GEOX

2017 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
RESPIRA

DIRECTORS' REPORT

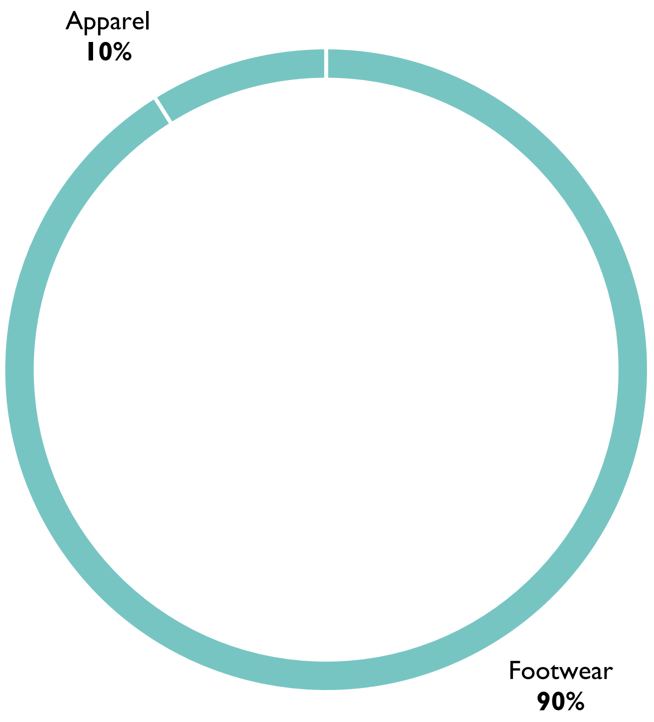
Profile

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 35 different patents and by 10 more recent patent applications, "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.

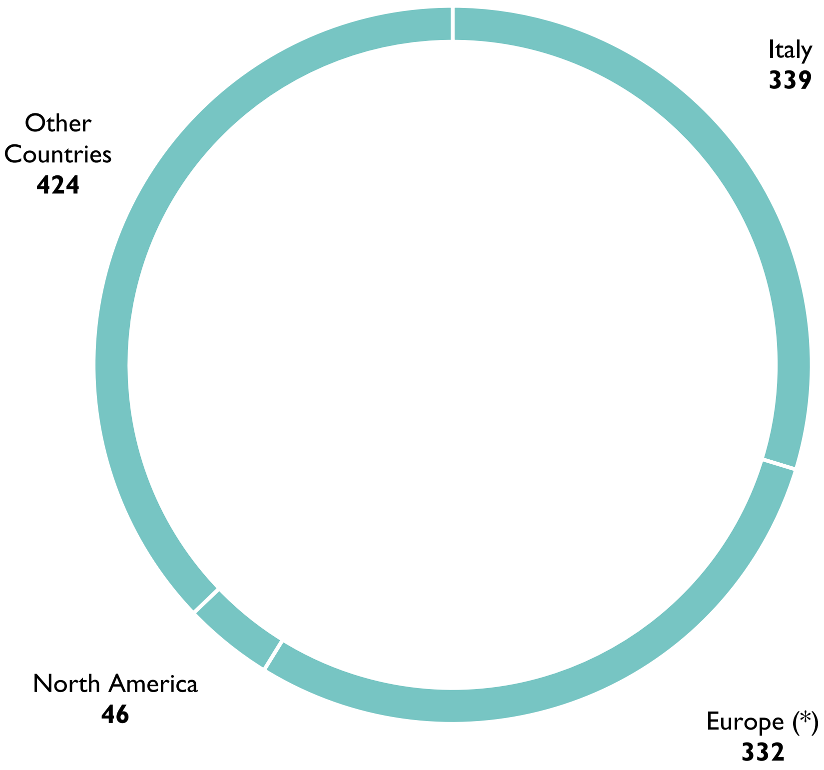
Geox is market leader in Italy in its own segment and is one of the leading brands world-wide in the "International Lifestyle Casual Footwear Market" (source: Shoe Intelligence, 2016).



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, 2017, the overall number of "Geox Shops" came to 1,141, of which 698 in franchising and 443 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.

It's to be noted that during 2016 the investment in the Serbian plat was completed.
The plant, co-financed by the Republic of Serbia, is located in Vranje, an area where there is a high level of know-how in the production of footwear, and has been started with a full production capacity at the end of 2016, with a 1,310 employees at June 30, 2017.

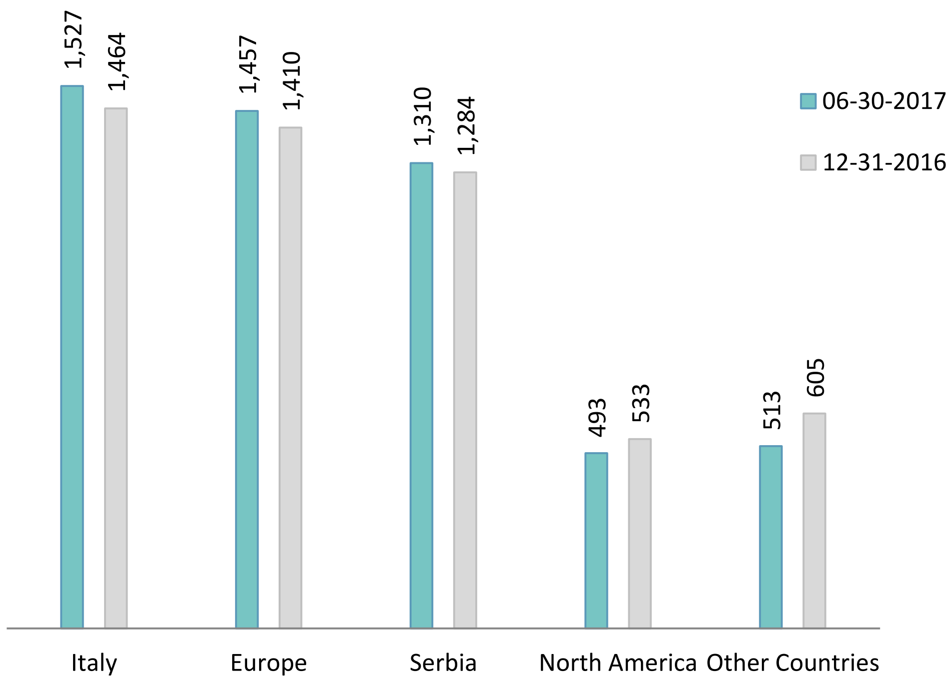
Human Resources

At June 30, 2017 the Group had 5,300 employees, an increase of 4 compared with 5,296 employees at 31 December 2016.

