Liquidity risk

This risk can arise when a company is unable to obtain the financial resources it needs to support its operational activities in a timely manner and at reasonable economic conditions. The cash flows, funding requirements and liquidity of the Geox Group are constantly monitored at central level under the control of the Group treasury in order to ensure effective and efficient management of financial resources.

The Group's economic performance

Economic results summary

The main results are outlined below:

- Net sales of Euro 874.3 million, with a increase of 6.1% compared to Euro 824.2 million in 2014;
- EBITDA of Euro 61.8 million, compared to Euro 42.6 million in 2014, with a 7.1% margin;
- EBIT of Euro 24.9 million, compared to Euro 4.9 million in 2014, with a 2.8% margin;
- Net income of Euro 10.0 million, compared to Euro -2.9 million in 2014, with a 1.1% margin.

In the following table a comparison is made between the consolidated income statement for 2015 and 2014:

(Thousands of Euro)	2015	%	2014	%
Net sales	874,304	100.0%	824,243	100.0%
Cost of sales	(423,492)	(48.4%)	(420,451)	(51.0%)
Gross profit	450,812	51.6%	403,792	49.0%
Selling and distribution costs	(49,378)	(5.6%)	(48,519)	(5.9%)
General and administrative expenses	(334,252)	(38.2%)	(308,257)	(37.4%)
Advertising and promotion	(42,292)	(4.8%)	(42,126)	(5.1%)
EBIT	24,890	2.8%	4,890	0.6%
Net interest	(5,806)	(0.7%)	(6,335)	(0.8%)
PBT	19,084	2.2%	(1,445)	(0.2%)
Income tax	(9,076)	(1.0%)	(1,496)	(0.2%)
<i>Tax rate</i>	<i>47.6%</i>		<i>-104%</i>	
Net result	10,008	1.1%	(2,941)	(0.4%)
EPS (Earnings per shares)	0.04		(0.01)	
EBITDA	61,829	7.1%	42,643	5.2%

EBITDA: is the EBIT 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

2015 consolidated net sales increased by 6.1% to Euro 874.3 million. Footwear sales represented 90% of consolidated sales, amounting to Euro 785.0 million, with a 8.8% increase compared to 2014. Apparel sales accounted for 10% of consolidated sales amounting to Euro 89.3 million compared to Euro 102.6 million of 2014.

(Thousands of Euro)	2015	%	2014	%	Var. %
Footwear	784,983	89.8%	721,686	87.6%	8.8%
Apparel	89,321	10.2%	102,557	12.4%	(12.9%)
Net sales	874,304	100.0%	824,243	100.0%	6.1%

Sales in Italy, the Group's main market, which accounted for 32% of sales (33% in 2014) amounted to Euro 281.1 million showing a 3.1% increase compared with 2014.

Sales in Europe, which accounted for 43% of sales increased by 4.6% to Euro 375.6 million, compared with Euro 359.3 million in 2014.

North American sales amounted to Euro 62.8 million, showing an increase of 13.1% (+2.8% at constant exchange rates). Sales in Other Countries increased by 13.1% compared to 2014 (+5.8% at constant exchange rates).

(Thousands of Euro)	2015	%	2014	%	Var. %
Italy	281,095	32.1%	272,666	33.1%	3.1%
Europe (*)	375,647	43.0%	359,273	43.6%	4.6%
North America	62,795	7.2%	55,512	6.7%	13.1%
Other countries	154,767	17.7%	136,792	16.6%	13.1%
Net sales	874,304	100.0%	824,243	100.0%	6.1%

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

In 2015, sales of the DOS channel, which represent 43% of Group revenues, grew 9.5% to Euro 378.5 million. The improvement is mainly driven by new openings and by comparable store sales growth recorded on DOS channel (+4.2%).

Sales of the franchising channel, which account for 16% of Group revenues, amount to Euro 142.0 million, with a decrease of 4.4%. This trend is due to the effect of closing of shops not in line with the expected profitability standards which has been partially offset by the positive trend in comparable store sales at locations that have been opened for at least 12 months (+3.9%).

Multibrand stores representing 41% of Group revenues (40% in 2014) amount to Euro 353.8 million, with an increase of 7.2%, thanks to a good performance in the second half (+8.0%).

(Thousands of Euro)	2015	%	2014	%	Var. %
Multibrand	353,796	40.5%	329,920	40.0%	7.2%
Franchising	142,021	16.2%	148,575	18.0%	(4.4%)
DOS*	378,487	43.3%	345,748	42.0%	9.5%
Geox Shops	520,508	59.5%	494,323	60.0%	5.3%
Net sales	874,304	100.0%	824,243	100.0%	6.1%

* Directly Operated Store

As of December 31, 2015, the overall number of Geox Shops was 1,161 of which 476 DOS. During 2015, 121 new Geox Shops were opened and 185 have been closed, mainly franchising stores, in line with the rationalization plan of the DOS network.

	12-31-2015		12-31-2014		2015		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	360	131	421	173	(61)	11	(72)
Europe (*)	348	179	350	167	(2)	22	(24)
North America	47	47	44	44	3	7	(4)
Other countries (**)	406	119	410	93	(4)	81	(85)
Total	1,161	476	1,225	477	(64)	121	(185)

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

(**) Includes Under License Agreement Shops (142 as of December 31 2015, 161 as of December 31 2014). 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 48.4% compared to 51.0% of 2014, producing a gross margin of 51.6% (49.0% in 2014).

The increase in gross profit is explained by the increased profitability in sales 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 were 5.6% (5.9% in 2014).

General and administrative expenses were equal to Euro 334.3 million, compared with Euro 308.3 million of 2014. General and administrative expenses, as a percentage of sales, were 38.2%.

The increase in these costs is mainly due to:

- the implementation of projects designed to generate greater efficiency on the part of the production and distribution structure, new hires at management level and strengthening of the structures in the business areas that are growing, those in strategic countries and those with significant development potential;
- costs of opening and running of new directly operated stores (DOS) including the conversion to directly operated stores of stores previously managed by some franchisees.

Advertising and promotions expenses were equal to Euro 42.3 million, in line with 2014.

The operating result (EBIT) is equal to Euro 24.9 million (2.8% on sales) compared with Euro 4.9 million of 2014 (0.6% on sales).

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

		2015	%	2014	%
Footwear	Net sales	784,983		721,686	
	EBIT	28,345	3.6%	4,570	0.6%
Apparel	Net sales	89,321		102,557	
	EBIT	(3,454)	(3.9%)	320	0.3%
Total					
	Net sales	874,304		824,243	
	EBIT	24,891	2.8%	4,890	0.6%

EBITDA

EBITDA was Euro 61.8 million, 7.1% of sales, compared to Euro 42.6 million (5.2% on sales) of 2014.

Income taxes and tax rate

Income taxes were equal to Euro 9.1 million, with a 47.6% tax rate, compared to Euro 1.5 million of 2014

It is to be noted that Italian Law no. 208 dated 28/12/2015 (the so-called '2016 Stability Law') introduced a reduction in the IRES (Italian Corporate Income Tax) rate from 27.5% to 24%, valid from the 2017 tax year onwards. As a result, adjustments were made to deferred tax assets and liabilities relating to 2017 and following tax years. The effect of this tax rate alteration has led the company's tax liability for the year to increase by Euro 1,947 thousand, equal to 10.2%. Without this effect, the tax rate for the year would have been 37.4%.

The Group's financial performance

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	57,751	60,150
Property, plant and equipment	68,373	64,497
Other non-current assets - net	51,695	54,802
Total non-current assets	177,819	179,449
Net operating working capital	193,763	226,651
Other current assets (liabilities), net	(13,649)	(10,625)
Net invested capital	357,933	395,475
Equity	370,863	373,680
Provisions for severance indemnities, liabilities and charges	7,859	8,813
Net financial position	(20,789)	12,982
Net invested capital	357,933	395,475

The Group balance sheet shows a positive financial position of Euro 20.8 million, with a significant improvement compared to 2014 negative financial position (Euro -13.0 million), thanks to a the strong cash generation of Euro 46.6 million, after Euro 39.2 million of Capex.

