GEOX

2016 HALF-YEAR FINANCIAL REPORT

CONTENTS

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


GEOX
#STARTBREATHING
NEBULA

DIRECTORS' REPORT

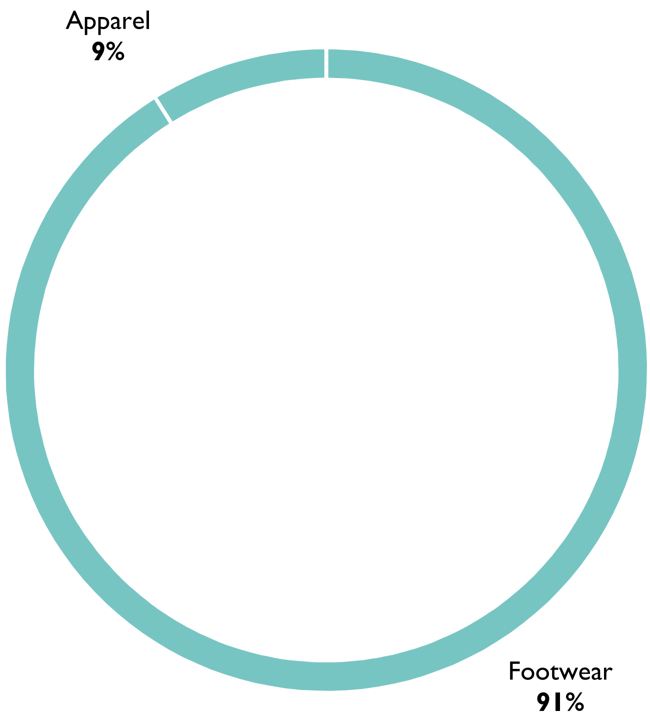
Profile

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.

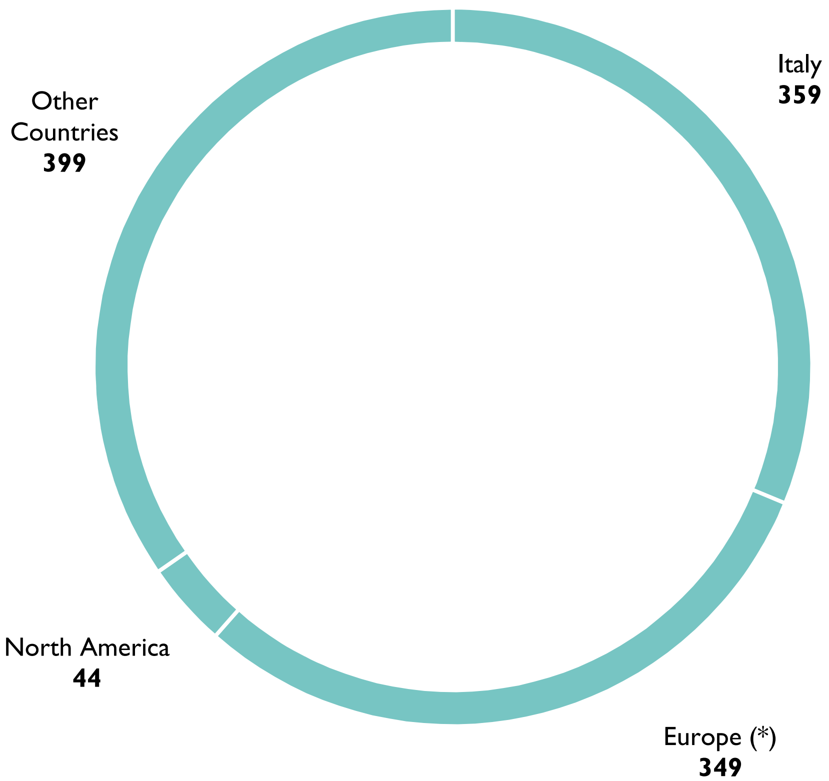
Geox is market leader in Italy in its own segment and is one of the leading brands world-wide in the "International Lifestyle Casual Footwear Market" (source: Shoe Intelligence, 2015).



The distribution system

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

As of June 30, 2016, the overall number of "Geox Shops" came to 1,151, of which 690 in franchising and 461 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.

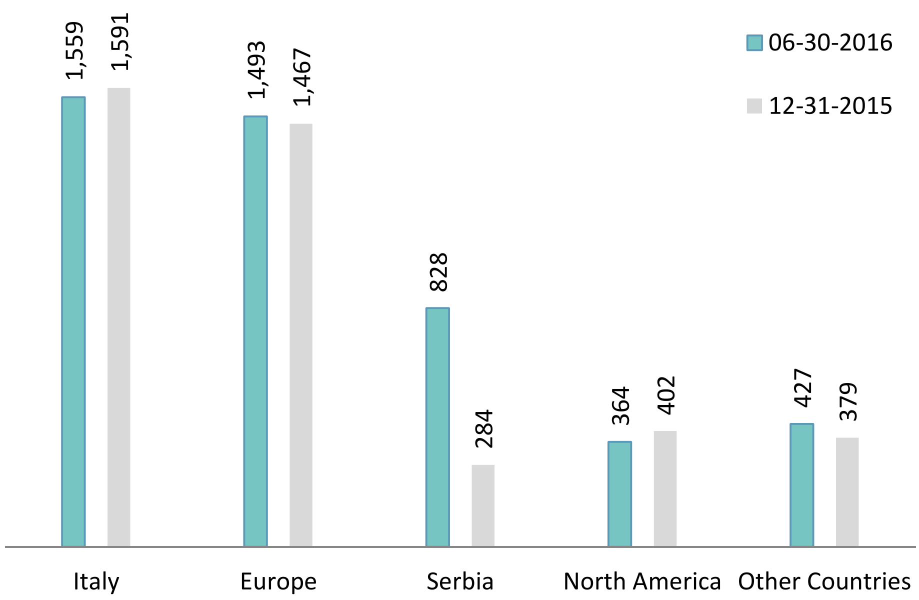
Human Resources

At June 30, 2016 the Group had 4,671 employees, an increase of 548 compared with 4,123 employees at 31 December 2015.

As of June 30, 2016 the Group had 4,671 employees, split as follows:

Level	06-30-2016	12-31-2015
Managers	50	49
Middle Managers	172	167
Office Staff	886	815
Shop Employees	2,826	2,834
Factory Workers	737	258
Total	**4,671**	**4,123**

The graph shows the employees 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.

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	11,282	12,205,429
from 5,001 to 10,000 shares	494	3,753,969
10,001 shares and over	427	238,075,787
Lack of information on disposal of individual positions previously reported		5,172,146
Total	**12,203**	**259,207,331**

(*) As reported by Computershare on June 30, 2016.

Shares held by directors and statutory auditors

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

Directors, statutory auditors and executives with strategic responsibilities have submitted declarations that they hold 100,000 shares of the Company as of June 30, 2016.

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 (*)
Claudia Baggio	Director
Lara Livolsi (3)	Independent Director
Alessandro Antonio Giusti (2) (3)	Director
Duncan L. Niederauer	Independent Director
Francesca Meneghel (2)	Independent Director
Manuela Soffientini (2)	Independent Director
Ernesto Albanese (3)	Independent Director

(1) Member of the Executives Committee
(2) Member of the Audit and Risk Committee
(3) Member of the Nomination and Compensation 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 19, 2016.