As of June 30, 2017 the Group had 5,300 employees, split as follows:

Level	06-30-2017	12-31-2016
Managers	44	45
Middle Managers and Office Staff	1,019	987
Shop Employees	3,033	3,021
Factory Workers	1,204	1,243
Total	**5,300**	**5,296**

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	10,615	12,114,399
from 5.001 to 10.000 shares	526	4,030,491
10.001 shares and over	433	228,022,083
Lack of information on disposal of individual positions previously reported		15,040,358
Total	**11,574**	**259,207,331**

(*) As reported by Computershare on June 30, 2017.

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 110,000 shares of the Company as of June 30, 2017.

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
Gregorio Borgo (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 20, 2017.

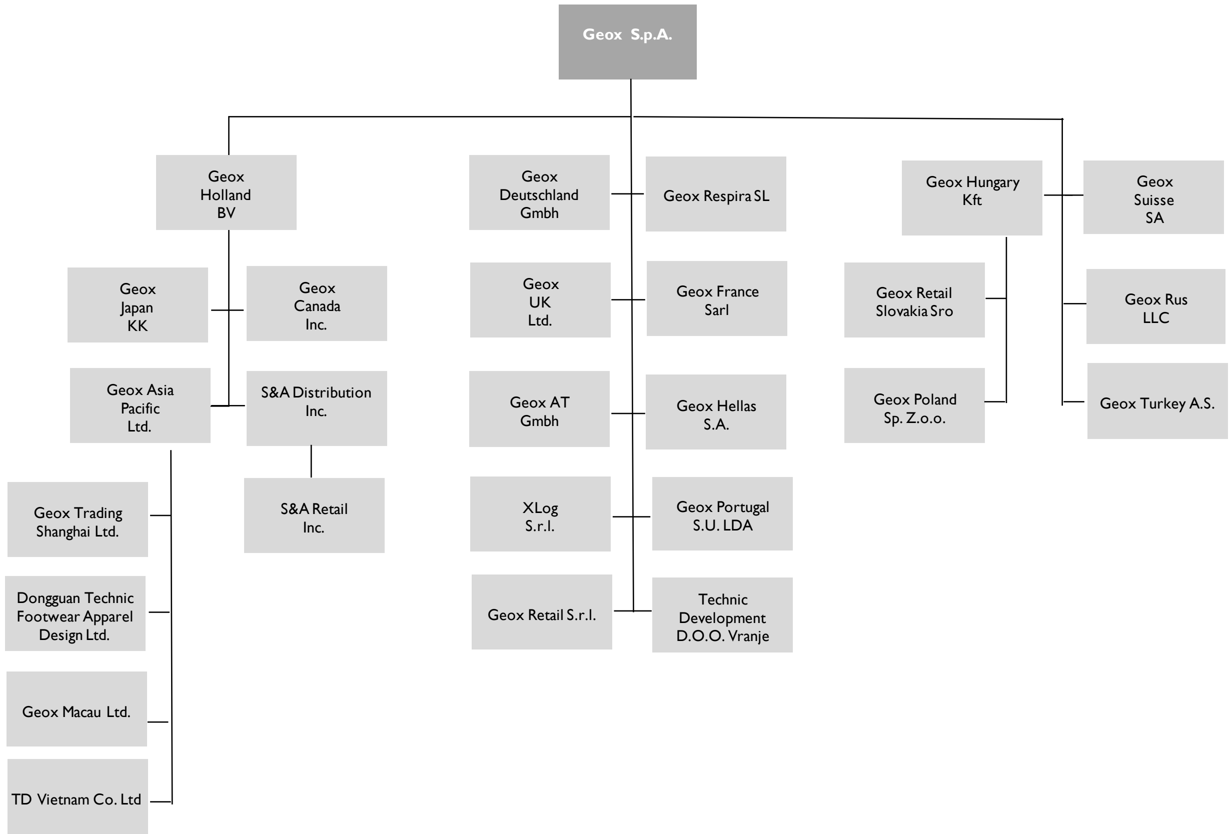
Board of Statutory Auditors

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 451.1 million, with an increase of 0.2% compared to Euro 450.3 million of the first half 2016;
- EBITDA of Euro 34.7 million, compared to Euro 22.1 million of the first half 2016, with a 7.7% margin (4.9% in the same period of 2016);
- EBIT of Euro 17.4 million, compared to Euro 4.6 million of the first half 2016, with a 3.9% margin (1.0% in the first half of 2016).