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

(Thousands of Euro)	Dec. 31, 2015	Dec. 31, 2014
Inventories	304,810	287,732
Accounts receivable	112,978	106,517
Accounts payable	(224,025)	(167,598)
Net operating working capital	193,763	226,651
% of sales for the last 12 months	22.2%	27.5%
Taxes payable	(7,473)	(6,439)
Other non-financial current assets	35,958	40,958
Other non-financial current liabilities	(42,134)	(45,144)
Other current assets (liabilities), net	(13,649)	(10,625)

The ratio of net working capital on sales comes to 22.2% compared with 27.5% of 2014. This improvement is mainly due to the strengthening of the long-term partnerships with suppliers, making it possible to optimize payments. The increase in accounts receivable is in line with sales trend and the increase in inventory is mainly due 2016 Spring/Summer season.

The following table gives a reclassified consolidated cash flow statement:

(Thousands of Euro)	2015	2014
Net result	10,008	(2,941)
Depreciation, amortization and impairment	36,939	37,753
Other non-cash items	(9,037)	(1,483)
	37,910	33,329
Change in net working capital	43,272	(15,434)
Change in other current assets/liabilities	3,578	(6,842)
Cash flow from operations	84,760	11,053
Capital expenditure	(39,244)	(35,754)
Disposals	1,118	2,912
Net capital expenditure	(38,126)	(32,842)
Free cash flow	46,634	(21,789)
Change in net financial position	46,634	(21,789)
Initial net financial position - prior to fair value adjustment of derivatives	(41,012)	(18,339)
Change in net financial position	46,634	(21,789)
Translation differences	(1,405)	(884)
Final net financial position - prior to fair value adjustment of derivatives	4,217	(41,012)
Fair value adjustment of derivatives	16,572	28,030
Final net financial position	20,789	(12,982)

2015 shows an increase in cash flow from operations mainly due to the changes in in net working capital.

Consolidated capital expenditure is analyzed in the following table:

(Thousands of Euro)	2015	2014
Trademarks and patents	1,001	893
Opening and restructuring of Geox Shop	13,852	17,533
Production plant	11,744	4,617
Industrial plant and equipment	2,547	1,901
Logistic	871	2,020
Information technology	7,454	6,592
Offices furniture, warehouse and fittings	1,775	2,198
Total	39,244	35,754

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

(Thousands of Euro)	Dec. 31, 2015	Dec. 31, 2014
Cash and cash equivalents	44,483	53,355
Current financial assets - excluding derivatives	266	206
Bank borrowings and current portion of long-term loans	(30,432)	(95,673)
Current financial liabilities - excluding derivatives	(61)	(233)
Net financial position - current portion	14,256	(42,345)
Non-current financial assets	23	1,586
Long-term loans	(10,062)	(253)
Net financial position - non-current portion	(10,039)	1,333
Net financial position - prior to fair value adjustment of derivatives	4,217	(41,012)
Fair value adjustment of derivatives	16,572	28,030
Net financial position	20,789	(12,982)

Before the fair value adjustment of derivatives, net financial position was Euro 4.2 million, compared to Euro -41.0 million of 2014. After fair value adjustment of derivatives, which positively affected 2015 for Euro 16.6 million (Euro 28.0 at the end of 2014), net financial position was equal to Euro 20.8 million (Euro -13.0 million at the end of 2014).

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 two 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, with reference to economic indicators, as shown in the Geox Group's consolidated business plan.

The main characteristics of the two cycles are as follows:

- The first 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 exercise of the Options is subject to the achievement of EBIT as resulting from the Geox Group's Business Plan.
- The second plan, which was approved by the Board on December 22, 2014, establishes a maximum number of options (3,150,000) and envisages a grant cycle to be made within the month of December 2014. A number of 2,261,550 options were granted with a strike price calculated as the average of the official price of Geox in the thirty days prior the approval of the Business Plan 2014-2016, amounted to Euro 2.039. The vesting period is 3 years and ends with the approval of the consolidated financial statements for the year ended December 31, 2016, while the exercise period ends on December 31, 2020. The exercise of the Options is subject to the achievement of Net Profit as resulting from the Geox Group's Business Plan.

It is noted that the plan approved by the Board on December 15, 2005, which provided for a cycle of options to be made starting from the month of December 2005, had an exercise period ending on December 31, 2015. Therefore the rights accrued, but not exercised at the date, became extinct.

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	-	-	-
Giorgio Presca	CEO	554,564	2.039	2020	-	-	-
Executives with strategic responsibilities		19,000	9.17	2015	-	-	-
Executives with strategic responsibilities		180,000	2.29	2020	-	-	-
Executives with strategic responsibilities		925,528	2.039	2020	-	-	-

		Options exercised during the period			Options expired in 2015 (*)	Options held at the end of the period		
(A)		(7)	(8)	(9)	(10)	(11)=1+4-7-10	(12)	(13)
Name		Number of option	Average Strike Price	Average Expiry Date	Number of option	Number of option	Average Strike Price	Average Expiry Date
Giorgio Presca		-	-	-	-	250,000	2.29	2020
Giorgio Presca		-	-	-	-	500,000	2.08	2020
Giorgio Presca		-	-	-	-	554,564	2.039	2020
Exec. Strat. Resp.		-	-	-	19,000	-	9.17	2015
Exec. Strat. Resp.		-	-	-	90,000	90,000	2.29	2020
Exec. Strat. Resp.		-	-	-	84.141	841,407	2.039	2020

(*) Options expired for termination of employment or non-achievement of performance targets laid down in the plan (in terms of EBIT).

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 30 of the Consolidated Financial Statements.

Outlook for operation and significant subsequent events

The Group continued to record positive performance trends in 2015. Despite some lingering uncertainties surrounding global economic growth overall reasonable signs of improvement are to be seen, making the Group's management even more confident that solid sales growth and increased profitability can be achieved going forward. The strategy being followed appears to be the right one, solid growth is being recorded on the company's main markets and operating profitability is also moving in the right direction, thanks in part to the rationalisation of the store network and the success of actions taken by the management in terms of efficiency and specialisation.

With regard to business outlook, the management team would like to stress that a number of important factors should be taken into consideration:


- i. with reference to the first half of 2016, the multi-brand channel has confirmed solid growth trends, with an order book for the Spring/Summer season recording an increase of 10% to date;
- ii. management is also in the process of implementing plans to increase margins through targeted actions regarding product, sales channel and price mix and the improvement of comparable sales for both directly operated and franchised stores.

The management believes that these highly positive factors reinforce and confirm the fact that the Group is following the right strategy. Furthermore, should the expected growth in turnover and improvement in business efficiency be achieved, this would mitigate the reduction in industrial margin that has been brought about by the increase in product costs caused by the appreciation of the US dollar against the Euro. In any case, achieving these results would lead to a slight margin increase in absolute terms compared to the previous year.

The Board of Directors has also approved the 2016-2018 Strategic Plan focused on developing the Brand's strategic vision, product innovation, accelerating company growth, ensuring the business has well-balanced geographical coverage with an expansion into areas linked to the US dollar, on the positive results of the ramp-up for the new European production platform and obtaining further savings by streamlining the Group's international sourcing strategy, all with the aim of achieving sustainable, profitable growth.

Milan, February 25, 2016

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



CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES



GEOX 



#STARTBREATHING

NEBULA

Consolidated income statement

(Thousands of Euro)	Notes	2015	of which related party	2014	of which related party
Net sales	3-30	874,304	2,553	824,243	3,577
Cost of sales	30	(423,492)	47	(420,451)	129
Gross profit		450,812		403,792	-
Selling and distribution costs		(49,378)	-	(48,519)	(5)
General and administrative expenses	4-30	(334,252)	3,744	(308,257)	(1,717)
Advertising and promotion	30	(42,292)	(278)	(42,126)	(196)
EBIT	3	24,890		4,890	-
Net interest	7	(5,806)	-	(6,335)	-
PBT		19,084		(1,445)	-
Income tax	8	(9,076)	-	(1,496)	-
Net result		10,008		(2,941)	-
Earnings per share [Euro]	9	0.04		(0.01)	
Diluted earnings per share [Euro]	9	0.04		(0.01)	

Consolidated statement of comprehensive income

(Thousands of Euro)	2015	of which related party	2014	of which related party
Net income	10,008		(2,941)	
Other comprehensive income that will not be reclassified subsequently to profit or loss:				
- Net gain (loss) on actuarial defined-benefit plans	103	-	(391)	-
Other comprehensive income that may be reclassified subsequently to profit or loss:				
- Net gain (loss) on Cash Flow Hedge, net of tax	(10,707)	-	23,078	-
- Currency translation	(2,156)	-	(1,560)	-
Net comprehensive income	(2,752)		18,186	