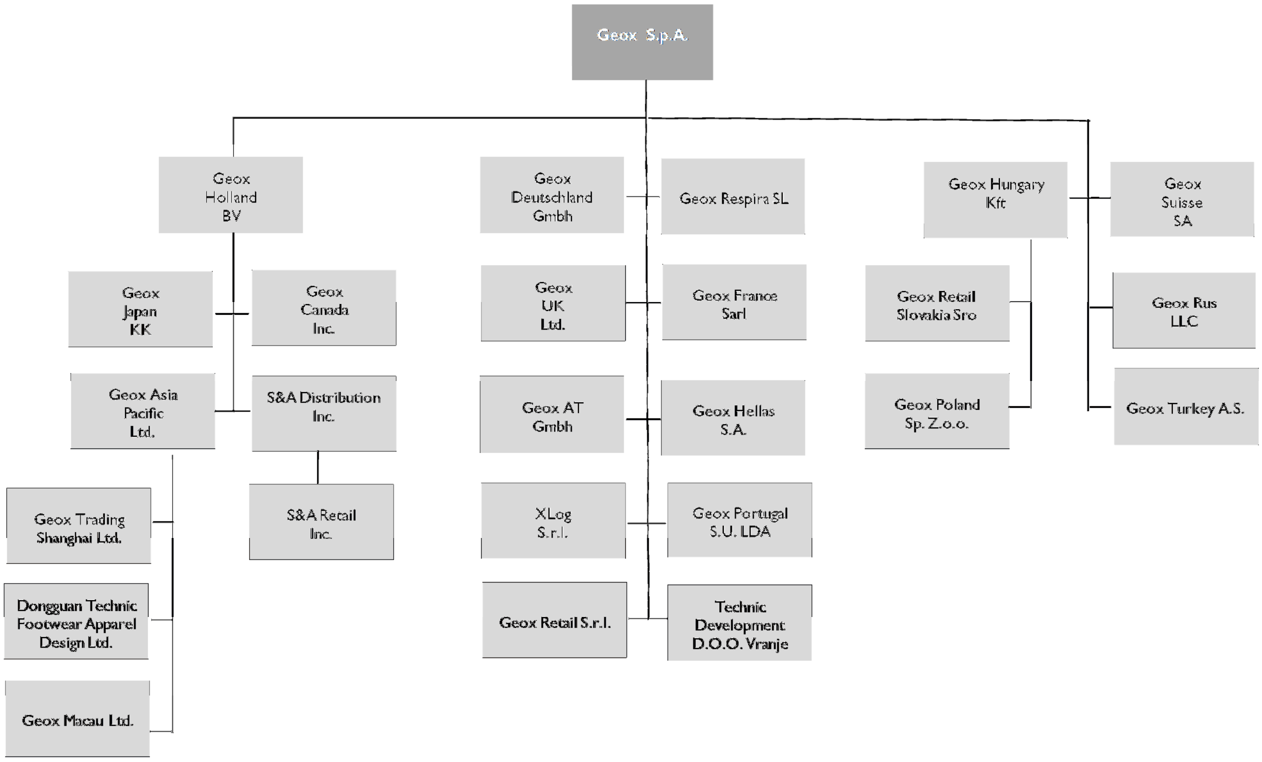
Board of Statutory Auditors

Name	Position
Sonia Ferrero	Chairman
Francesco Gianni	Statutory Auditor
Fabrizio Colombo	Statutory Auditor
Fabio Buttignon	Alternate Auditor
Giulia Massari	Alternate Auditor

Independent Auditors

Deloitte & Touche S.p.A.

Group Structure



The structure of the Group controlled by Geox S.p.A., which acts as an operating holding company, is split into 3 macro-groups:

- **Non-EU trading companies.** Their role is to monitor and develop the business in the various markets. They operate on the basis of licensing or distribution agreements stipulated with the Parent Company.

- **EU companies.** At the beginning their role was to provide commercial customer services and coordinate the sales network in favor of the Parent Company which distributes the products directly on a wholesale basis. Then, they started to manage the Group's own shops in the various countries belonging to the European Union.

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

The Group's economic performance

Economic results summary

The main results are outlined below:

- Net sales of Euro 450.3 million, with a increase of 5.5% compared to Euro 426.9 million of the first half 2015;
- EBITDA of Euro 22.1 million, compared to Euro 26.6 million of the first half 2015, with a 4.9% margin;
- EBIT of Euro 4.6 million, compared to Euro 7.4 million of the first half 2015, with a 1.0% margin;

In the following table a comparison is made between the consolidated income statement:

(Thousands of Euro)	I half 2016	%	I half 2015	%	2015	%
Net sales	**450,275**	**100.0%**	**426,927**	**100.0%**	**874,304**	**100.0%**
Cost of sales	(227,190)	(50.5%)	(205,939)	(48.2%)	(423,492)	(48.4%)
Gross profit	**223,085**	**49.5%**	**220,988**	**51.8%**	**450,812**	**51.6%**
Selling and distribution costs	(24,535)	(5.4%)	(25,623)	(6.0%)	(49,378)	(5.6%)
General and administrative expenses	(168,804)	(37.5%)	(168,901)	(39.6%)	(334,252)	(38.2%)
Advertising and promotion	(25,130)	(5.6%)	(19,108)	(4.5%)	(42,292)	(4.8%)
EBIT	**4,616**	**1.0%**	**7,356**	**1.7%**	**24,890**	**2.8%**
Net interest	(1,983)	(0.4%)	(4,014)	(0.9%)	(5,806)	(0.7%)
PBT	**2,633**	**0.6%**	**3,342**	**0.8%**	**19,084**	**2.2%**
Income tax	(2,605)	(0.6%)	(2,215)	(0.5%)	(9,076)	(1.0%)
Tax rate	*99%*		*66%*		*48%*	
Net result	**28**	**0.0%**	**1,127**	**0.3%**	**10,008**	**1.1%**
EPS (Earnings per shares)	**0.00**		**0.00**		**0.04**	
EBITDA	**22,117**	**4.9%**	**26,609**	**6.2%**	**61,829**	**7.1%**

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

First half 2016 consolidated net sales increased by 5.5% to Euro 450.3 million (+6.1% at constant forex). Footwear sales, which accounted for about 91% of consolidated sales, amounting to Euro 410.1 million, increased 5.1% compared to first half of 2015. Apparel sales, which represented 9% of consolidated sales, are equal to Euro 40.2 million, compared to Euro 36.6 million of the first half 2015, with an increase of 9.9%.

(Thousands of Euro)	I half 2016	%	I half 2015	%	Var. %
Footwear	410,081	91.1%	390,363	91.4%	5.1%
Apparel	40,194	8.9%	36,564	8.6%	9.9%
Net sales	**450,275**	**100.0%**	**426,927**	**100.0%**	**5.5%**

Sales in Italy, which accounted for 32% of sales (33% in the first half of 2015) amounted to Euro 143.6 million showing a 1.0% increase compared to first half of 2015.

Sales in Europe, which accounted for 43% of sales increased by 7.1% to Euro 195.8 million, compared with Euro 182.8 million in the first half of 2015.

North American sales amounted to Euro 30.1 million, showing an increase of 4.6% (+9.4% at constant exchange rates). Sales in Other Countries increased by 10.4% compared to the first half of 2015 (+12.3% at constant forex).

(Thousands of Euro)	I half 2016	%	I half 2015	%	Var. %
Italy	143,609	31.9%	142,216	33.3%	1.0%
Europe (*)	195,811	43.5%	182,814	42.8%	7.1%
North America	30,076	6.7%	28,751	6.7%	4.6%
Other countries	80,779	17.9%	73,146	17.1%	10.4%
Net sales	**450,275**	**100.0%**	**426,927**	**100.0%**	**5.5%**

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

Sales of the DOS channel, which represent 42% of Group revenues, grew 1.7% to Euro 187.4 million compared to the first half of 2015 (+2.5% at constant forex). The improvement is mainly driven by comparable store sales growth recorded on DOS channel (+1.8% against +6.4% from the first half last year). Like for like performance is positive in all countries excluding France and Belgium, following the recent events and in China, HK and Japan reflecting a low footfall.

Like for like performance year to date (week 1- week 29) is up 2.0% (+4.5% last year). After a solid start to the year, a slowdown in footfall was experienced in March and April, which wasn't completely offset by the better conversion rate. This trend was reversed in May and June, when an overall comparable growth of 3.5% was recorded, also thanks to the positive impact of the significant marketing initiatives implemented.