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

(Thousands of Euro)	I half 2017	%	I half 2016	%	2016	%
Net sales	**451,120**	**100.0%**	**450,275**	**100.0%**	**900,763**	**100.0%**
Cost of sales	(228,948)	(50.8%)	(227,190)	(50.5%)	(471,314)	(52.3%)
Gross profit	**222,172**	**49.2%**	**223,085**	**49.5%**	**429,449**	**47.7%**
Selling and distribution costs	(24,751)	(5.5%)	(24,535)	(5.4%)	(49,557)	(5.5%)
General and administrative expenses	(162,962)	(36.1%)	(168,804)	(37.5%)	(324,987)	(36.1%)
Advertising and promotion	(10,499)	(2.3%)	(25,130)	(5.6%)	(36,798)	(4.1%)
Operating result	**23,960**	**5.3%**	**4,616**	**1.0%**	**18,107**	**2.0%**
Restructuring charges	(6,513)	(1.4%)	-	0.0%	(5,273)	(0.6%)
EBIT	**17,447**	**3.9%**	**4,616**	**1.0%**	**12,834**	**1.4%**
Net interest	(3,182)	(0.7%)	(1,983)	(0.4%)	(5,556)	(0.6%)
PBT	**14,265**	**3.2%**	**2,633**	**0.6%**	**7,278**	**0.8%**
Income tax	(5,887)	(1.3%)	(2,605)	(0.6%)	(5,268)	(0.6%)
Tax rate	*41.3%*	0%	*98.9%*		*72.4%*	
Net result	**8,378**	**1.9%**	**28**	**0.0%**	**2,010**	**0.2%**
EPS (Earnings per shares)	**0.03**		**0.00**		**0.01**	
EBITDA	**34,705**	**7.7%**	**22,117**	**4.9%**	**47,558**	**5.3%**

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 2017 consolidated net sales increased by 0.2% to Euro 451.1 million (-0.7% at constant forex). Footwear sales represented 90% of consolidated sales, amounting to Euro 408.2 million, in line with last year (-1.3% at constant forex).
Apparel sales accounted for 10% of consolidated sales amounting to Euro 42.9 million, compared to Euro 40.2 million of the first half of 2016 (+6.7%, +5.4% at constant forex).

(Thousands of Euro)	I half 2017	%	I half 2016	%	Var. %
Footwear	408,216	90.5%	410,081	91.1%	(0.5%)
Apparel	42,904	9.5%	40,194	8.9%	6.7%
Net sales	**451,120**	**100.0%**	**450,275**	**100.0%**	**0.2%**

Revenues generated in Italy, representing 30% of the Group's total revenues amounted to Euro 137.0 million, compared to Euro 143.6 million of the previous year. This decrease is mainly due to the planned rationalization of the mono-brand store network (13 net closures) and the slight decline recorded by the wholesale channel due to lower reorders compared to the same period of last year and a more selective approach to customers.

Sales in Europe, which accounted for 44% of sales increased by 1.6% to Euro 198.9 million, compared with Euro 195.8 million of the first half of 2016. This performance is due to the planned rationalization of the mono-brand store network (14 net closures), offset by the satisfying level of growth recorded by the wholesale channel across all main markets.

North American sales amounted to Euro 28.4 million, down 1.6 million (-5.5%; -8.1% at constant forex) mainly as a result of the Canadian market.

Sales in Other Countries increased by 7.3% (3.5% at constant forex) with excellent performance of Russia, Estern Europe and China.

(Thousands of Euro)	I half 2017	%	I half 2016	%	Var. %
Italy	137,032	30.4%	143,609	31.9%	(4.6%)
Europe (*)	198,949	44.1%	195,811	43.5%	1.6%
North America	28,434	6.3%	30,076	6.7%	(5.5%)
Other countries	86,705	19.2%	80,779	17.9%	7.3%
Net sales	**451,120**	**100.0%**	**450,275**	**100.0%**	**0.2%**

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

Revenues generated by directly-operated stores, DOS, representing 40% of Group revenues, declined by 3.3% at Euro 181.2 million (-3.9% at constant forex). This performance is due to the planned rationalization of stores and to the slight decline (-0.9%) in like-for-like sales of stores that have been open for at least 12 months (*comparable store sales*) (+1.8% in the first half of 2016).

Comparable sales generated by directly operated stores to date (week 1- week 29) are slightly negative (-0.6%) compared to the 2% growth of the same period of 2016.

Sales generated by the franchising channel, which account for 15% of Group revenues, amount to Euro 67.9 million, reporting a decline of 7.6% (-8.4% at constant forex). The performance of the franchising channel is also due to the store network rationalization plan and the decline in comparable sales, which was slightly greater than the one recorded by directly operated stores.

Wholesale revenues, representing 45% of Group revenues (42% in the first half of 2016) amount to Euro 202.0 million, with an increase of 6.7% (+5.5% at constant forex) compared with last year. This trend is due to a positive performance recorded in the Group's main markets.

(Thousands of Euro)	**I half 2017**	**%**	**I half 2016**	**%**	**Var. %**
Wholesale	**201,999**	**44.8%**	**189,403**	**42.1%**	**6.7%**
Franchising	67,880	15.0%	73,493	16.3%	(7.6%)
DOS*	181,241	40.2%	187,379	41.6%	(3.3%)
Geox Shops	**249,121**	**55.2%**	**260,872**	**57.9%**	**(4.5%)**
Net sales	**451,120**	**100.0%**	**450,275**	**100.0%**	**0.2%**

* Directly Operated Store

As of June 30, 2017 the overall number of Geox Shops was 1,141 of which 443 DOS. During first half of 2017, 36 new Geox Shops were opened and 56 have been closed, in line with the rationalization plan of the mono-brand network.

	06-30-2017		**12-31-2016**		**I half 2017**		
	Geox Shops	**of which DOS**	**Geox Shops**	**of which DOS**	**Net Openings**	**Openings**	**Closings**
Italy	339	129	352	129	(13)	4	(17)
Europe (*)	332	171	346	173	(14)	3	(17)
North America	46	46	48	48	(2)	1	(3)
Other countries (**)	424	97	415	105	9	28	(19)
Total	**1,141**	**443**	**1,161**	**455**	**(20)**	**36**	**(56)**

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

(**) Includes Under License Agreement Shops (165 as of June 30 2017, 156 as of December 31 2016). Sales from these shops are not included in the franchising channel.

Cost of sales and Gross Profit

Cost of sales, as a percentage of sales, was 50.8% compared to 50.5% of the first half of 2016, producing a gross margin of 49.2% (49.5% in the first half of 2016).

Gross margin dilution is due to the increase in product costs, mainly caused by the euro's depreciation against the dollar in 2016, to a reduction in revenues generated by directly-operated stores and to the increased promotions introduced in order to stimulate consumer purchases amid difficult market conditions.