Consolidated statement of financial position

(Thousands of Euro)	Notes	Dec. 31, 2015	of which related party	Dec. 31, 2014	of which related party
ASSETS:					
Intangible assets	10	57,751		60,150	
Property, plant and equipment	11	68,373		64,497	
Deferred tax assets	12	37,486		39,514	
Non-current financial assets	17-29	23		1,586	
Other non-current assets	13	16,469		17,379	
Total non-current assets		180,102		183,126	
Inventories	14	304,810		287,732	
Accounts receivable	15-30	112,978	4,538	106,517	5,157
Other non-financial current assets	16-30	35,958	1,902	40,958	2,054
Current financial assets	17-29	17,375		30,002	
Cash and cash equivalents	18	44,483		53,355	
Current assets		515,604		518,564	
Total assets		695,706		701,690	
LIABILITIES AND EQUITY:					
Share capital	19	25,921		25,921	
Reserves	19	334,934		350,700	
Net income	19	10,008		(2,941)	
Equity		370,863		373,680	
Employee severance indemnities	20	2,597		2,756	
Provisions for liabilities and charges	21	5,262		6,057	
Long-term loans	22	10,062		253	
Other long-term payables	23	2,260		2,091	
Total non-current liabilities		20,181		11,157	
Accounts payable	24-30	224,025	1,825	167,598	2,006
Other non-financial current liabilities	25	42,134		45,144	
Taxes payable	26-30	7,473	258	6,439	-
Current financial liabilities	17-29	598		1,999	
Bank borrowings and current portion of long-term loans	27	30,432		95,673	
Current liabilities		304,662		316,853	
Total liabilities and equity		695,706		701,690	

Consolidated statement of cash flow

(Thousands of Euro)	Notes	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES:			
Net result	19	10,008	(2,941)
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization and impairment	5	36,939	37,753
Increase in (use of) deferred taxes and other provisions		(5,509)	4,812
Provision for employee severance indemnities, net		(74)	(11)
Other non-cash items		(3,454)	(6,285)
		27,902	36,269
Change in assets/liabilities:			
Accounts receivable		8	(9,408)
Other assets		4,316	(9,599)
Inventories		(11,298)	(2,696)
Accounts payable		54,562	(3,330)
Other liabilities		(1,790)	4,807
Taxes payable		1,052	(2,049)
		46,850	(22,275)
Operating cash flow	-	84,760	11,053
CASH FLOW USED IN INVESTING ACTIVITIES:			
Capital expenditure on intangible assets	10	(9,143)	(9,099)
Capital expenditure on property, plant and equipment	11	(30,101)	(26,655)
		(39,244)	(35,754)
Disposals		1,118	2,913
(Increase) decrease in financial assets		1,506	(68)
Cash flow used in investing activities		(36,620)	(32,909)
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank borrowings, net		561	(21,615)
Loans:			
- Proceeds		35,000	48,413
- Repayments		(93,863)	-
Dividends	31	-	-
Cash flow used in financing activities		(58,302)	26,798
Increase (decrease) in cash and cash equivalents		(10,162)	4,942
Cash and cash equivalents, beginning of the period	18	53,355	46,991
Effect of translation differences on cash and cash equivalents		1,290	1,422
Cash and cash equivalents, end of the period	18	44,483	53,355
Supplementary information to the cash flow statement:			
- Interest paid during the period		3,641	3,239
- Interest received during the period		687	487
- Taxes paid during the period		2,384	6,571

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, 2013	25,921	5,184	37,678	983	(4,670)	1,176	318,906	(29,749)	355,429
Allocation of 2013 result	-	-	-	-	-	-	(29,749)	29,749	-
Recognition of cost stock option plans	-	-	-	-	-	(687)	752	-	65
Net comprehensive result	-	-	-	(1,560)	23,078	-	(391)	(2,941)	18,186
Balance at December 31, 2014	25,921	5,184	37,678	(577)	18,408	489	289,518	(2,941)	373,680
Allocation of 2014 result	-	-	-	-	-	-	(2,941)	2,941	-
Recognition of cost stock option plans	-	-	-	-	-	(489)	424	-	(65)
Net comprehensive result	-	-	-	(2,156)	(10,707)	-	103	10,008	(2,752)
Balance at December 31, 2015	25,921	5,184	37,678	(2,733)	7,701	-	287,104	10,008	370,863

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 December 31, 2015. 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.

To facilitate comparison with the previous year, the accounting schedules provide comparative figures: at December 31, 2014 and for the year 2014 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 December 31, 2015 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 December 31, 2015".

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 30).

Consolidation principles

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

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

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

- the book value of equity investments included in the scope of consolidation is eliminated against the equity of the companies concerned according to the full consolidation method. If the Group's direct or indirect investment is less than 100%, minority interests are calculated and shown separately;
- if purchase cost exceeds the net book value of the related shareholders' equity at the time of acquisition, the difference is allocated to specific assets of the companies acquired, with reference to their fair value at the acquisition date and amortized on a straight-line basis having regard to the useful life of the investment. If appropriate, any amounts which are not allocated are recorded as goodwill. In this case, the amounts are not amortized but subjected to impairment testing at least once a year, or whenever considered necessary;
- if the book value exceeds the purchase cost, the difference is credited to the income statement.

The following are also eliminated:

- receivables and payables, costs and revenues and profits and losses resulting from intragroup transactions, taking into account the related tax effects;
- the effects of extraordinary transactions involving Group companies (mergers, capital contributions, etc).

Accounting standards, amendments and interpretations applied since January 1, 2015

- On May 20, 2013 IFRIC 21 – Levies, an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets was published. There was no effect from the adoption of this amendment;
- On December 12, 2013 IASB approved the document “Annual Improvements to IFRSs 2011 – 2013 Cycle”.

The most important topics addressed in these amendments are, among others:

- the extension of the exclusion from the scope of IFRS 3 *Business Combinations* to all types of joint arrangements, as defined by IFRS 11;
- application of certain exceptions in IFRS 13 *Fair Value Measurement – Scope of portfolio exception* (par. 52). The amendment clarifies that the portfolio exception included in paragraph 52 of the IFRS 13 applies to all contracts within the scope of IAS 39 regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32;
- Clarification on IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*. The amendment clarifies that IFRS 3 and IAS 40 don't exclude each other.

There was no effect from the adoption of these amendments.

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

- Amendment to IAS 19 – *Employee benefits* entitled “*Defined Benefit Plans: Employee Contributions*”;
- Document “Annual Improvements to IFRSs 2010 – 2012 Cycle”. The most important topics addressed in these amendments are, among others:
 - IFRS 2 *Share Based Payments – Definition of vesting condition*;
 - IFRS 3 *Business Combination – Accounting for contingent consideration*;
 - IFRS 8 *Operating segments – Aggregation of operating segments*;
 - IFRS 8 *Operating segments – Reconciliation of total of the reportable segments' assets to the entity's assets*;
 - IFRS 13 *Fair Value Measurement – Short-term receivables and payables*;
 - IAS 16 *Property, plant and equipment* and IAS 38 *Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization*;
 - IAS 24 *Related Parties Disclosures – Key management personnel*.
- Amendment to IFRS 11 *Joint Arrangements – Accounting for acquisitions of interests in joint operations*;
- Amendments to IAS 16 *Property, plant and equipment* e IAS 41 *Agriculture – Bearer Plants*;
- Amendments to IAS 16 *Property, plant and Equipment* e also IAS 38 *Intangibles Assets – “Clarification of acceptable methods of depreciation and amortisation”*;
- Document “Annual Improvements to IFRSs: 2012-2014 Cycle”. The most important topics addressed in these amendments are, among others:
 - IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*;
 - IFRS 7 – *Financial Instruments: Disclosure*;

- IAS 19 – *Employee Benefits*;
 - IAS 34 – *Interim Financial Reporting*.
- The effective date of the amendments is January 1, 2016.
- Amendment to IAS 1- *Disclosure Initiative*.

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

- IFRS 14 – *Regulatory Deferral Accounts*;
- IFRS 15 – *Revenue for contracts with customers*
- IFRS 9 – *Financial instruments*;
- IFRS 16 – *Leases*;
- Amendment to IFRS 10 and IAS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*;
- Document “*Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)*”.