Sales of the franchising channel, which account for 16% of Group revenues, amount to Euro 73.5 million, with an increase of 4.5% (+5.0% at constant forex).

Wholesale stores representing 42% of Group revenues amount to Euro 189.4 million, with an increase of 9.9% (10.5% at constant forex).

(Thousands of Euro)	I half 2016	%	I half 2015	%	Var. %
Wholesale	**189,403**	**42.1%**	**172,336**	**40.4%**	**9.9%**
Franchising	73,493	16.3%	70,296	16.5%	4.5%
DOS*	187,379	41.6%	184,295	43.2%	1.7%
Geox Shops	**260,872**	**57.9%**	**254,591**	**59.6%**	**2.5%**
Net sales	**450,275**	**100.0%**	**426,927**	**100.0%**	**5.5%**

* Directly Operated Store

As of June 30, 2016, the overall number of Geox Shops was 1,151 of which 461 DOS. During the first half of 2016, 37 new Geox Shops were opened and 47 have been closed, in line with the rationalization plan of the DOS network.

	06-30-2016		12-31-2015		I half 2016		
	Geox Shops	of which DOS	Geox Shops	of which DOS	Net Openings	Openings	Closings
Italy	359	132	360	131	(1)	7	(8)
Europe (*)	349	176	348	179	1	9	(8)
North America	44	44	47	47	(3)	-	(3)
Other countries (**)	399	109	406	119	(7)	21	(28)
Total	**1,151**	**461**	**1,161**	**476**	**(10)**	**37**	**(47)**

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

(**) Includes Under License Agreement Shops (144 as of June 30, 2016, 142 as of December 31, 2015). Sales from these shops are not included in the franchising channel.

Cost of sales and Gross Profit

Cost of sales, as a percentage of sales, was 50.5% compared to 48.2% of the first half 2015, producing a gross margin of 49.5% (51.8% in the first half of 2015).

Gross margin dilution is due to the previously announced increase in product costs, mainly caused by the euro's depreciation against the dollar and the increased promotions introduced in order to stimulate consumer purchases amid difficult market conditions.

Operating expenses and Operating income (EBIT)

Selling and distribution expenses as a percentage of sales were 5.4% (6.0% in the first half of 2015).

General and administrative expenses were equal to Euro 168.8 million, in line with the first half of 2015. General and administrative expenses, as a percentage of sales, were 37.5% (39.6% in the first half 2015).

Advertising and promotions expenses were equal to Euro 25.1 million, 5.6% of sales, compared with Euro 19.1 million, 4.5% of sales, in the first half of 2015. This increase was due to the significant investment in advertising made in the second quarter in order to improve the weak LFL performance of March and April and to boost order collection during the FW16 Wholesale campaign. Advertising and promotion expenses for 2016 are expected to represent the same percentage of total costs as in 2015.

The operating result (EBIT) is equal to Euro 4.6 million (1.0% on sales) compared with Euro 7.4 million of the first half of 2015 (1.7% on sales). EBITDA was Euro 22.1 million, 4.9% of sales, compared to Euro 26.6 million (6.2% on sales) of the first half of 2015.

The decrease in operating profit is due to the previously announced reduction in gross margin performance, which is linked to the euro's depreciation against the dollar, and to the significant investments in advertising made in the second quarter of the year.

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

		I half 2016	%	**I half 2015**	%
Footwear	Net sales	410,081		390,363	
	EBIT	9,402	2.3%	7,509	1.9%
Apparel	Net sales	40,194		36,564	
	EBIT	(4,786)	(11.9%)	(153)	(0.4%)
Total	**Net sales**	450,275		426,927	
	EBIT	4,616	**1.0%**	7,356	**1.7%**

Income taxes and tax rate

Income taxes were equal to Euro 2.6 million in the first half of 2016, compared to Euro 2.2 million of the same period of the previous year.

The Group's financial performance

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	June 30, 2016	Dec. 31, 2015	June 30, 2015
Intangible assets	56,390	57,751	58,001
Property, plant and equipment	64,041	68,373	67,376
Other non-current assets - net	46,546	51,695	53,942
Total non-current assets	**166,977**	**177,819**	**179,319**
Net operating working capital	**236,105**	**193,763**	**196,300**
Other current assets (liabilities), net	**(17,070)**	**(13,649)**	**(22,065)**
Net invested capital	**386,012**	**357,933**	**353,554**
Equity	350,277	370,863	372,383
Provisions for severance indemnities, liabilities and charges	8,002	7,859	8,776
Net financial position	27,733	(20,789)	(27,605)
Net invested capital	**386,012**	**357,933**	**353,554**

The Group balance sheet shows a negative financial position of Euro 27.7 million.

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

(Thousands of Euro)	June 30, 2016	Dec. 31, 2015	June 30, 2015
Inventories	343,979	304,810	266,789
Accounts receivable	129,472	112,978	107,786
Accounts payable	(237,346)	(224,025)	(178,275)
Net operating working capital	**236,105**	**193,763**	196,300
% of sales for the last 12 months	***26.3%***	***22.2%***	***23.1%***
Taxes payable	(8,084)	(7,473)	(6,576)
Other non-financial current assets	30,041	35,958	34,146
Other non-financial current liabilities	(39,027)	(42,134)	(49,635)
Other current assets (liabilities), net	**(17,070)**	**(13,649)**	**(22,065)**

Operating working capital as a percentage of sales for the last 12 months is equal to 26.3%, compared to 23.1% in the first half of 2015.
This variation is due to:

- an increase in inventories as a result of:
  - the 2016 Spring/Summer products currently on sale in stores
  - the earlier delivery of products for the upcoming 2016 Fall/Winter season compared to last year, in line with the increased order backlog and with the market demand (wholesale and retail) to receive products early
- the increase in trade receivables mainly explained by the growth of wholesale and franchising sales
- the increase in trade payables, in line with the timing of purchases of finished products

The following table gives a reclassified consolidated cash flow statement:

(Thousands of Euro)	I half 2016	I half 2015	2015
Net result	**28**	**1,127**	**10,008**
Depreciation, amortization and impairment	17,501	19,253	36,939
Other non-cash items	7,205	6,995	(9,037)
	24,734	**27,375**	**37,910**
Change in net working capital	(43,165)	37,768	43,272
Change in other current assets/liabilities	10,095	8,924	3,578
Cash flow from operations	**(8,336)**	**74,067**	**84,760**
Capital expenditure	(12,378)	(19,551)	(39,244)
Disposals	272	435	1,118
Net capital expenditure	**(12,106)**	**(19,116)**	**(38,126)**
Free cash flow	**(20,442)**	**54,951**	**46,634**
Dividends	(15,552)	-	-
Change in net financial position	**(35,994)**	**54,951**	**46,634**
Initial net financial position - prior to fair value adjustment of derivatives	**4,217**	**(41,012)**	**(41,012)**
Change in net financial position	(35,994)	54,951	46,634
Translation differences	(1,126)	(852)	(1,405)
Final net financial position - prior to fair value adjustment of derivatives	**(32,903)**	**13,087**	**4,217**
Fair value adjustment of derivatives	5,170	14,518	16,572
Final net financial position	**(27,733)**	**27,605**	**20,789**

Consolidated capital expenditure is analyzed in the following table:

(Thousands of Euro)	I half 2016	I half 2016	2015
Trademarks and patents	277	400	1,001
Opening and restructuring of Geox Shop	4,469	6,958	13,852
Production plant	1,119	8,065	11,744
Industrial plant and equipment	1,374	1,016	2,547
Logistic	287	112	871
Information technology	4,031	2,095	7,454
Offices furniture, warehouse and fittings	821	905	1,775
Total	**12,378**	**19,551**	**39,244**