Operating expenses and Operating income (EBIT)

Selling and distribution expenses amounted to euro 24.7 million, in line with last year.

General and administrative expenses were equal to Euro 163.0 million, recording a decrease of Euro 5.8 million compared to the previous year thanks to the actions taken to improve efficiency, reduce structural costs and renegotiate store rents.

Advertising and promotion expenses amount to Euro 10.5 million, equal to 2.3% of revenues, compared to Euro 25.1 million last year. This is primarily due to the different timing of advertising expenditure - compared to 2016 when marketing initiatives were mainly implemented in the first half of the year- and also to the overall optimisation of expenses relating to advertising and display material for stores.

The operating result excluding special items was equal to Euro 24.0 million (5.3% on sales) compared to 4.6 million of the first half of 2016 (1.0% on sales).

As already announced during the 2016 results presentation, special items were recorded for 6.5 million due to the termination of employment of the previous Chief Executive Officer (4.3 million), the expected optimization of the network of directly operated and franchised stores and the measures implemented to reduce general costs.

EBIT was equal to Euro 17.5 million (3.9% on sales) compared with Euro 4.6 million of the first half of 2016 (1.0% on sales).

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

		I half 2017	**%**	**I half 2016**	**%**
Footwear	Net sales	408,216		410,081	
	EBIT	18,745	4.6%	9,402	2.3%
Apparel	Net sales	42,904		40,194	
	EBIT	(1,298)	(3.0%)	(4,786)	(11.9%)
Total	**Net sales**	**451,120**		**450,275**	
	EBIT	**17,447**	**3.9%**	**4,616**	**1.0%**

EBITDA

EBITDA was Euro 34.7 million, 7.7% of sales, compared to Euro 22.1 million of the first half of 2016 (4.9% on sales).

Adjusted EBITDA was equal to Euro 41.2 million, 9.1% on sales compared to 22.1 million of the first half of 2016 (4.9% on sales).

Income taxes and tax rate

Income taxes were equal to Euro 5.9 million in the first half of 2017 (41.3% tax rate), compared to Euro 2.6 million of the first half of 2016.

The Group's financial performance

The following table summarizes the reclassified consolidated balance sheet:

(Thousands of Euro)	June 30, 2017	Dec. 31, 2016	June 30, 2016
Intangible assets	50,803	54,715	56,390
Property, plant and equipment	60,033	66,140	64,041
Other non-current assets - net	43,276	41,575	46,546
Total non-current assets	**154,112**	**162,430**	**166,977**
Net operating working capital	**273,679**	**251,856**	**236,105**
Other current assets (liabilities), net	**(27,927)**	**(10,933)**	**(17,070)**
Net invested capital	**399,864**	**403,353**	**386,012**
Equity	346,098	359,717	350,277
Provisions for severance indemnities, liabilities and charges	7,643	7,704	8,002
Net financial position	46,123	35,932	27,733
Net invested capital	**399,864**	**403,353**	**386,012**

The Group balance sheet shows a negative financial position before fair value adjustment of derivatives of Euro 33.0 million (51.6 million as of December 31, 2016). Fair value adjustment of derivatives negatively affected 13.2 million the first half of 2017 and positively affected 2016 for Euro 15.7 million. Net financial position after fair value adjustment of derivatives is equal to 46.1 (35.9 million as of December 31, 2016).

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

(Thousands of Euro)	June 30, 2017	Dec. 31, 2016	June 30, 2016
Inventories	309,440	336,767	343,979
Accounts receivable	149,341	111,417	129,472
Accounts payable	(185,102)	(196,328)	(237,346)
Net operating working capital	**273,679**	**251,856**	236,105
% of sales for the last 12 months	***30.4%***	***28.0%***	***26.3%***
Taxes payable	(7,670)	(9,379)	(8,084)
Other non-financial current assets	20,306	35,416	30,041
Other non-financial current liabilities	(40,563)	(36,970)	(39,027)
Other current assets (liabilities), net	**(27,927)**	**(10,933)**	**(17,070)**

Net operating working capital as a percentage of sales is equal to 30.4% compared to 26.3% in the same period last year.
This change is mainly due to the reduction in trade payables, linked to the different timing and value of the purchases made compared to the first half of the previous year.

The following table gives a reclassified consolidated cash flow statement:

(Thousands of Euro)	I half 2017	I half 2016	2016
Net result	**8,378**	**28**	**2,010**
Depreciation, amortization and impairment	17,258	17,501	34,724
Other non-cash items	3,085	7,205	13,962
	28,721	**24,734**	**50,696**
Change in net working capital	(20,403)	(43,165)	(63,063)
Change in other current assets/liabilities	22,501	10,095	2,229
Cash flow from operations	**30,819**	**(8,336)**	**(10,138)**
Capital expenditure	(7,801)	(12,378)	(30,624)
Disposals	457	272	1,009
Net capital expenditure	**(7,344)**	**(12,106)**	**(29,615)**
Free cash flow	**23,475**	**(20,442)**	**(39,753)**
Dividends	(5,184)	(15,552)	(15,552)
Change in net financial position	**18,291**	**(35,994)**	**(55,305)**
Initial net financial position - prior to fair value adjustment of derivatives	**(51,620)**	**4,217**	**4,217**
Change in net financial position	18,291	(35,994)	(55,305)
Translation differences	376	(1,126)	(532)
Final net financial position - prior to fair value adjustment of derivatives	**(32,953)**	**(32,903)**	**(51,620)**
Fair value adjustment of derivatives	(13,170)	5,170	15,688
Final net financial position	**(46,123)**	**(27,733)**	**(35,932)**

During first half of 2017 capex of Euro 7.8 million were made, compared with 12.4 million of the first half of 2016.