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	Average for 2015	As at 12-31-2015	Average for 2014	As at 12-31-2014
US Dollar	1.1096	1.0887	1.329	1.2141
Swiss Franc	1.0676	1.0835	1.215	1.2024
British Pound	0.726	0.734	0.806	0.7789
Canadian Dollar	1.4176	1.5116	1.467	1.4063
Japanese Yen	134.2866	131.07	140.378	145.23
Chinese Yuan	6.973	7.0608	8.188	7.5358
Czech Koruna	27.285	27.023	27.536	27.735
Russian Ruble	68.0068	80.6736	51.011	72.337
Polish Zloty	4.1828	4.2639	4.185	4.2732
Hungarian Forint	309.8978	315.98	308.705	315.54
Macau Pataca	8.8608	8.6919	10.614	9.7006
Serbian Dinar	120.6937	121.4513	117.224	121.1225
Vietnam Dong	24,314.57	24,475.06	28,160.33	25,972.13
Indonesian Rupiah	14,859.79	15,039.99	15,750.13	15,076.10
Turkish Lira	3.0218	3.1765	2.907	2.832

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 excluded 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 12.

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 20.

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 15.

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 14.

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 15.

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.

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. As regards the item key money, it is pointed out that in France the protection provided to the tenant by the local law, supported by the market practice, allows the recognition of a recovering value of each trading position, even at the end of the contract. This led the directors to estimate a residual value of the key money paid at the end of each lease.

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 write-downs/write backs.

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 useful life in years related to the depreciation rates applied:

Building	20-30 years
Plant and machinery	5-8 years
Photovoltaic 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.

If the book value of the asset is greater than its recoverable value this asset is consequently impaired in order to align it to its recoverable value.

Each unit, to which the specific values of assets are allocated (tangible and intangible), represents the lowest level at which the Group monitors such assets.

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. Write backs 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 debts, 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.

Accounts receivable are initially recognized at their fair value and then adjusted at the estimated realizable value by means of a provision for bad and doubtful accounts, accrued when there is objective evidence that the Group will not be able to collect the receivable for the original value.

The accrual for the doubtful debts found is charged to the income statement. Receivables subject to impairment are written off when it's confirmed that they are not recoverable.

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)

Some 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 28.

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 9).

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.

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.

Government Grants

Government grants are recognized in the financial statements when there is reasonable assurance of the Group's compliance with the conditions for receiving such grants and that the grants will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to offset.

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.

As from 2014 Geox S.p.A. joined, as parent company, a new domestic tax consolidation for three years (2014-2016) with the two Italian subsidiaries Geox Retail S.r.l. and XLOG S.r.l..

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 write-downs 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:

		2015	%	2014	%
Footwear	Net sales	784,983		721,686	
	D&A	33,945		33,149	
	EBIT	28,345	3.6%	4,570	0.6%
Apparel	Net sales	89,321		102,557	
	D&A	3,995		4,604	
	EBIT	(3,454)	(3.9%)	320	0.3%
Total					
	Net sales	874,304		824,243	
	D&A	37,940		37,753	
	EBIT	24,891	2.8%	4,890	0.6%

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 264,603 thousand for footwear (Euro 246,867 thousand in 2014) and Euro 40,207 thousand for apparel (Euro 39,340 thousand in 2014).

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

(Thousands of Euro)	2015	2014
Italy	281,095	272,666
Europe (*)	375,647	359,273
North America	62,795	55,512
Other countries	154,767	136,792
Net sales	874,304	824,243

4. General and administrative expenses

General and administrative expenses are analyzed in the following table:

	2015	2014	Change
Wages and salaries	116,485	107,472	9,013
Rental expenses	99,403	96,361	3,042
Other costs	135,485	124,082	11,403
Rental income	(8,416)	(11,062)	2,646
Other income	(8,705)	(8,596)	(109)
Total	334,252	308,257	25,995

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 16,799 thousand (in 2014 Euro 16,178 thousand).

The fees due to the directors, statutory auditors and executives with strategic responsibilities for 2015 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.	Fixed Emolument	Non cash Benefits (*)	Bonus and other incentives	Other Remuneration	Total
Mario Moretti Polegato Chairman	from 01-01 to 12-31-15	(1)	1,800,000 (2)	-	-	-	1,800,000
Enrico Moretti Polegato Deputy Chairman	from 01-01 to 12-31-15	(1)	150,000 (3)	-	-	-	150,000
Giorgio Presca CEO and Executive Director	from 01-01 to 12-31-15	(1)	956,700 (4)	4,064	144,582 (5)	350,000 (6)	1,455,346
Duncan Niederauer Independent Director	from 11-13 to 12-31-15	(1)	25,000 (7)	-	-	-	25,000
Roland Berger Independent Director	from 01-01 to 12-31-15	(1)	55,000 (8)	-	-	-	55,000
Fabrizio Colombo Independent Director	from 01-01 to 12-31-15	(1)	65,000 (9)	-	-	-	65,000
Alessandro Antonio Giusti Director	from 01-01 to 12-31-15	(1)	110,000 (10)	-	-	-	110,000
Claudia Baggio Director	from 01-01 to 12-31-15	(1)	25,000 (11)	-	-	-	25,000
Lara Livolsi Independent Director	from 01-01 to 12-31-15	(1)	45,000 (12)	-	-	-	45,000
Francesco Gianni Chairman of the Board of St. Auditors	from 01-01 to 12-31-15	(1)	75,000 (13)	-	-	-	75,000
Valeria Mangano Statutory Auditor	from 01-01 to 12-31-15	(1)	50,000 (14)	-	-	-	50,000
Francesca Meneghel Statutory Auditor	from 01-01 to 12-31-15	(1)	50,000 (15)	-	-	-	50,000
Executives with strategic responsibilities (**)			2,551,387 (16)	41,083	590,520 (17)	-	3,182,990

(*) Includes the fringe benefits

(**) Aggregated amounts

(1) Term of office expires at General Meeting held to approve the financial statements at December 31, 2015

(2) Includes remuneration as Chairman, member of Executives Committee and member of the Ethics Committee

(3) Includes remuneration as Deputy Chairman and member of Executives Committee

(4) Includes remuneration as CEO and Executive with strategic responsibilities

(5) Includes variable compensation for CEO and Executive with strategic responsibilities

(6) Includes variable compensation as subsidiaries' Director

(7) Includes compensation as Independent Director

(8) Includes compensation as Independent Director, member of Audit and Risk Committee and Chairman of the Nomination Committee

(9) Includes compensation as Independent Director, Chairman of Audit and Risk Committee, member of Compensation Committee and member of the Nomination Committee

(10) Includes compensation as Non-Independent Director, member of Audit and Risk Committee, member of Compensation Committee and member of Nomination Committee

(11) Includes compensation as Non-Independent Director

(12) Includes compensation as Independent Director and Chairman of Compensation Committee

(13) Includes compensation as Chairman of the Board of Statutory Auditor

(14) Includes compensation as member of the Board of Statutory Auditor

(15) Includes compensation as member of the Board of Statutory Auditor

(16) Includes salary as Executives with strategic responsibilities (social security paid by the company are not included)

(18) Includes the 2015 bonus as well as a lump sum bonus

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:

	2015	2014	Change
Industrial depreciation	5,113	6,403	(1,290)
Non-industrial depreciation and amortization	31,826	31,350	476
Total	36,939	37,753	(814)

Non-industrial amortization decreased from Euro 31,350 thousand of 2014 to Euro 31,826 thousand of 2015.

Payroll costs amounted to Euro 143,610 thousand (in 2014 Euro 131,526 thousand).

6. Personnel

The average number of employees is shown below:

	2015	2014	Change
Managers	47	41	6
Middle managers	165	155	10
Office staff	819	784	35
Shop employees	2,845	2,745	100
Factory workers	258	220	38
Total	4,134	3,945	189

The average number of employees for 2015 amounted to 4,134, increased of 189 units compared to 2014. 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. Net interest

This item is made up as follows:

	2015	2014	Change
Interest income	4,694	2,271	2,423
Interest expense	(10,446)	(8,374)	(2,072)
Exchange differences	(54)	(232)	178
Total	(5,806)	(6,335)	529

Interest income is made up as follows:

	2015	2014	Change
Interest from banks	158	126	32
Interest from customers	12	9	3
Other interest income	4,524	2,136	2,388
Total	4,694	2,271	2,423

Other interest income mainly consists of the effect of accounting for financial derivatives as explained in note 29.