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

(Thousands of Euro)	June 30, 2016	Dec. 31, 2015	June 30, 2015
Cash and cash equivalents	36,060	44,483	39,391
Current financial assets - excluding derivatives	628	265	491
Bank borrowings and current portion of long-term loans	(52,777)	(30,432)	(14,075)
Current financial liabilities - excluding derivatives	(108)	(60)	(88)
Net financial position - current portion	**(16,197)**	**14,256**	**25,719**
Non-current financial assets	23	23	763
Long-term loans	(16,729)	(10,062)	(13,395)
Net financial position - non-current portion	**(16,706)**	**(10,039)**	**(12,632)**
Net financial position - prior to fair value adjustment of derivatives	**(32,903)**	**4,217**	**13,087**
Fair value adjustment of derivatives	5,170	16,572	14,518
Net financial position	**(27,733)**	**20,789**	**27,605**

Before the fair value adjustment of derivatives, net financial position was Euro -32.9 million as of June 30, 2016, compared to Euro +4.2 million of December 31, 2015. After fair value adjustment of derivatives, which positively affected 2016 first half for Euro 5.2 million (Euro 16.6 million as of December 31, 2015), net financial position was equal to Euro -27.7 million (Euro +20.8 million at the end of 2015).

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, 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.

- The second plan, which was approved by the Board on April 19, 2016, establishes a maximum number of options (4,000,000) and envisages a grant cycle to be made within the month of December 2017. A number of 3,383,375 options were granted with a strike price calculated as the average of the official price of Geox in the thirty days prior the date of assignment, amounted to Euro 2.86. The vesting period is 3 years and ends with the approval of the consolidated financial statements for the year ended December 31, 2018, 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 Plan and shall be reduced by the number of options granted under the 2014-2016 Stock Option Plan.

It is noted that the plan approved by the Board on December 15, 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 related 2011-2012 Plan became not exercisable as performance indicators have not been achieved.

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	-	-	-
Giorgio Presca	CEO	-	-	-	1,007,368	2.86	2020
Executives with strategic responsibilities		90,000	2.29	2020	-	-	-
Executives with strategic responsibilities		841,407	2.039	2020	-	-	-
Executives with strategic responsibilities		-	-	-	1,872,316	2.86	2020

	Options exercised during the period			Options expired in 2016 (*)	Options held at the end of the period		
(A) Name	(7) Number of option	(8) Average Strike Price	(9) Average Expiry Date	(10) Number of option	(11)=1+4-7-10 Number of option	(12) Average Strike Price	(13) Average Expiry Date
Giorgio Presca	-	-	-	250,000	-	2.29	2020
Giorgio Presca	-	-	-	500,000	-	2.08	2020
Giorgio Presca	-	-	-	-	554,564	2.039	2020
Giorgio Presca	-	-	-	-	1,007,368	2.86	2020
Exec. Strat. Resp.	-	-	-	90,000	-	2.29	2020
Exec. Strat. Resp.	-	-	-	-	841,407	2.039	2020
Exec. Strat. Resp.	-	-	-	-	1,872,316	2.86	2020

(*) Options expired for termination of employment, termination of exercise period 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

With regard to the current financial year, the results achieved in the first half lead Management to confirm that 2016 will be a year of transition. In fact:

- the order backlog for the wholesale channel of the 2016 Fall/Winter season is in line with expectations, reporting a solid growth (+14%) thanks to excellent overall performance across all geographical areas.
  These results confirm the effectiveness of the strategic decisions made in terms of products, sales channel specialization, pricing and significant investments in advertising during order collection;

- the order backlog confirms the guidance regarding the 200-250 basis point expected reduction in gross margin, included in the Strategic Plan for 2016;

- LFL sales generated by DOS to date (week 1 – week 29), only report a slight increase of 2.0% (compared to the expected growth of +5%). This is due to a negative footfall trend in stores, being offset by a significant improvement in the conversion rate, which has been achieved also thanks to a number of additional promotions that have been introduced in order to combat difficult market conditions.

Furthermore, in order to face the impacts on profitability of this temporary slowdown in retail business, the Management has already implemented a number of measures and is planning further actions, with the following objectives:

- strict control and efficiency of G&A also through the renegotiation of store rents;
- marketing initiatives mainly aimed at increasing the conversion rate in the stores.

In light of the above, the Management believes that the actions taken to improve cost efficiency will, over the course of 2016, compensate for the negative impact on profitability caused by market weaknesses recorded in the first half of the year. Management also believes that profitability expectations for 2016 are to be considered challenging, and may only be achieved if the weak levels of consumption, brought about by the drop in store footfall, improve in the second half of the year, returning to the levels of retail growth and margin performance that were initially hypothesized (LFL: +6%, with fewer promotions).

Biadene di Montebelluna, July 28, 2016

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

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

Consolidated income statement

(Thousands of Euro)	Notes	I half 2016	of which related party	I half 2015	of which related party	2015	of which related party
Net sales	3-30	**450,275**	**1,245**	**426,927**	**1,205**	**874,304**	**2,553**
Cost of sales	30	(227,190)	32	(205,939)	-	(423,492)	47
Gross profit		**223,085**		**220,988**		**450,812**	**-**
Selling and distribution costs		(24,535)	-	(25,623)	-	(49,378)	-
General and administrative expenses	4-30	(168,804)	3,434	(168,901)	1,931	(334,252)	3,744
Advertising and promotion	30	(25,130)	(141)	(19,108)	(135)	(42,292)	(278)
EBIT	3	**4,616**		**7,356**		**24,890**	
Net interest	7	(1,983)	-	(4,014)	-	(5,806)	-
PBT		**2,633**		**3,342**		**19,084**	
Income tax	8	(2,605)	-	(2,215)	-	(9,076)	-
Net result		**28**		**1,127**		**10,008**	
Earnings per share [Euro]	9	0.00		0.00		0.04	
Diluted earnings per share [Euro]	9	0.00		0.00		0.04	

Consolidated statement of comprehensive income

(Thousands of Euro)	I half 2016	of which related party	I half 2015	of which related party	2015	of which related party
Net income	**28**		**1,127**		**10,008**	
Other comprehensive income that will not be reclassified subsequently to profit or loss:						
- Net gain (loss) on actuarial defined-benefit plans	(119)	-	(12)	-	103	-
Other comprehensive income that may be reclassified subsequently to profit or loss:						
- Net gain (loss) on Cash Flow Hedge, net of tax	(4,183)	-	(2,199)	-	(10,707)	-
- Currency translation	(760)	-	(213)	-	(2,156)	-
Net comprehensive income	**(5,034)**		**(1,297)**		**(2,752)**	

Consolidated statement of financial position

(Thousands of Euro)	Notes	June 30, 2016	of which related party	Dec. 31, 2015	of which related party	June 30, 2015	of which related party
ASSETS:							
Intangible assets	10	56,390		57,751		58,001	
Property, plant and equipment	11	64,041		68,373		67,376	
Deferred tax assets	12	38,176		37,486		39,769	
Non-current financial assets	17	23		23		763	
Other non-current assets	13	15,465		16,469		16,939	
Total non-current assets		**174,095**		**180,102**		**182,848**	
Inventories	14	343,979		304,810		266,789	
Accounts receivable	15-30	129,472	4,019	112,978	4,538	107,786	3,814
Other non-financial current assets	16-30	30,041	1,901	35,958	1,902	34,146	1,972
Current financial assets	17	8,278		17,375		18,497	
Cash and cash equivalents	18	36,060		44,483		39,391	
Current assets		**547,830**		**515,604**		**466,609**	
Total assets		**721,925**		**695,706**		**649,457**	
LIABILITIES AND EQUITY:							
Share capital	19	25,921		25,921		25,921	
Reserves	19	324,328		334,934		345,335	
Net income	19	28		10,008		1,127	
Equity		**350,277**		**370,863**		**372,383**	
Employee severance indemnities	20	2,783		2,597		2,772	
Provisions for liabilities and charges	21	5,219		5,262		6,004	
Long-term loans	22	16,729		10,062		13,395	
Other long-term payables	23	7,095		2,260		2,766	
Total non-current liabilities		**31,826**		**20,181**		**24,937**	
Accounts payable	24-30	237,346	(77)	224,025	1,825	178,275	995
Other non-financial current liabilities	25	39,027		42,134		49,635	
Taxes payable	26	8,084		7,473	258	6,576	
Current financial liabilities	17	2,588		598		3,576	
Bank borrowings and current portion of long-term loans	27	52,777		30,432		14,075	
Current liabilities		**339,822**		**304,662**		**252,137**	
Total liabilities and equity		**721,925**		**695,706**		**49,457**	