Consolidated capital expenditure is analyzed in the following table:

(Thousands of Euro)	I half 2017	I half 2016	2016
Trademarks and patents	254	277	1,094
Opening and restructuring of Geox Shop	3,916	4,469	12,995
Production plant	315	1,119	2,332
Industrial plant and equipment	959	1,374	2,971
Logistic	387	287	2,258
Information technology	1,815	4,031	7,813
Offices furniture, warehouse and fittings	155	821	1,161
Total	**7,801**	**12,378**	**30,624**

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

(Thousands of Euro)	June 30, 2017	Dec. 31, 2016	June 30, 2016
Cash and cash equivalents	44,401	38,663	36,060
Current financial assets - excluding derivatives	404	1,341	628
Bank borrowings and current portion of long-term loans	(46,551)	(66,578)	(52,777)
Current financial liabilities - excluding derivatives	(168)	(174)	(108)
Net financial position - current portion	**(1,914)**	**(26,748)**	**(16,197)**
Non-current financial assets	23	23	23
Long-term loans	(31,062)	(24,895)	(16,729)
Net financial position - non-current portion	**(31,039)**	**(24,872)**	**(16,706)**
Net financial position - prior to fair value adjustment of derivatives	**(32,953)**	**(51,620)**	**(32,903)**
Fair value adjustment of derivatives	(13,170)	15,688	5,170
Net financial position	**(46,123)**	**(35,932)**	**(27,733)**

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 is only one cycle of stock option plan. This cycle is 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 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.

At the date of this report a number of 2,493,859 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 the grant, amounted to Euro 2.86 (for 1,920,954 options) and to Euro 1,995 (for 572,905 options).

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 Business Plan.

With regards to the 2014 Stock Option Plan, it's to be noted that these Stock Options could not be exercised because the performance results were not 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
Gregorio Borgo (*)	CEO	-	-	-	572,905	1.995	2020
Giorgio Presca (**)	CEO	554,564	2.039	2020	-	-	-
Giorgio Presca (**)	CEO	1,007,368	2.86	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 2017 (***)	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
Gregorio Borgo	-	-	-	-	572,905	1.995	2020
Giorgio Presca	-	-	-	554,564	-	2.039	2020
Giorgio Presca	-	-	-	1,007,368	-	2.86	2020
Exec. Strat. Resp.	-	-	-	841,407	-	2.039	2020
Exec. Strat. Resp.	-	-	-	455,053	1,417,263	2.86	2020

(*) Appointed on January 12, 2017
(**) Resigned on January 12, 2017
(***) 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 31 of the Consolidated Financial Statements.

Outlook for operation and significant subsequent events

Regarding 2017, the management expect a slight increase in top line and an increase of profitability compared to the previous year.

These expectations are based on a number of assumptions combined with other, already known factors:

1. the wholesale channel proves to be solid, with order backlog for fall-winter 2017 increasing by +8%; the wholesale channel is expected to record "mid single digit" growth for the entire year, as there are expected to be less reorders during the season compared to 2016 and a more selective approach to customer deliveries in line with current market conditions;
2. the gross margin relating to the fall-winter order backlog is growing as expected, reporting an increase of over 200 basis points, thanks to specific measures targeting both design to cost and supply chain efficiency;
3. with regard to the retail channel, comparable sales generated by directly operated stores to date (week 1 - week 29), show a slight decline of 0.6% (compared to the slight increase expected), caused by the temporarily weak performance in June, above all in the second half of the month. These dynamics were caused by a reduction in footfall in stores being partially compensated for by an improvement in the conversion rate.
   With regard to the second half of 2017, it is nonetheless of fundamental importance that the speeding up of network optimization in Europe, the planned expansion in more reactive markets such as Eastern Europe and China, and the focus on profitability can also be reflected in an estimated "low single digit" increase in comparable sales, thanks also to an easier comparison base. In this way, the management expects to see improved economic performance for this channel compared to the first half of the year;
4. advertising and promotion expenses, considered appropriate under current market conditions, will be increased in the second half of 2017 compared to both the first half of the year and the same period last year. Advertising and promotion expenses for the entire year will be lower than last year (around -10 million) thanks to the overall optimisation of expenses relating to advertising and display material for stores and a different approach to media buying and marketing mix. In particular the Group is increasing marketing expenses in coop advertising and in digital and performance marketing relating to the web. Those two items, recorded in the G&A expenses, accounts for around 7 million for the year and are increasing compared to 2016;
5. plans are ongoing to further increase productivity, simplification and operating efficiency, at the same time as implementing tight cost control;
6. lastly, as already announced with the FY2016 results, the management expects special items in the region of Euro 10-11 million as a result of the termination of employment of the previous Chief Executive Officer, the expected optimization of the network of directly operated and franchised stores and the measures to be implemented to reduce general costs.

In this context, as of today, the management expects, on the basis of the aforementioned assumptions a prudent growth in turnover in 2017, whereby the positive performance of the wholesale channel combined with a slight increase in like-for-like sales will more than compensate for the effects of the planned network optimization involving both directly operated and franchised stores.

The management also assumes that the aforementioned slight increase in turnover and the expected improvement in gross margin, combined with the measures taken to boost efficiency and costs control, will allow the group to achieve levels of profitability that are in line with current market expectations and which are therefore still considered to be achievable even if challenging.

Biadene di Montebelluna, July 28, 2017

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 2017	of which related party	I half 2016	of which related party	2016	of which related party
Net sales	3-31	**451,120**	**34**	**450,275**	**1,245**	**900,763**	**2,293**
Cost of sales	31	(228,948)	-	(227,190)	32	(471,314)	48
Gross profit		**222,172**		**223,085**		**429,449**	
Selling and distribution costs		(24,751)	-	(24,535)	-	(49,557)	-
General and administrative expenses	4-31	(162,962)	(1,070)	(168,804)	3,434	(324,987)	4,861
Advertising and promotion	31	(10,499)	(150)	(25,130)	(141)	(36,798)	(270)
Restructuring charges	7	(6,513)	-	-	-	(5,273)	-
EBIT	3	**17,447**		**4,616**		**12,834**	
Net interest	8	(3,182)	-	(1,983)	-	(5,556)	-
PBT		**14,265**		**2,633**		**7,278**	
Income tax	9	(5,887)	-	(2,605)	-	(5,268)	-
Net result		**8,378**		**28**		**2,010**	
Earnings per share [Euro]	10	0.03		0.00		0.01	
Diluted earnings per share [Euro]	10	0.03		0.00		0.01	