Interest expense is made up as follows:

	2015	2014	Change
Bank interest and charges	193	196	(3)
Interest on loans	914	2,016	(1,102)
Other interest expense	6,796	3,910	2,886
Financial discounts and allowances	2,543	2,252	291
Total	10,446	8,374	2,072

The increase in "Interest on loans" is mainly due to the decrease in the average debts towards banks.

Other interest expense mainly consists of the effect of accounting for financial derivatives as explained in note 29.

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:

	2015	2014	Change
Exchange gains	49,865	25,053	24,812
Exchange losses	(49,919)	(25,285)	(24,634)
Total	(54)	(232)	178

8. Income taxes

Income taxes were equal to Euro 9,076 thousand, compared to Euro 1,496 thousand of 2014.

It is to be noted that Italian Law no. 208 dated 28/12/2015 (the so-called '2016 Stability Law') introduced a reduction in the IRES (Italian Corporate Income Tax) rate from 27.5% to 24%, valid from the 2017 tax year onwards. As a result, adjustments were made to deferred tax assets and liabilities relating to 2017 and following tax years. The effect of this tax rate alteration has led the company's tax liability for the year to increase by Euro 1,947 thousand.

The following table shows 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).

	2015	%	2014	%
PBT	19,084	100.0%	(1,445)	100.0%
Theoretical income taxes (*)	5,248	27.5%	(398)	27.5%
Effective income taxes	9,076	47.6%	1,496	(103.5%)
Difference due to:	3,828	20.1%	1,894	(131.1%)
1) different tax rates applicable in other countries	(415)	(2.2%)	698	(48.3%)
2) permanent differences:				
i) IRAP and other local taxes	1,392	7.3%	1,803	(124.8%)
ii) writedowns of deferred tax asset	2,088	10.9%	493	(34.1%)
iii) previous years' taxes	(345)	(1.8%)	218	(15.1%)
iv) other	(839)	(4.4%)	(1,318)	91.2%
3) tax correction as result of Stability Law	1,947	10.2%	-	-
Total difference	3,828	20.1%	1,894	(131.1%)

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

9. 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:

	2015	2014
Earnings per share (Euro)	0.04	(0.01)
Diluted earnings per share (Euro)	0.04	(0.01)
Weighted average number of shares outstanding:		
- basic	259,207,331	259,207,331
- diluted	259,207,331	259,207,331

10. Intangible assets

Intangible assets are made up as follows:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Industrial patents and intellectual property rights	14,127	13,712	415
Trademarks, concessions and licenses	684	773	(89)
Key money	40,189	43,395	(3,206)
Assets in process of formation and payments on account	1,613	1,132	481
Goodwill	1,138	1,138	-
Total	57,751	60,150	(2,399)

The following table shows the changes in intangible assets during 2015:

	12-31-14	Purchases and capital.	Translation Differences	Amort./ write- down	Disposals	Other Changes	12- 31-15
<i>Intangible assets with finite useful life:</i>							
Industrial patents and intellectual property rights	13,712	6,139	1	(6,778)	(5)	1,058	14,127
Trademarks, concessions and licenses	773	75	-	(164)	-	-	684
Key money	43,395	1,340	78	(4,556)	(118)	50	40,189
Assets in process of formation and payments on account	1,132	1,589	-	-	-	(1,108)	1,613
<i>Intangible assets with an indefinite useful life:</i>							
Goodwill	1,138	-	-	-	-	-	1,138
Total intangible assets	60,150	9,143	79	(11,498)	(123)	-	57,751

Investments during the period mainly concern:

- personalization of the IT system for a total of Euro 5,135 thousand;
- the costs incurred for the registration, extension and protection of patents in various parts of the world (Euro 927 thousand);
- the costs incurred for the registration, protection and extension of the GEOX trademark in various parts of the world (Euro 75 thousand);
- key money costs (Euro 1,340 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 1,589 thousand. Such amounts mainly include the sums paid for 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 564 thousand as of December 31, 2015 (Euro 1,545 as of December 31, 2014).

11. Property, plant and equipment

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

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Changes
Land and buildings	11,526	521	11,005
Plant and machinery	8,697	5,019	3,678
Industrial and commercial equipment	2,548	2,636	(88)
Other assets	17,392	19,686	(2,294)
Leasehold improvements	27,403	29,870	(2,467)
Construction in progress and payments on account	807	6,765	(5,958)
Total	68,373	64,497	3,876

The following table shows the changes in property, plant and equipment during 2015:

	12-31-14	Purchases and capital.	Translation Differences	Amort./ write-down	Disposals	Other Changes	12-31-15
Land and buildings	521	6,534	(70)	(209)	-	4,750	11,526
Plant and machinery	5,019	4,799	(27)	(2,350)	(98)	1,354	8,697
Industrial and commercial equipment	2,636	2,594	7	(2,675)	(15)	1	2,548
Other assets	19,686	8,447	68	(10,723)	(451)	365	17,392
Leasehold improvements	29,870	6,946	212	(9,484)	(431)	290	27,403
Construction in progress and payments on account	6,765	781	21	-	-	(6,760)	807
Total property, plant and equipment	64,497	30,101	211	(25,441)	(995)	-	68,373

Investments during the period mainly concern:

- The construction of the new factory in Vranje (Serbia), co-financed by the Republic of Serbia;
- The purchase of equipment 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 5,410 thousand, office and showroom fittings for Euro 1,666 thousand, office and head office hardware for Euro 1,371 thousand;
- leasehold improvements of Euro 6,946 thousand. These additions relate to industrial buildings and offices for Euro 1,124 thousand and to premises fitted out as Geox Shop for Euro 5,822 thousand;
- construction in progress of Euro 781 thousand. These additions include amounts paid for the extraordinary maintenance of the logistic plant used by subsidiary XLOG S.r.l. for Euro 298 thousand and an amount of Euro 438 thousand for the purchase of the new production lines by the subsidiary in Serbia.

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 3,972 thousand as of December 31, 2015 (Euro 5,719 as of December 31, 2014).

Other assets are made up as follows:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Electronic machines	2,542	2,151	391
Furniture and fittings	14,769	17,518	(2,749)
Motor vehicles and internal transport	81	17	64
Total	17,392	19,686	(2,294)

12. 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 Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Carry-forward tax losses	6,783	8,115	(1,332)
Depreciation and amortization and impairment	8,849	5,958	2,891
Evaluation derivatives	-	18	(18)
Provision for obsolescence and slow-moving inventory and returns	17,202	19,200	(1,998)
Provision for agents' severance indemnities	692	927	(235)
Other	6,827	12,176	(5,349)
Deferred tax assets	40,353	46,394	(6,041)
Evaluation derivatives	(2,699)	(6,720)	4,021
Other	(168)	(160)	(8)
Deferred tax liabilities	(2,867)	(6,880)	4,013
Total deferred taxes	37,486	39,514	(2,028)

The deferred tax assets on carry-forward tax losses, which at December 31, 2015 amount to Euro 6,783 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 2,699 thousand (Euro 6,720 thousand in 2014).

Deferred tax assets included in "Other" are mainly related to provisions for liabilities and charges (note 25).

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

13. Other non-current assets

Other non-current assets are made up as follows:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Accounts receivable from others in 1 to 5 years	12,685	12,727	(42)
Accounts receivable from others in more than 5 years	3,784	4,652	(868)
Total	16,469	17,379	(910)

Accounts receivable from others relate principally for Euro 10,007 thousand of guarantee deposits for utilities and shop leases (from 1 to 5 years: Euro 6,992 thousand; over 5 years: Euro 3,015 thousand) and accounts receivable, payable from 1 to 5 years, for Euro 790 thousand.

Prepaid expenses for lease payments made in advance for Euro 4,925 thousand (from 1 to 5 years: Euro 4,155 thousand; over 5 years: 770 thousand).

14. Inventories

The following table shows the breakdown of inventories:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Raw materials	14,994	10,658	4,336
Work in process and semi-finished products	23	-	23
Finished products and goods for resale	288,612	275,549	13,063
Furniture and fittings	1,181	1,525	(344)
Total	304,810	287,732	17,078

Inventories of finished products include goods in transit acquired from countries in the Far East. In 2014 there was an increase in the value of inventories. This change is mainly due to the 2016 Spring/Summer season.