Consolidated statement of cash flow

(Thousands of Euro)	Notes	I half 2016	I half 2015	2015
CASH FLOW FROM OPERATING ACTIVITIES:				
Net result	19	**28**	**1,127**	**10,008**
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation and amortization and impairment	5	17,501	19,253	36,939
Increase in (use of) deferred taxes and other provisions		1,081	(3,338)	(5,509)
Provision for employee severance indemnities, net		32	(6)	(74)
Other non-cash items		6,092	10,339	(3,454)
		24,706	**26,248**	**27,902**
Change in assets/liabilities:				
Accounts receivable		(15,551)	6,218	8
Other assets		6,566	5,349	4,316
Inventories		(41,217)	22,337	(11,298)
Accounts payable		13,603	9,213	54,562
Other liabilities		2,869	3,398	(1,790)
Taxes payable		660	177	1,052
		(33,070)	**46,692**	**46,850**
Operating cash flow		**(8,336)**	**74,067**	**84,760**
CASH FLOW USED IN INVESTING ACTIVITIES:				
Capital expenditure on intangible assets	10	(4,655)	(3,580)	(9,143)
Capital expenditure on property, plant and equipment	11	(7,723)	(15,971)	(30,101)
		(12,378)	**(19,551)**	**(39,244)**
Disposals		272	435	1,118
(Increase) decrease in financial assets		(375)	543	1,506
Cash flow used in investing activities		**(12,481)**	**(18,573)**	**(36,620)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:				
Increase (decrease) in short-term bank borrowings, net		(849)	(1,053)	561
Loans:				
- Proceeds		32,500	20,110	35,000
- Repayments		(3,522)	(90,233)	(93,863)
Dividends		(15,552)	-	-
Cash flow used in financing activities		**12,577**	**(71,176)**	**(58,302)**
Increase (decrease) in cash and cash equivalents		**(8,240)**	**(15,682)**	**(10,162)**
Cash and cash equivalents, beginning of the period	18	**44,483**	**53,355**	**53,355**
Effect of translation differences on cash and cash equivalents		(183)	1,718	1,290
Cash and cash equivalents, end of the period	18	**36,060**	**39,391**	**44,483**
Supplementary information to the cash flow statement:				
- Interest paid during the period		1,491	2,441	3,641
- Interest received during the period		483	326	687
- Taxes paid during the period		1,897	476	2,384

Consolidated statement of changes in equity

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Transla- tion reserve	Cash flow hedge reserve	Stock option reserve	Retained earnings	Net income	Group equity
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**
Allocation of 2015 result	-	-	-	-	-	-	10,008	(10,008)	-
Distribution of dividends	-	-	-	-	-	-	(15,552)	-	(15,552)
Net comprehensive result	-	-	-	(760)	(4,183)	-	(119)	28	(5,034)
Balance at June 30, 2016	**25,921**	**5,184**	**37,678**	**(3,493)**	**3,518**	**-**	**281,441**	**28**	**350,277**

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Transla- tion reserve	Cash flow hedge reserve	Stock option reserve	Retained earnings	Net income	Group equity
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	-
Net comprehensive result	-	-	-	(213)	(2,199)	-	(12)	1,127	(1,297)
Balance at June 30, 2015	**25,921**	**5,184**	**37,678**	**(790)**	**16,209**	**489**	**286,565**	**1,127**	**372,383**

Explanatory notes

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

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

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

2. Accounting policies

Form and contents of the consolidated financial statements

These explanatory notes have been prepared by the Board of Directors on the basis of the accounting records updated to June 30, 2016. 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, 2015 for the balance sheet and for the half year of 2015 in the case of the income statement.

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

Scope of consolidation

The consolidated financial statements at June 30, 2016 include the figures, on a line-by-line basis, of all the Italian and foreign companies in which the Parent Company holds a majority of the shares or quotas, directly or indirectly.
The companies taken into consideration for consolidation purposes are listed in the attached schedule entitled "List of companies consolidated at June 30, 2016".

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 the their fair value at the acquisition date and amortized on a straight-line basis having regard to the useful life of the investment. If appropriate, any amounts which are not allocated are recorded as goodwill. In this case, the amounts are not amortized but subjected to impairment testing at least once a year, or whenever considered necessary;
- if the book value exceeds the purchase cost, the difference is credited to the income statement.

The following are also eliminated:

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

Accounting standards, amendments and interpretations applied since January 1, 2016

- Amendments to **IAS 19 – *Employee benefits*** entitled **" *Defined Benefit Plans: Employee Contributions*"** which apply to contributions from employees or third parties to defined benefit plans. There were no effects from the adoption of this amendment;
- Amendments to **IFRS 11 – *Joint arrangements:*** "***Accounting for acquisitions of interests in joint operations"*** which clarify the accounting for acquisitions of an interest in a joint operation that constitutes a business. There were no effects from the adoption of these amendments;
- Amendments to **IAS *16 Property, plant and equipment*** and ***IAS 41 Agriculture – "Bearer Plants"***. There were no effects from the adoption of these amendments;
- Amendments to **IAS 16 – *Property, Plant and Equipment*** and to ***IAS 38 – Intangible Assets – "Clarification of acceptable methods of depreciation and amortization",*** which clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. There were no effects from the adoption of these amendments;
- Amendments to ***IAS 1 – "Disclosure Initiative",*** which were a part of the IASB's initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. There were no effects from the adoption of these amendments;

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

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

- 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)*";
- Document *"Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)";*
- Document "*Disclosure Initiative* (Amendments to IAS 7)";
- Document "*Classification and measurement of share-based payment transactions* (Amendment to IFRS 2)".

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 06-30-16**	**As at 30-06-16**	**Average for 31-12-15**	**As at 31-12-15**	**Average for 30-06-15**	**As at 30-06-15**
US Dollar	1.1155	1.1102	1.1096	1.0887	1.1158	1.1189
Swiss Franc	1.0960	1.0867	1.0676	1.0835	1.0565	1.0413
British Pound	0.7785	0.8265	0.7260	0.7340	0.7324	0.7114
Canadian Dollar	1.4854	1.4384	1.4176	1.5116	1.3772	1.3839
Japanese Yen	124.5016	114.0500	134.2866	131.0700	134.1648	137.0100
Chinese Yuan	7.2937	7.3755	6.9730	7.0608	6.9411	6.9366
Czech Koruna	27.0394	27.1310	27.2850	27.0230	27.5042	27.2530
Russian Ruble	78.4122	71.5200	68.0068	80.6736	64.6024	62.3550
Polish Zloty	4.3686	4.4362	4.1828	4.2639	4.1397	4.1911
Hungarian Forint	312.7042	317.0600	309.8978	315.9800	307.4242	314.9300
Macau Pataca	8.9286	8.8733	8.8608	8.6919	8.9115	8.9353
Serbian Dinar	122.9235	123.1422	120.6937	121.4513	120.8852	120.3205
Vietnam Dong	24,914.0960	24,767.8380	24,314.5658	24,475.0647	24,038.1667	24,421.4768
Indonesian Rupiah	14,962.4518	14,601.7000	14,859.7900	15,039.9900	14,465.7500	14,938.4300
Turkish Lira	3.2587	3.2060	3.0218	3.1765	2.8620	2.9953

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 fund 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 if 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 if 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.