Consolidated statement of comprehensive income

(Thousands of Euro)	I half 2017	of which related party	I half 2016	of which related party	2016	of which related party
Net income	**8,378**		**28**		**2,010**	
Other comprehensive income that will not be reclassified subsequently to profit or loss:						
- Net gain (loss) on actuarial defined-benefit plans	(16)	-	(119)	-	(31)	-
Other comprehensive income that may be reclassified subsequently to profit or loss:						
- Net gain (loss) on Cash Flow Hedge, net of tax	(18,356)	-	(4,183)	-	3,760	-
- Currency translation	1,559	-	(760)	-	(1,333)	-
Net comprehensive income	**(8,435)**		**(5,034)**		**4,406**	

Consolidated statement of financial position

(Thousands of Euro)	Notes	June 30, 2017	of which related party	Dec. 31, 2016	of which related party	June 30, 2016	of which related party
ASSETS:							
Intangible assets	11	50,803		54,715		56,390	
Property, plant and equipment	12	60,033		66,140		64,041	
Deferred tax assets	13	38,561		36,316		38,176	
Non-current financial assets	18-30	23		23		23	
Other non-current assets	14	13,011		14,368		15,465	
Total non-current assets		**162,431**		**171,562**		**174,095**	
Inventories	15	309,440		336,767		343,979	
Accounts receivable	16-31	149,341	518	111,417	1,514	129,472	4,019
Other non-financial current assets	17-31	20,306	1,901	35,416	1,902	30,041	1,901
Current financial assets	18-30	2,339		20,997		8,278	
Cash and cash equivalents	19	44,401		38,663		36,060	
Current assets		**525,827**		**543,260**		**547,830**	
Total assets		**688,258**		**714,822**		**721,925**	
LIABILITIES AND EQUITY:							
Share capital	20	25,921		25,921		25,921	
Reserves	20	311,799		331,786		324,328	
Net income	20	8,378		2,010		28	
Equity		**346,098**		**359,717**		**350,277**	
Employee severance indemnities	21	2,716		2,658		2,783	
Provisions for liabilities and charges	22	4,927		5,046		5,219	
Long-term loans	23	31,062		24,895		16,729	
Other long-term payables	24	8,296		9,109		7,09	
Total non-current liabilities		**47,001**		**41,708**		**31,826**	
Accounts payable	25-31	185,102	623	196,328	1,190	237,346	(77)
Other non-financial current liabilities	26	40,563		36,970		39,027	
Taxes payable	27	7,670		9,379		8,084	
Current financial liabilities	18-30	15,273		4,142		2,588	
Bank borrowings and current portion of long-term loans	28	46,551		66,578		52,777	
Current liabilities		**295,159**		**313,397**		**339,822**	
Total liabilities and equity		**688,258**		**714,822**		**721,925**	

Consolidated statement of cash flow

(Thousands of Euro)	Notes	I half 2017	I half 2016	2016
CASH FLOW FROM OPERATING ACTIVITIES:				
Net result	20	**8,378**	**28**	**2,010**
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation and amortization and impairment	5	17,258	17,501	34,724
Increase in (use of) deferred taxes and other provisions		(2,057)	1,081	8,151
Provision for employee severance indemnities, net		50	32	18
Other non-cash items		5,092	6,092	5,793
		20,343	**24,706**	**48,686**
Change in assets/liabilities:				
Accounts receivable		(20,531)	(15,551)	(12,118)
Other assets		20,006	6,566	(1,253)
Inventories		10,080	(41,217)	(22,713)
Accounts payable		(9,952)	13,603	(28,232)
Other liabilities		3,846	2,869	1,454
Taxes payable		(1,351)	660	2,028
		2,098	**(33,070)**	**(60,834)**
Operating cash flow		**30,819**	**(8,336)**	**(10,138)**
CASH FLOW USED IN INVESTING ACTIVITIES:				
Capital expenditure on intangible assets	11	(2,120)	(4,655)	(9,537)
Capital expenditure on property, plant and equipment	12	(5,681)	(7,723)	(21,087)
		(7,801)	**(12,378)**	**(30,624)**
Disposals		457	272	1,009
(Increase) decrease in financial assets		904	(375)	(1,079)
Cash flow used in investing activities		**(6,440)**	**(12,481)**	**(30,694)**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES:				
Increase (decrease) in short-term bank borrowings, net		2,586	(849)	(1,501)
Loans:				
- Proceeds		20,000	32,500	72,537
- Repayments		(35,500)	(3,522)	(20,854)
Dividends		(5,184)	(15,552)	(15,552)
Cash flow used in financing activities		**(18,098)**	**12,577**	**34,630**
Increase (decrease) in cash and cash equivalents		**6,281**	**(8,240)**	**(6,202)**
Cash and cash equivalents, beginning of the period	19	**38,663**	**44,483**	**44,483**
Effect of translation differences on cash and cash equivalents		(543)	(183)	382
Cash and cash equivalents, end of the period	19	**44,401**	**36,060**	**38,663**
Supplementary information to the cash flow statement:				
- Interest paid during the period		1,668	1,491	3,772
- Interest received during the period		985	483	1,281
- Taxes paid during the period		1,267	1,897	4,016

Consolidated statement of changes in equity

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Net income	Group equity
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	-	-	-	(1,333)	3,760	(31)	2,010	4,406
Balance at December 31, 2016	**25,921**	**5,184**	**37,678**	**(4,066)**	**11,461**	**281,529**	**2,010**	**359,717**
Allocation of 2016 result	-	-	-	-	-	2,010	(2,010)	-
Distribution of dividends	-	-	-	-	-	(5,184)	-	(5,184)
Net comprehensive result	-	-	-	1,559	(18,356)	(16)	8,378	(8,435)
Balance at June 30, 2017	**25,921**	**5,184**	**37,678**	**(2,507)**	**(6,895)**	**278,339**	**8,378**	**346,098**

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Net income	Group equity
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**

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, 2017. 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, 2016 for the balance sheet and for the half year of 2016 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, 2017 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, 2017”.