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	18,531
Provisions	14,266
Translation differences	54
Utilizations	(18,531)
Balance at December 31	14,320

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

15. Accounts receivable

Accounts receivable are made up as follows:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Gross value	162,911	162,447	464
Provision for bad and doubtful accounts	(9,904)	(10,230)	326
Provision for returns and credit notes	(40,029)	(45,700)	5,671
Net value	112,978	106,517	6,461

Accounts receivable amounted to Euro 162,911 thousand at December 31, 2015.

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 December 31, 2015	128,138	25,525	3,694	5,554	162,911
Gross value of trade receivables at December 31, 2014	131,165	22,779	4,072	4,431	162,447

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 December 31, 2015 represents a prudent estimate of the current collection risk.

Changes in the provision during the year are as follows:

Balance at January 1	10,230
Provisions	1,513
Translation differences	3
Utilizations	(1,842)
Balance at December 31	9,904

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 2015 are as follows:

Balance at January 1	45,700
Provisions	38,646
Translation differences	106
Utilizations	(44,423)
Balance at December 31	40,029

The provision for returns has been estimated based on the potential returns and credit notes arising from the trade agreements signed with customers, in particular with franchising ones.

16. Other non-financial current assets

This item is made up as follows:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Tax credits	6,915	9,102	(2,187)
VAT recoverable	10,485	11,332	(847)
Advances to vendors	1,330	3,020	(1,690)
Other receivables	9,504	9,307	197
Accrued income and prepaid expenses	7,724	8,197	(473)
Total	35,958	40,958	(5,000)

As at December 31, 2014 the Group has a tax credit for an amount of Euro 1,891 thousand (Euro 2,043 thousand in 2013) towards the ultimate Parent Company LIR S.r.l. .

Other receivables include:

- Euro 1,539 thousand due from a credit insurance representing the value of claims assigned for which reimbursement has not yet been received;
- Euro 3,365 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.

17. 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 Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Term bank deposits	23	1,544	(1,521)
Securities	-	42	(42)
Total non current financial assets	23	1,586	(1,563)
Fair value derivative contracts	17,110	29,795	(12,685)
Loans granted by Geox	265	207	58
Total current financial assets	17,375	30,002	(12,627)
Fair value derivative contracts	(538)	(1,766)	1,228
Other current financial liabilities	(60)	(233)	173
Total current financial liabilities	(598)	(1,999)	1,401

The term bank deposits of Euro 23 thousand include amounts lodged to guarantee rent contracts on foreign shops.

As regards the mark-to-market derivative contracts, see the comments in note 29.

18. Cash and cash equivalents

The amount of Euro 44,483 thousand relates to short term deposits for Euro 5,952 thousand, a current account in Euro for Euro 24,274 thousand, a current account in US Dollars for Euro 4,061 thousand, a current account in Chinese Yuan for Euro 1,887 thousand, a current account in Canadian Dollars for Euro 2,086 thousand, a current account in British Pound for Euro 1,473 thousand, a current account in Hong Kong Dollars for Euro 1,632 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 December 31, 2015 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.

19. 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 Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Legal reserve	5,184	5,184	-
Share premium reserve	37,678	37,678	-
Translation reserve	(2,733)	(577)	(2,156)
Reserve for cash flow hedges	7,701	18,408	(10,707)
Reserve for stock options	-	489	(489)
Retained earnings	287,104	289,518	(2,414)
Total	334,934	350,700	(15,766)

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, for Euro 7,701 thousand, originated as a result of valuing the financial instruments defined as cash flow hedges at December 31, 2015. Fair value valuation of cash flow hedges is stated net of the tax effect as explained in greater detail in note 29. 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 for an amount of Euro 194,126 thousand.

Amounts are shown net of tax, where applicable.

The following is a reconciliation between the Parent Company's equity and net income for the period and the Group's equity and net income for the period:

Description	Net income for the period 2015	Equity 12-31-2015	Net income for the period 2014	Equity 12-31-2014
Parent company's equity and net income	10,343	392,136	(7,604)	392,404
Differences between the carrying value of the investments in subsidiaries and the Group share of their equity	14,078	(21,503)	14,303	(19,210)
Group share of affiliates' results	5,672	5,672	6,031	6,031
Effect of the reorganization in 2001	1,753	(1,387)	1,753	(3,141)
Elimination of intragroup transactions on inventories	(1,569)	(13,115)	(4,952)	(11,547)
Elimination of intragroup dividends and investments write-off	(20,213)	-	(15,831)	-
Other adjustments	(56)	9,060	3,359	9,143
Group equity and net income	10,008	370,863	(2,941)	373,680

20. Employee severance indemnities

Employee severance indemnities at December 31, 2015 amount to Euro 2,597 thousand, as shown in the following table:

Balance at December 31, 2014	2,756
Amounts paid to leavers	(1,555)
Reversal of 0.50% withholding	(264)
Reversal of 11% flat-rate tax	(6)
Payments to supplementary pension schemes	(1,042)
Advances granted to employees	(175)
Provision for the period	4,163
Payments to supplementary pension schemes run by INPS	(1,234)
Change as a result of actuarial calculations	(63)
Translation differences	17
Balance at December 31, 2015	2,597

Changes in the provision for severance indemnities during 2015 show a utilization of Euro 1,042 thousand for payments to supplementary pension funds and one of Euro 1,234 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: 1.81%
- rate of severance indemnities increase: 2.625% for 2016, 2.85% for 2017, 2.775% for 2018, 2.7% for 2019, 3.00% from 2020 on
- inflation rate: 1.50% for 2016, 1.80% for 2017, 1.70% for 2018, 1.60% for 2019, 2.00% from 2020 on

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	(25)
-1% employee turnover rate	29
+1/4% inflation rate	55
-1/4% inflation rate	(53)
+1/4% discount rate	(83)
-1/4% discount rate	88

21. Provisions for liabilities and charges

This item is made up as follows:

	Balance at Dec. 31, 2014	Utiliza- tion	Provi- sions	Translation differences	Actuarial adjustment	Balance at Dec. 31, 2015
Provision for agents' severance indemnities	4,660	(933)	479	81	(17)	4,270
Other	1,397	(532)	127	-	-	992
Total	6,057	(1,465)	606	81	(17)	5,262

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 193 thousand.

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

22. Long-term loans

Long term loans amounted to Euro 10,062 thousand and include the long-term portion of the loan signed in 2015 by the parent company Geox S.p.A. for a total amount of Euro 20 million and expiring March 31, 2018.

The loan is subject to a financial covenant for which Group net financial position must be lower than 90% of Group Equity. This covenant has been accomplished at balance sheet date.

23. Other long-term payables

This item is made up as follows:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Guarantee deposits	1,129	1,001	128
Accrued expenses and deferred income	1,131	1,090	41
Total	2,260	2,091	169

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

24. Accounts payable

Accounts payable at December 31, 2015 amount to Euro 224,025 thousand, with an increase of Euro 56,427 thousand if compared with December 31, 2014. 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.

25. Other non-financial current liabilities

This item is made up as follows:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Social security institutions	5,039	4,491	548
Employees	12,577	14,113	(1,536)
Provisions for liabilities and charges	5,034	6,785	(1,751)
Other payables	8,612	8,461	151
Accrued expenses and deferred income	10,872	11,294	(422)
Total	42,134	45,144	(3,010)

The amounts due to social security institutions mainly relate to pension contributions for 2015, paid in 2016.

The amounts due to employees include payroll, bonuses and accrued vacation not yet taken as of December 31, 2015.

The provisions for liabilities and charges mainly include the estimated costs related to the change in corporate governance started in the previous years.

Other payables are mainly advances received from customers.

Accrued expenses mainly relate to shop lease contracts for the period and the residual amount of the first two tranches of four of the grant received by Republic of Serbia for the construction and start-up of the factory in Vranje for a total amount of Euro 11,250 thousand .