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:

		I half 2016	%	**I half 2015**	%
Footwear	Net sales	410,081		390,363	
	EBIT	9,402	2.3%	7,509	1.9%
Apparel	Net sales	40,194		36,564	
	EBIT	(4,786)	(11.9%)	(153)	(0.4%)
Total	**Net sales**	450,275		426,927	
	EBIT	4,616	**1.0%**	7,356	**1.7%**

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 307,219 thousand for footwear (Euro 264,603 thousand in 2015) and Euro 36,760 thousand for apparel (Euro 40,207 thousand in 2015).

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

	I half 2016	I half 2015
Italy	143,609	142,216
Europe (*)	195,811	182,814
North America	30,076	28,751
Other countries	80,779	73,146
Net sales	**450,275**	**426,927**

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

4. General and administrative expenses

General and administrative expenses are analyzed in the following table:

	I half 2016	I half 2015	Change
Wages and salaries	61,194	59,503	1,691
Rental expenses	47,653	49,859	(2,206)
Other costs	68,227	67,113	1,114
Rental income	(3,494)	(4,477)	983
Other income	(4,775)	(3,097)	(1,678)
Total	**168,804**	**168,901**	**(97)**

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.

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

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

	I half 2016	I half 2015	Change
Industrial depreciation and asset impairment	2,530	2,800	(270)
Non-industrial depreciation, amortization and asset impairment	14,971	16,453	(1,482)
Total	**17,501**	**19,253**	**(1,752)**

Depreciation and amortization decreased from Euro 19,253 thousand of first half 2015 to Euro 17,501 thousand of first half 2016.

Payroll costs amounted to Euro 76,159 thousand (Euro 73,153 thousand in first half 2015).

6. Personnel

The average number of employees is shown below:

	I half 2016	I half 2015	Change
Managers	49	45	4
Middle managers	170	157	13
Office staff	821	776	45
Shop employees	2,793	2,776	17
Factory workers	751	278	473
Total	**4,584**	**4,032**	**552**

The average number of employees for first half of 2016 amounted to 4,584, increased of 552 units compared to the same period of 2015. The change is mainly due to the ongoing start up of the Serbian Plant.

7. Net interest

This item is made up as follows:

	I half 2016	I half 2015	Change
Interest income	8,657	8,971	(314)
Interest expense	(10,869)	(13,062)	2,193
Exchange differences	229	77	152
Total	**(1,983)**	**(4,014)**	**2,031**

Interest income is made up as follows:

	I half 2016	I half 2015	Change
Interest from banks	56	102	(46)
Interest from customers	2	5	(3)
Other interest income	8,599	8,864	(265)
Total	**8,657**	**8,971**	**(314)**

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:

	I half 2016	I half 2015	Change
Bank interest and charges	110	94	16
Interest on loans	265	675	(410)
Other interest expense	9,197	10,910	(1,713)
Financial discounts and allowances	1,297	1,383	(86)
Total	**10,869**	**13,062**	**(2,193)**

The increase in "Interest on loans" is mainly due to the reduction in the interest rates.

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:

	I half 2016	I half 2015	Change
Exchange gains	26,261	30,178	(3,917)
Exchange losses	(26,032)	(30,101)	4,069
Total	**229**	**77**	**152**

8. Income taxes

Income taxes were equal to Euro 2,605 thousand in the first half 2016, compared to Euro 2,215 thousand of the same period of 2015.

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):

	I half 2016	%	I half 2015	%
PBT	2,633	100.0%	3,342	100.0%
Theoretical income taxes (*)	724	27.5%	919	27.5%
Effective income taxes	2,605	98.9%	2,215	66.3%
Difference due to:	**1,881**	**71.4%**	**1,296**	**38.8%**
1) different tax rates applicable in other countries	(80)	(3.0%)	14	0.4%
2) permanent differences:				
i) IRAP and other local taxes	602	22.9%	582	17.4%
iv) other	1,359	51.6%	700	20.9%
Total difference	**1,881**	**71.4%**	**1,296**	**38.8%**

(*) 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:

	I half 2016	I half 2015	2015
Earning per share (Euro)	0.00	0.00	0.04
Diluted earnings per share (Euro)	0.00	0.00	0.04
Weighted average number of shares outstanding:			
- basic	259,207,331	259,207,331	259,207,331
- diluted	259,207,331	259,207,331	259,207,331

10. Intangible assets

Intangible assets are made up as follows:

	Balance at June 30,2016	Balance at Dec. 31, 2015	Change
Industrial patents and intellectual property rights	14,514	14,127	387
Trademarks, concessions and licenses	647	684	(37)
Key money	38,470	40,189	(1,719)
Assets in process of formation and payments on account	1,621	1,613	8
Goodwill	1,138	1,138	-
Total	**56,390**	**57,751**	**(1,361)**

The following table shows the changes in intangible assets during first half 2016:

	12-31-15	Purchases and capital.	Translation differences	Amort./ write-down	Disposals	Other changes	06-30-16
Intangible assets with finite useful life:							
Industrial patents and intellectual property rights	14,127	2,937	(1)	(3,539)	(13)	1,003	14,514
Trademarks, concessions and licenses	684	21	-	(58)	-	-	647
Key money	40,189	508	(92)	(2,310)	(3)	178	38,470
Assets in process of formation and payments on account	1,613	1,189	-	-	-	(1,181)	1,621
Intangible assets with an indefinite useful life:							
Goodwill	1,138	-	-	-	-	-	1,138
Total intangible assets	**57,751**	**4,655**	**(93)**	**(5,907)**	**(16)**	**-**	**56,390**

Investments during the period mainly concern:

- personalization of the IT system for a total of Euro 2,681 thousand;
- the costs incurred for the registration, extension and protection of patents in various parts of the world (Euro 256 thousand);
- the costs incurred for the registration, protection and extension of the GEOX trademark in various parts of the world (Euro 21 thousand);
- key money costs (Euro 508 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 1,189 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 455 thousand as of June 30, 2016 (Euro 564 thousand as of December 31, 2015).

11. Property, plant and equipment

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

	Balance at June 30,2016	**Balance at Dec. 31, 2015**	**Changes**
Land and buildings	10,974	11,526	(552)
Plant and machinery	8,842	8,697	145
Industrial and commercial equipment	2,914	2,548	366
Other assets	15,332	17,392	(2,060)
Leasehold improvements	24,865	27,403	(2,538)
Construction in progress and payments on account	1,114	807	307
Total	**64,041**	**68,373**	**(4,332)**

The following table shows the changes in property, plant and equipment during first half 2016:

	12-31-15	**Purchases and capital.**	**Translation differences**	**Amort./ write-down**	**Disposals**	**Other Changes**	**06-30-16**
Land and buildings	11,526	17	(158)	(411)	-	-	10,974
Plant and machinery	8,697	657	(68)	(949)	(32)	537	8,842
Industrial and commercial equipment	2,548	1,554	(3)	(1,166)	(17)	(2)	2,914
Other assets	17,392	2,676	28	(4,670)	(113)	19	15,332
Leasehold improvements	27,403	1,894	1	(4,398)	(94)	59	24,865
Construction in progress and payments on account	807	925	(5)	-	-	(613)	1,114
Total property, plant and equipment	**68,373**	**7,723**	**(205)**	**(11,594)**	**(256)**	**-**	**64,041**

Investments during the period mainly concern:

- 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 1,902 thousand, office and showroom fittings for Euro 533 thousand, office and head office hardware for Euro 241 thousand;
- leasehold improvements of Euro 1,894 thousand. These additions relate to industrial buildings and offices for Euro 306 thousand and to premises fitted out as Geox Shop for Euro 1,588 thousand;
- construction in progress of Euro 925 thousand. These additions include amounts paid for the purchase of the new production lines by the subsidiary in Serbia and amounts paid for the extraordinary maintenance of Geox S.p.A. headquarters.