Format of financial statements

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

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

The Statement of cash flow is presented using the indirect method.

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

Consolidation principles

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

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

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

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

The following are also eliminated:

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

Accounting standards, amendments and interpretations applied since January 1, 2017

Since no any new accounting standards, amendments and interpretation have been entered in 2017, the accounting policies are consistent with those used at December 31, 2016.

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

- IFRS 15 – *Revenue for contracts with customers,* effective date from periods beginning January 1, 2018;
- Final version of IFRS 9 – *Financial instruments.* The document is the result of the IASB project aimed to replace the IAS 39. The improvements introduced by the new standard include a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, an "expected loss" impairment model for financial assets and a substantially reformed approach for hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

Directors do not expect a material impact to the Consolidated Financial Statement upon adoption of the two accounting standards described above.

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

- IFRS 16 – *Leases;* effective from January 1, 2019. Directors expect that the application of IFRS 16 could have a significant impact on the accounting of leasing contracts and the related disclosures in the consolidated financial statements of the Group. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of the relevant contracts;
- IFRS 17 – *Insurance Contracts*;
- Document "*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*";
- Document "*Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*";
- Document "*Disclosure Initiative (Amendments to IAS 7)*;
- Document *"Classification and measurement of share-based payment transactions (Amendments to IFRS 2);*
- Document *"Annual Improvements to IFRSs: 2014-2016 Cycle"*;

- Document *"Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)";*
- Document *"Transfers of Investment Property (Ammendments to IAS 40)";*
- Document "*IFRIC 23 – Uncertainty over Income Tax Treatments";*
- Amendment to IFRS 10 and IAS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.*

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 06-30-17**	**As at 30-06-17**	**Average for 31-12-16**	**As at 31-12-16**	**Average for 30-06-16**	**As at 30-06-16**
US Dollar	1.0825	1.1412	1.1066	1.0541	1.1155	1.1102
Swiss Franc	1.0764	1.0930	1.0902	1.0739	1.0960	1.0867
British Pound	0.8601	0.8793	0.8189	0.8562	0.7785	0.8265
Canadian Dollar	1.4445	1.4785	1.4664	1.4188	1.4854	1.4384
Japanese Yen	121.6587	127.7500	120.3138	123.4000	124.5016	114.0500
Chinese Yuan	7.4417	7.7385	7.3496	7.3202	7.2937	7.3755
Czech Koruna	26.7871	26.1970	27.0343	27.0210	27.0394	27.1310
Russian Ruble	62.7349	67.5449	74.2224	64.3000	78.4122	71.5200
Polish Zloty	4.2685	4.2259	4.3636	4.4103	4.3686	4.4362
Hungarian Forint	309.4702	308.9700	311.4594	309.8300	312.7042	317.0600
Macau Pataca	8.6686	9.1740	8.8492	8.4201	8.9286	8.8733
Serbian Dinar	123.3345	120.5778	123.1017	123.4031	122.9235	123.1422
Vietnam Dong	24,580.0761	25,938.3538	24,749.1091	23,991.8431	24,914.0960	24,767.8380
Indonesian Rupiah	14,426.6965	15,209.3400	14,720.4512	14,173.4300	14,962.4518	14,601.7000
Turkish Lira	3.9379	4.0134	3.3427	3.7072	3.2587	3.2060

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 13.

Pension funds and other post-employment benefits

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

Provision for returns

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

Provision for obsolete and slow-moving inventory

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

Provision for bad and doubtful accounts

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

Asset Impairment

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

Accounting policies

The financial statements are prepared on a historical cost basis, amended as required for the valuation of certain financial instruments. They are also prepared on a going-concern basis.

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.
Receivables sold to the factor without recourse (*pro-soluto*) have been removed from the Balance Sheet as the relative contract transfers ownership of the receivables, together with all cash flows generated by said receivable and all related risks and benefits, to the factor.

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 29.

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

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

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

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

If rights are cancelled, they are treated as 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 10).

Provisions for liabilities and charges

Provisions for liabilities and charges are recognized when there is an effective obligation (legal or implicit) deriving from a past event, providing there will probably be an outlay of resources to settle the obligation and the amount of the obligation can be reliably estimated.
Provisions represent the best estimate of the amount that the business would have to pay to settle the obligation or transfer it to third parties at the balance sheet date. Provisions are determined by discounting the expected future cash flows if the effect of discounting the value of money is significant.

Revenues 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 domestic tax consolidation for three years (2014-2016) with the two Italian subsidiaries Geox Retail S.r.l. and XLOG S.r.l., renewed in 2017 for a further three years.

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 2017	**%**	**I half 2016**	**%**
Footwear	Net sales	408,216		410,081	
	EBIT	18,745	4.6%	9,402	2.3%
Apparel	Net sales	42,904		40,194	
	EBIT	(1,298)	(3.0%)	(4,786)	(11.9%)
Total	**Net sales**	**451,120**		**450,275**	
	EBIT	**17,447**	**3.9%**	**4,616**	**1.0%**

Segment assets and liabilities are all managed at Group level, so they are not shown separately by segment. The only exception to this rule is the value of inventories, which amount to Euro 274,510 thousand for footwear (Euro 300,160 thousand in 2016) and Euro 34,930 thousand for apparel (Euro 36,607 thousand in 2016).