26. Taxes payable

This item is made up as follows:

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Income taxes for the period	4,059	3,762	297
VAT payable	2,172	2,673	(501)
Other	1,242	4	1,238
Total	7,473	6,439	1,034

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

	Balance at Dec. 31, 2015	Balance at Dec. 31, 2014	Change
Bank borrowings			
- cash advances	8,575	7,126	1,449
- loans	21,857	88,547	(66,690)
Total	30,432	95,673	(65,241)

The item "loans" includes the portion due within 12 months of the loan signed during 2015 by the parent company Geox S.p.A. (see note 22). The remaining part is based on technical forms related to working capital and is therefore self-liquidating (orders, invoices, bills).

It should also be noted that, during 2014, the Group signed for a line of credit for a total of Euro 50 million, maturing in 18 months less one day, totally reimbursed during 2015. One of the credit line for Euro 20 million was used by Geox S.p.A. while the other one could be used by Geox S.p.A. and by its main subsidiaries in their local currency. This was a revolving, multi-currency credit facility with a floating rate based on the currency in which it was drawn down. Both lines are designed primarily to give the Group the resources needed to finance operating activities. The remaining part was based on technical forms related to working capital and is therefore self-liquidating (orders, invoices, bills).

28. 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.

At the date of this report there are two 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 economic ratios, as shown in the Geox Group's consolidated business plan. If targets are not achieved, no costs are charged to the Financial Statements.

29. 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 15).

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 31 December 2015, the Group's indebtedness to the banking system amounts to Euro 40.5 million and is partially floating rate. This floating rate debt is based on technical forms related to working capital and is 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 154 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 recognized directly in the item Cumulative Translation Adjustments reserve, included in Other Comprehensive income.

There have been no substantial changes in 2015 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

The Group's financial statements as at December 31, 2015, could be materially affected by fluctuations in the exchange rates, mainly referred to the US dollar. The impact on the Group's result at December 31, 2015 resulting from a hypothetical, unfavorable and instantaneous change of 10% in the exchange rates of the leading foreign currencies with the Euro would have been approximately Euro 346 thousand, while in case of a favorable change of 10% in exchange rates the impact would have been approximately Euro 294 thousand.

Receivables, payables and future trade flows whose hedging transactions have been analyzed were not considered in this analysis. It is reasonable to assume that changes in exchange rates will produce the opposite effect, of an equal or greater

amount, on the underlying transactions that have been hedged.

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 February and in June to August.

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 at December 31, 2015 financial instruments are as follows:

	Notional value on 12-31-15	Fair value on 12-31-15 (debit)	Fair value on 12-31-15 (credit)	Notional value on 12-31-14	Fair value on 12-31-14 (debit)	Fair value on 12-31-14 (credit)
FX Forward buy agreements to hedge exch. rate risk	107,613	2,785	(369)	195,913	17,476	(241)
FX Forward sell agreements to hedge exch. rate risk	136,485	3,347	(169)	94,450	2,726	(1,525)
FX Currency Option agreem. to hedge exch. rate risk	273,881	10,978	-	129,314	9,593	-
Total financial assets/(liabilities)	517,979	17,110	(538)	419,677	29,795	(1,766)

IFRS 7 requires financial instruments recognized 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 December 31, 2015 are classified on Level 2. In 2015 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.

The Group holds the following derivatives at December 31, 2015:

- 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 Spring/Summer 2016 and Fall/Winter 2016 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 December 31, 2015:

- 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.

30. 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 2015 and 2014 are summarized below:

	Total 2015	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Net sales	874,304	-	275	2,278	2,553	0.29%
Cost of sales	(423,492)	-	47	-	47	(0.01%)
General and administrative expenses	(334,252)	(290)	4,137	(103)	3,744	1.12%
Advertising and promotion	(42,292)	(306)	-	28	(278)	0.66%

	Total 2014	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Net sales	824,243	-	412	3,165	3,577	0.43%
Cost of sales	(420,451)	-	129	-	129	(0.03%)
Selling and distribution costs	(48,519)	-	(5)	-	(5)	0.01%
General and administrative expenses	(308,257)	(311)	(1,124)	(282)	(1,717)	0.56%
Advertising and promotion	(42,126)	(302)	-	106	(196)	0.47%

The main effects on financial statement of the transactions with these parties at December 31, 2015 and at December 31, 2014 are summarized below:

	Balance at Dec. 31, 2015	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	112,978	-	1,991	2,547	4,538	4.02%
Other non-financial current assets	35,958	1,902	-	-	1,902	5.29%
Accounts payable	224,025	177	486	1,162	1,825	0.81%
Taxes payable	7,473	258	-	-	258	3.45%

	Balance at Dec. 31, 2014	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	106,517	34	1,546	3,577	5,157	4.84%
Other non-financial current assets	40,958	2,054	-	-	2,054	5.01%
Accounts payable	167,598	205	23	1,778	2,006	1.20%

31. Dividends paid and proposed

	2015	2014
Dividends declared and paid during the year:	-	-
Dividends declared and paid during the year - per share:	-	-
Dividends proposed to the shareholders' meeting (not yet recognized as a liability at December 31)*:	15,552	-
Dividends proposed to the shareholders' meeting (not yet recognized as a liability at December 31) - per share**:	0.06	-

* For 2015, the figure in Euro/thousand is calculated on the 259,207,331 shares outstanding on February 25, 2016

** Amount in Euro

32. 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 December 31, are as follows:

12-31-2015

Within 1 year	77,425
Within 1-5 years	159,390
Beyond 5 years	78,718
Total	315,533

33. Significant subsequent events after December 31, 2015

None.

Milan, February 25, 2016

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

Attachment I

Milan, February 25, 2016

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 2015.

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 December 31, 2015 and for the year 2015;
- 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

Pursuant to Art. 149-duodecies of the Issuers' Regulations:

Type of services	Entity that provided the services	Beneficiary	Fees 2015 (Euro/000)	Fees 2014 (Euro/000)
Auditing	Auditors of the Parent Company	Parent company	133	133
Attestation services	Auditors of the Parent Company	Parent company	-	-
Tax advisory services	Same network as the Parent Company's auditors	Parent company	80	8
Other services	Auditors of the Parent Company	Parent company	-	-
Total Parent Company			213	141
Auditing	i) Auditors of the Parent Company	Subsidiaries	22	22
	ii) Same network as the Parent Company's auditors	Subsidiaries	160	142
Attestation services	i) Auditors of the Parent Company	Subsidiaries	-	-
	ii) Same network as the Parent Company's auditors	Subsidiaries	-	-
Tax advisory services	i) Auditors of the Parent Company	Subsidiaries	-	-
	ii) Same network as the Parent Company's auditors	Subsidiaries	-	-
Other services	i) Auditors of the Parent Company	Subsidiaries	-	-
	ii) Same network as the Parent Company's auditors	Subsidiaries	12	6
Total Subsidiaries			194	170
Total			407	311

Attachment 3

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

Name	Location	Year end	Currency	Share capital	% held		
					Directly	Indirectly	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.	Breda, 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 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	Vranje, Serbia	Dec. 31	RSD	802,468,425	100,00%		100,00%
- Geox Macau Ltd	Macau, China	Dec. 31	MOP	5,000,000		100,00%	100,00%
- Geox Trading Shanghai 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%

**INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF
LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
(Translation from the original Italian text)**

**To the Shareholders of
GEOX S.p.A.**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Geox S.p.A. and its subsidiaries (the "Geox Group"), which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated income statement and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Geox Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Geox S.p.A., with the consolidated financial statements of the Geox Group as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the Geox Group as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
March 23, 2016

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

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING CALLED FOR APPROVAL OF THE
FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015 (art. 153 of Italian Legislative Decree no. 58/98)

Dear Shareholders,

during the financial year ended 31 December 2015, we performed the supervisory activity provided for by the law, also taking into account the standards of conduct for the Board of Statutory Auditors recommended by the Italian Board of Chartered Accountants and Accounting Experts.