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 3,423 thousand as of June 30, 2016 (Euro 3,972 as of December 31, 2015).

Other assets are made up as follows:

	Balance at June 30,2016	Balance at Dec. 31, 2015	Change
Electronic machines	2,493	2,542	(49)
Furniture and fittings	12,758	14,769	(2,011)
Motor vehicles and internal transport	81	81	-
Total	**15,332**	**17,392**	**(2,060)**

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 June 30,2016	Balance at Dec. 31, 2015	Change
Carry-forward tax losses	6,758	6,783	(25)
Depreciation and amortization and impairment	7,647	8,849	(1,202)
Provision for obsolescence and slow-moving inventory and returns	18,186	17,202	984
Provision for agents' severance indemnities	656	692	(36)
Other	6,623	6,827	(204)
Deferred tax assets	**39,870**	**40,353**	**(483)**
Evaluation derivates	(1,542)	(2,699)	1,157
Other	(152)	(168)	16
Deferred tax liabilities	**(1,694)**	**(2,867)**	**1,173**
Total deferred taxes	**38,176**	**37,486**	**690**

The deferred tax assets on carry-forward tax losses, which at June 30, 2016 amount to Euro 6,758 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 1,522 thousand (Euro 2,692 thousand as of December 31, 2015).

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 June 30,2016	Balance at Dec. 31, 2015	Change
Accounts receivable from others in 1 to 5 years	12,003	12,685	(682)
Accounts receivable from others in more than 5 years	3,462	3,784	(322)
Total	**15,465**	**16,469**	**(1,004)**

Accounts receivable from others mainly relate to guarantee deposits for utilities and shop leases for Euro 9,613 thousand (from 1 to 5 years: Euro 6,546 thousand; over 5 years: Euro 3,067 thousand), accounts receivable, payable from 1 to 5 years, for Euro 718 thousand and prepaid expenses for lease payments made in advance for Euro 4,387 thousand (from 1 to 5 years: Euro 3,992 thousand; over 5 years: 395 thousand).

14. Inventories

The following table shows the breakdown of inventories:

	Balance at June 30,2016	Balance at Dec. 31, 2015	Change
Raw materials	14,483	14,994	(511)
Work in process and semi-finished products	-	23	(23)
Finished products and goods for resale	328,493	288,612	39,881
Furniture and fittings	1,003	1,181	(178)
Total	**343,979**	**304,810**	**39,169**

Inventories of finished products include goods in transit acquired from countries in the Far East.
As of June 30, 2016 there was an increase in the value of inventories as a result of the 2016 Spring/Summer products currently on sale in stores and the earlier delivery of products for the upcoming 2016 Fall/Winter season compared to last year, in line with market demand.

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

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

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

The provision for obsolete and slow-moving inventory is analyzed below:

Balance at January 1	**14,320**
Provisions	14,849
Translation differences	22
Utilizations	(14,189)
Balance at June 30	**15,002**

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 June 30,2016	Balance at Dec. 31, 2015	Change
Gross value	178,752	162,911	15,841
Provision for bad and doubtful accounts	(9,847)	(9,904)	57
Provision for returns and credit notes	(39,433)	(40,029)	596
Net value	**129,472**	**112,978**	**16,494**

Accounts receivable amounted to Euro 178.8 million at June 30, 2016.

The following is an ageing analysis of accounts receivable:

	Not yet due	Past due 0 - 90 days	Past due 91 - 180 days	Past due over 180 days	Total
Gross value of trade receivables at June 30, 2016	130,174	36,517	5,761	6,300	**178,752**
Gross value of trade receivables at December 31, 2015	128,138	25,525	3,694	5,554	**162,911**

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

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

The Group continues to maintain tight control over credit. This management practice ensures that the investment in working capital is limited.
Accounts receivable are adjusted to their estimated realizable value by means of a provision for bad and doubtful accounts based on a review of individual outstanding balances. The provision at June 30, 2016 represents a prudent estimate of the current collection risk.
Changes in the provision during the year are as follows:

Balance at January 1	**9,904**
Provisions	1,278
Translation differences	2
Utilizations	(1,337)
Balance at June 30	**9,847**

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

Changes in the provision for returns and credit notes during first half 2016 are as follows:

Balance at January 1	**40,029**
Provisions	38,135
Translation differences	174
Utilizations	(38,905)
Balance at June 30	**39,433**

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 June 30,2016	**Balance at Dec. 31, 2015**	**Change**
Tax credits	5,212	6,915	(1,703)
VAT recoverable	4,696	10,485	(5,789)
Advances to vendors	3,433	1,330	2,103
Other receivables	6,948	9,504	(2,556)
Accrued income and prepaid expenses	9,752	7,724	2,028
Total	**30,041**	**35,958**	**(5,917)**

As at June 30, 2016 the Group has a tax credit for an amount of Euro 1,891 thousand (Euro 1,891 thousand at the end of 2015) towards the ultimate Parent Company LIR S.r.l. .

Other receivables include:

- Euro 762 thousand due from a credit insurance representing the value of claims assigned for which reimbursement has not yet been received;
- Euro 3,024 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 June 30,2016	**Balance at Dec. 31, 2015**	**Change**
Bank deposits	23	23	-
Total non current financial assets	**23**	**23**	**-**
Fair value derivative contracts	7,650	17,110	(9,460)
Other current financial assets	628	265	363
Total current financial assets	**8,278**	**17,375**	**(9,097)**
Fair value derivative contracts	(2,480)	(538)	(1,942)
Other current financial liabilities	(108)	(60)	(48)
Total current financial liabilities	**(2,588)**	**(598)**	**(1,990)**

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 36,060 thousand relates to short term deposits for Euro 3,564 thousand, a current account in Euro for Euro 20,181 thousand, a current account in US Dollars for Euro 3,136 thousand, a current account in Chinese Yuan for Euro 1,590 thousand, a current account in Canadian Dollars for Euro 1,362 thousand, a current account in British Pound for Euro 1,198 thousand, a current account in Hong Kong Dollars for Euro 1,255 thousand, a current account in other currencies for the rest. The term deposits relate to investments of surplus cash remunerated at a rate linked to Euribor. The cash on the current account in US Dollars is used to pay suppliers in the Far East when their invoices fall due; it has a yield substantially in line with the reference rate. The cash on the other current accounts relates to receipts from customers on June 30, 2016 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 June 30,2016	Balance at Dec. 31, 2015	Change
Legal reserve	5,184	5,184	-
Share premium reserve	37,678	37,678	-
Translation reserve	(3,493)	(2,733)	(760)
Reserve for cash flow hedges	3,518	7,701	(4,183)
Retained earnings	281,441	287,104	(5,663)
Total	**324,328**	**334,934**	**(10,606)**

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 3,518 thousand, originated as a result of valuing the financial instruments defined as cash flow hedges at June 30, 2016. 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.

Retained earnings consist of unallocated results earned in previous years for an amount of Euro 193,792 thousand.

Amounts are shown net of tax, where applicable.

20. Employee severance indemnities

Employee severance indemnities at June 30, 2016 amount to Euro 2,783 thousand, as shown in the following table:

Balance at December 31, 2015	**2,597**
Amounts paid to leavers	(662)
Reversal of 0.50% withholding	(133)
Reversal of 11% flat-rate tax	(2)
Payments to supplementary pension schemes	(524)
Advances granted to employees	(181)
Provision for the period	2,002
Payments to supplementary pension schemes run by INPS	(492)
Change as a result of actuarial calculations	143
Translation differences	35
Balance at June 30, 2016	**2,783**

Changes in the provision for severance indemnities during first half 2016 show a utilization of Euro 524 thousand for payments to supplementary pension funds and one of Euro 492 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 been 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: 1.37%
- 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	(40)
-1% employee turnover rate	48
+1/4% inflation rate	59
-1/4% inflation rate	(56)
+1/4% discount rate	(88)
-1/4% discount rate	93

21. Provisions for liabilities and charges

This item is made up as follows:

	Balance at Dec. 31, 2015	**Utiliza -tion**	**Provi- sions**	**Translation differences**	**Actuarial adjustment**	**Balance at June 30,2016**
Provision for agents' severance indemnities	4,270	(190)	133	(4)	64	4,273
Other	992	(46)	-	-	-	946
Total	**5,262**	**(236)**	**133**	**(4)**	**64**	**5,219**

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 129 thousand.

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

22. Long-term loans

Long term loans amounted to Euro 16,729 thousand and include the long-term portion of the fixed rate loan signed in 2015 for a residual amount of Euro 13.3 million and expiring March 31, 2018. The item includes also the long-term portion of the floating rate loan signed during 2016 for a total amount of Euro 12.5 million and expiring January 28, 2019.
The two loans are subject to financial covenants for which Group net financial position must be lower than, respectively, 90% of Group Equity, for the loan signed in 2015, and 75% of Group Equity for loan signed during 2016.

These covenants have been accomplished at balance sheet date.

23. Other long-term payables

This item is made up as follows:

	Balance at June 30,2016	Balance at Dec. 31, 2015	Change
Guarantee deposits	1,209	1,129	80
Accrued expenses and deferred income	5,886	1,131	4,755
Total	**7,095**	**2,260**	**4,835**

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

Accrued expenses mainly relate to long-term portion of the grant received by Republic of Serbia for the construction and start-up of the factory in Vranje (see note 25)

24. Accounts payable

Accounts payable at June 30, 2016 amount to Euro 237,346 thousand, with an increase of Euro 13,321 thousand if compared with December 31, 2015. 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 June 30,2016	Balance at Dec. 31, 2015	Change
Social security institutions	3,374	5,039	(1,665)
Employees	15,429	12,577	2,852
Provisions for liabilities and charges	4,105	5,034	(929)
Other payables	8,362	8,612	(250)
Accrued expenses and deferred income	7,757	10,872	(3,115)
Total	**39,027**	**42,134**	**(3,107)**

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

The amounts due to employees include payroll, bonuses and accrued vacation not yet taken as of June 30, 2016.

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 include mainly advances received from customers and the short term portion of deposits received.

Accrued expenses mainly relate to shop lease contracts for the period and the residual amount of the first three 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 June 30,2016	Balance at Dec. 31, 2015	Change
Income taxes for the period and other taxes	1,040	1,500	(460)
VAT payable	3,348	2,172	1,176
Other	3,696	3,801	(105)
Total	**8,084**	**7,473**	**611**

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

	Balance at June 30,2016	Balance at Dec. 31, 2015	Change
Bank borrowings			
- cash advances	8,610	8,575	35
- loans	44,167	21,857	22,310
Total	**52,777**	**30,432**	**22,345**

The item "loans" includes the portion due within 12 months of the outstanding loans (see note 22) and the revolving credit line at floating rate, signed in 2016, for a total amount of Euro 20 million.
The remaining part is 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 30 June 2016, the Group's indebtedness to the banking system amounts to Euro 69.5 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.

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 first half 2016 in the nature or structure of exposure to currency risk or in the Group's hedging policies.

Liquidity risk

The sector in which the Group operates is very seasonal in nature. The year can be split into two collections (Spring/Summer and Fall/Winter), which more or less coincide with the first and second half. On the one hand, purchases and production are concentrated in the three months prior to the half-year in question, leading to an increase in inventory and, subsequently, the absorption of cash. On the other the wholesale and franchising sales are concentrated in the first three months of the half-year in question, transforming inventory into receivables. The same period sees the completion of payment of accounts payable. Receipts from customers and end consumers, on the other hand, are collected before the end of the half-year in question. These situations bring about very strong seasonal trends, also in the Group's financial cycle, which leads to peaks of absorption of financial resources in December to 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 June 30, 2016 financial instruments are as follows:

	Notional value on 06-30-16	Fair value on 06-30-16 (debit)	Fair value on 06-30-16 (credit)
FX Forward buy agreements to hedge exch. rate risk	96,198	1,185	(184)
FX Forward sell agreements to hedge exch. rate risk	155,645	2,127	(2,296)
FX Currency Option agreem. to hedge exch. rate risk	292,740	4,338	-
Total financial assets/(liabilities)	**544,583**	**7,650**	**2,480**

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 June 30, 2016 are classified on Level 2. In first half 2016 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.
The Group holds the following derivatives at June 30, 2016:

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

These agreements hedge future purchases and sales planned for the Fall/Winter 2016 and Spring/Summer 2017 seasons.

The fair value mentioned above agrees with the amount shown in the balance sheet. The fair value measurement of the derivatives being analyzed was carried out by means of independent valuation models on the basis of the following market data posted on June 30, 2016:

- 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 able 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 first half 2016 and 2015 are summarized below:

	Total I half 2016	**Parent company**	**Affiliated company**	**Other related parties**	**Total of which related parties**	**Effect on Total (%)**
Net sales	**450,275**	-	133	1,112	**1,245**	**0.28%**
Cost of sales	**(227,190)**	-	32	-	**32**	**(0.01%)**
General and administrative expenses	**(168,804)**	(154)	3,664	(76)	**3,434**	**(2.03%)**
Advertising and promotion	**(25,130)**	(150)	(1)	10	**(141)**	**0.56%**

	Total I half 2015	**Parent company**	**Affiliated company**	**Other related parties**	**Total of which related parties**	**Effect on Total (%)**
Net sales	**426,927**	-	132	1,073	**1,205**	**0.28%**
General and administrative expenses	**(168,901)**	(156)	2,192	(105)	**1,931**	**(1.14%)**
Advertising and promotion	**(19,108)**	(150)	-	15	**(135)**	**0.71%**

The main effects on financial statement of the transactions with these parties at June 30, 2016 and at December 31, 2015 are summarized below:

	Balance at June 30, 2016	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	**129,472**	16	2,357	1,646	**4,019**	**3.10%**
Other non-financial current assets	**30,041**	1,901	-	-	**1,901**	**6.33%**
Accounts payable	**237,346**	268	(760)	415	**(77)**	**(0.03%)**

	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%**

31. Commitments and contingent liabilities

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

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

	06-30-2016
Within 1 year	77,196
Within 1-5 years	157,742
Beyond 5 years	75,748
Total	**310,686**

32. Significant subsequent events after June 30, 2016

None.

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Biadene di Montebelluna, July 28, 2016

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

Attachment I

Biadene di Montebelluna, July 28, 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 first half 2016.

They also confirm that the consolidated financial statements:

a) agree with the books of account and accounting entries;

b) are prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued to implement art. 9 of Legislative Decree 38/2005, and to the best of their knowledge, they are able to give a true and fair view of the assets and liabilities, results and financial position of the Issuer and of the other enterprises included in the consolidation;

c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of June 30, 2016;

d) Director's report includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

Giorgio Presca CEO	Livio Libralesso Financial Reporting Manager

Attachment 2

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2016

Name	Location	Year end	Currency	Share capital	% held Directly	% held 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	100,000,000		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 Shangai Ltd	Shanghai, China	Dec. 31	CNY	95,257,035		100,00%	100,00%
- Dongguan Technic Footwear Apparel Design Ltd	Dongguan, China	Dec. 31	CNY	3,795,840		100,00%	100,00%
- Geox Turkey A.Ş.	Istanbul, Turkey	Dec. 31	TRY	1,750,000	100,00%		100,00%

Company'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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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
GEOX S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Geox S.p.A. and subsidiaries (the "Geox Group"), which comprise the consolidated statement of financial position as of June 30, 2016 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Geox Group as of June 30, 2016, are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
August 4, 2016

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