In particular, also in accordance with the provisions issued by Consob:


1. we oversaw compliance with the law and the articles of association;
2. we attended the meetings held by Shareholders, the Board of Directors, the Executive Committee and Committees within the Board, and we received from Directors periodic information on the general business performance and outlook, as well as the transactions with the most significant effects on the company's financial position, financial performance and cash flows approved and implemented during the financial year, also through subsidiaries, making sure that they were not manifestly careless, risky, in conflict of interest, in contrast with the shareholders' resolutions and the articles of association, or such as to jeopardise the integrity of corporate assets;
3. we did not find any atypical and/or unusual transactions with Group companies, third parties or related parties, as confirmed by the Board of Directors, the independent auditor, and the head of internal auditing;
4. we oversaw compliance of the Procedure concerning Transactions with Related Parties with the principles contained in the Consob Regulation, as well as the Company's actual compliance with this Procedure. The Board of Directors provided adequate disclosures, including on intra-group and related-party transactions. In particular, the latter are considered related and incidental to the fulfilment of the company's purpose as well as fair and consistent with the company's interests. In the Report on operations and Note 32 to the separate financial statements, the Board of Directors provided a detailed description of the transactions, which were all part of the ordinary course of business, carried out with subsidiaries and related parties, explaining their effects on the company's operations and financial condition and stating that they were completely transparent and conducted at arm's length;
5. the independent auditor Deloitte & Touche SpA informed us that, although the audit of the separate and consolidated financial statements at 31 December 2015, as well as the verification of the consistency between the report on operations and the financial statements, are not yet completed, it is reasonable to assume that the respective reports will not contain any qualifications, nor requests for additional disclosures or remarks on the consistency of the reports of operations with the financial statements;
6. during the financial year 2015 no claims pursuant to art. 2408 of the Italian Civil Code or complaints of any kind were made by third parties;
7. we oversaw the financial disclosure process; the effectiveness of the internal auditing and risk management systems; the audit of the annual and consolidated accounts; and the independence of the independent auditor, in particular concerning any non-auditing services rendered by it or companies in its network;
8. the independent auditor confirmed its independence and disclosed the non-auditing services rendered by companies in its network. Specifically, as reported in Annex 2 to the consolidated financial statements, during 2015 the Company did not assign Deloitte & Touche SpA any duties other than auditing the separate financial statements, the consolidated financial statements, and the interim report, as well as verifying whether the company kept proper accounting records and correctly recognised events in its accounting records. The Company received 80 thousand euros worth of tax consulting services from Studio Tributario Societario, which has a long-running relationship with Deloitte & Touche SpA. Furthermore, other Group companies received 12 thousand euros worth of additional services other than auditing from entities that have a long-running relationship with Deloitte & Touche SpA and are members of its international network;
9. considering the declaration of independence issued by Deloitte & Touche SpA as well as the duties assigned to it and the companies in its network by the Company and the Group companies, we believe there are no critical issues concerning the independence of Deloitte & Touche SpA;
10. during the financial year, we provided the opinions requested by the Board of Statutory Auditors in compliance with the law;
11. during the financial year, the Board of Directors held 6 meetings, the Executive Committee 13 meetings, the Audit & Risk Committee 8 meetings, the Remuneration Committee 5 meetings, the Appointment Committee 1 meeting, and the Board of Statutory Auditors 8 meetings;
12. we acquired information and oversaw, within the scope of our responsibilities, compliance with the principles of sound management, through direct observations, the gathering of information from the heads of the company's functions and the executive responsible for preparing the company's accounting documents, and meetings with representatives of the independent auditor, also for the purposes of mutually exchanging data and information relevant for performing our respective duties. We found no elements worthy of note. In particular, with regard to the Board of Directors' decision-making processes, we ascertained, also by participating directly in board meetings, that Directors made management decisions in compliance with the law and articles of association, and verified that the relevant resolutions were supported by analyses and opinions – carried out in-house or, when necessary, by external professionals – concerning, above all, whether the transactions were reasonable and therefore in line with the Company's interests. During its meetings, the Board of Directors thoroughly analysed and discussed the periodic operating results as well as all aspects regarding the most significant transactions;

13. we acquired information about and oversaw, within the scope of our responsibilities, the adequacy of the Company's organisational structure and its functioning;
14. we assessed and oversaw the adequacy of the internal auditing and administrative-accounting systems, as well as the latter's reliability in presenting fairly the company's operations. We did so by (i) examining the reports in which the Managing Director and the executive responsible for preparing the company's accounting documents certified the adequacy and actual implementation of administrative-accounting procedures, the compliance of the accounting documents with IASs/IFRSs, the consistency of the documents with the results of accounting records and entries, and that they present fairly the Company's financial position, financial performance and cash flows; (ii) examining the report of the Audit & Risk Committee on the Company's internal auditing system; (iii) obtaining information from the heads of the respective functions; (iv) examining and analysing the company's documents and the results of the work carried out by the independent auditor; (v) participating in the activities of the Audit & Risk Committee and the head of internal auditing, with whom we exchanged information about the results of his audits. No critical situations or facts emerged from the work carried out indicating that the Company's internal auditing system as a whole is not adequate;
15. we examined and obtained information on organisational and procedural activities carried out in compliance with Italian Legislative Decree 231/2001, on the administrative liability of legal entities for the offences outlined in said provisions. The board of statutory auditors, which was assigned the functions of the Supervisory Body, responsible for monitoring the effectiveness, functioning, compliance, and updating of the Organisational, Management and Control Model pursuant to the same Legislative Decree 231/2001, took note of the operations carried out during the year without reporting significant issues, facts or situations to be disclosed in this report;
16. during the financial year, we had periodic meetings and exchanges of information with representatives of Deloitte & Touche SpA, which revealed no significant issues, facts or situations to be disclosed in this report. In particular, (i) we assessed the audit plan drafted by Deloitte & Touche SpA, deeming it adequate for the Group's characteristics and size, and we oversaw the audit's effectiveness, certifying that it was carried out in compliance with the audit plan and International Standards on Auditing (ISA);
17. although the independent auditor has not yet provided us with the report on any fundamental issues emerged during the audit as well as any material deficiencies in the internal auditing system with reference to the financial reporting process, based on the information received, we can reasonably assume that the report will not find significant problems;
18. we oversaw how the Company actually implemented the corporate governance rules established by the Corporate Governance Code it adopted – which conforms to the one prepared by the Corporate Governance Committee for listed companies at the behest of Borsa Italiana SpA – and found no particular problems, as reported also in the Directors' Report on Corporate Governance. Specifically, we checked whether the criteria and procedures adopted by the Board of Directors to assess the independence of its own "non-executive" members were properly implemented, as well as whether individual members of the board of statutory auditors satisfied the independence criteria.

The Directors also prepared the Remuneration Report, approved by the Board of Directors on 25 February 2016. In the report, the Directors illustrated the principles used to determine the remuneration of the members of governing bodies and key management personnel. The Report also contains the statement concerning fees paid to members of governing and auditing bodies and key management personnel, as well as the statement on their equity investments in the company;
19. we assessed and oversaw the adequacy of the instructions given to the subsidiaries, which allowed them to promptly provide the parent company with the information necessary for fulfilling the disclosure obligations provided for by the relevant regulations;
20. with reference to the provisions relating to *significant* subsidiaries established under, and governed by, the law of non-EU countries, we noted that the Group's existing administrative-accounting and reporting systems allowed to make public the accounting records used to prepare the consolidated financial statements and were deemed suitable for regularly providing the Company's management and independent auditor with information on the Company's financial position, financial performance and cash flows necessary for preparing the consolidated financial statements. Similarly, the information flow towards the central auditor, which encompasses the various levels of the company's control chain, is consistent throughout the whole financial year, and instrumental in auditing the Company's annual and interim accounts, was considered effective;
21. through information received from the independent auditor Deloitte & Touche SpA and the Company's management, we ascertained compliance with IASs/IFRSs and other legal and regulatory provisions concerning the preparation and presentation of the separate and consolidated financial statements as at 31 December 2015 and the relevant reports on operations.

With reference to the impairment tests as per accounting standard IAS 36, before the approval of the draft financial statements, the Directors approved the findings of the impairment test and verified its compliance with IAS 36.

During our supervisory activity as described above, we found no omissions, objectionable events or irregularities to be reported to the relevant external control and supervisory bodies or mentioned in this report.



Based on the foregoing and within the scope of its responsibilities, the Board of Statutory Auditors finds no objections to the approval of the financial statements for the year ended 31 December 2015, carrying a profit for the year of 10,343 thousand euros, and to distribute the dividend to the extent proposed by the Board of Directors.

The mandate given to the Board of Directors and Board of Auditors expires with the approval of these financial statements. The Auditors acknowledge the trust put in them.

Biadene di Montebelluna, 21 March 2016

THE BOARD OF STATUTORY AUDITORS

Francesco Gianni, Chairman

Valeria Mangano

Francesca Meneghel

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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Documents for shareholders

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