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

(Thousands of Euro)	I half 2017	%	I half 2016	%
Italy	137,032	30.4%	143,609	31.9%
Europe (*)	198,949	44.1%	195,811	43.5%
North America	28,434	6.3%	30,076	6.7%
Other countries	86,705	19.2%	80,779	17.9%
Net sales	**451,120**	**100.0%**	**450,275**	**100.0%**

(*) 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 2017	I half 2016	Change
Wages and salaries	58,666	61,194	(2,528)
Rental expenses	47,540	47,653	(113)
Other costs	62,195	68,227	(6,032)
Rental income	(3,263)	(3,494)	231
Other income	(2,176)	(4,775)	2,599
Total	**162,962**	**168,804**	**(5,842)**

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 2017	I half 2016	Change
Industrial depreciation and asset impairment	2,977	2,530	447
Non-industrial depreciation, amortization and asset impairment	14,281	14,971	(690)
Total	**17,258**	**17,501**	**(243)**

Depreciation and amortization decreased from Euro 17,501 thousand of first half 2016 to Euro 17,258 thousand of first half 2017.

Payroll costs amounted to Euro 75,683 thousand (Euro 76,159 thousand in first half 2016).

6. Personnel

The average number of employees is shown below:

	I half 2017	I half 2016	Change
Managers	44	49	(5)
Middle managers and office staff	1,022	991	31
Shop employees	2,983	2,793	190
Factory workers	1,199	751	448
Total	**5,248**	**4,584**	**664**

The average number of employees for first half of 2017 amounted to 5,248, increased of 664 units compared to the same period of 2016. The change is mainly due to the increase in factory workers in the Serbian Plant.

7. Restructuring charges

During first half of 2017, special items were recorded for an amount of Euro 6,513 thousand due to the termination of employment of the previous Chief Executive Officer (Euro 4.3 million), the expected optimization of the network of directly operated and franchised stores and the measures implemented to reduce general costs.

8. Net interest

This item is made up as follows:

	I half 2017	I half 2016	Change
Interest income	8,002	8,657	(655)
Interest expense	(11,174)	(10,869)	(305)
Exchange differences	(10)	229	(239)
Total	**(3,182)**	**(1,983)**	**(1,199)**

Interest income is made up as follows:

	I half 2017	I half 2016	Change
Interest from banks	28	56	(28)
Interest from customers	263	2	261.00
Other interest income	7,711	8,599	(888)
Total	**8,002**	**8,657**	**(655)**

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

Interest expense is made up as follows:

	I half 2017	I half 2016	Change
Bank interest and charges	117	110	7
Interest on loans	307	265	42
Other interest expense	9,319	9,197	122
Financial discounts and allowances	1,431	1,297	134
Total	**11,174**	**10,869**	**305**

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

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

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

Exchange differences are made up as follows:

	I half 2017	I half 2016	Change
Exchange gains	23,408	26,261	(2,853)
Exchange losses	(23,418)	(26,032)	2,614
Total	**(10)**	**229**	**(239)**

9. Income taxes

Income taxes were equal to Euro 5,887 thousand in the first half 2017, compared to Euro 2,605 thousand of the same period of 2016.

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 2017	%	I half 2016	%
PBT	14,265	100.0%	2,633	100.0%
Theoretical income taxes (*)	3,424	24.0%	724	27.5%
Effective income taxes	5,887	41.3%	2,605	98.9%
Difference due to:	**2,463**	**17.3%**	**1,881**	**71.4%**
1) different tax rates applicable in other countries	(435)	(3.0%)	(80)	(3.0%)
2) permanent differences:				
i) IRAP and other local taxes	919	6.4%	602	22.9%
ii) other	1,979	13.9%	1,359	51.6%
Total difference	**2,463**	**17.3%**	**1,881**	**71.4%**

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

10. Earnings per share

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

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

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

	I half 2017	I half 2016	2016
Earning per share (Euro)	0.03	0.00	0.01
Diluted earnings per share (Euro)	0.03	0.00	0.01
Weighted average number of shares outstanding:			
- basic	259,207,331	259,207,331	259,207,331
- diluted	259,207,331	259,207,331	259,207,331

11. Intangible assets

Intangible assets are made up as follows:

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Industrial patents and intellectual property rights	13,002	14,556	(1,554)
Trademarks, concessions and licenses	640	689	(49)
Key money	34,128	36,253	(2,125)
Assets in process of formation and payments on account	1,895	2,079	(184)
Goodwill	1,138	1,138	-
Total	**50,803**	**54,715**	**(3,912)**

The following table shows the changes in intangible assets during first half 2017:

	12-31-16	Purchases and capital.	Transla-tion Differences	Amort./ write-down	Dispo-sals	Other Changes	06-30-17
Intangible assets with finite useful life:							
Industrial patents and intellectual property rights	14,556	731	(3)	(3,707)	-	1,425	13,002
Trademarks, concessions and licenses	689	13	-	(62)	-	-	640
Key money	36,253	134	(30)	(2,171)	(58)	-	34,128
Assets in process of formation and payments on account	2,079	1,242	(1)	-	-	(1,425)	1,895
Intangible assets with an indefinite useful life:							
Goodwill	1,138	-	-	-	-	-	1,138
Total intangible assets	**54,715**	**2,120**	**(34)**	**(5,940)**	**(58)**	**-**	**50,803**

Investments during the period mainly concern:

- personalization of the IT system for a total of Euro 490 thousand;
- the costs incurred for the registration, extension and protection of patents in various parts of the world (Euro 241 thousand);
- the costs incurred for the registration, protection and extension of the GEOX trademark in various parts of the world (Euro 13 thousand);
- key money costs (Euro 134 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 1,242 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 336 thousand as of June 30, 2017 (Euro 464 thousand as of December 31, 2016).

12. Property, plant and equipment

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

	Balance at June 30,2017	Balance at Dec. 31, 2016	Changes
Land and buildings	10,405	10,566	(161)
Plant and machinery	9,100	9,897	(797)
Industrial and commercial equipment	3,315	3,784	(469)
Other assets	12,474	14,324	(1,850)
Leasehold improvements	24,512	27,379	(2,867)
Construction in progress and payments on account	227	190	37
Total	**60,033**	**66,140**	**(6,107)**

The following table shows the changes in property, plant and equipment during first half 2017:

	12-31-16	Purchases and capital.	Translation Differences	Amort./ write-down	Disposals	Other Changes	06-30-17
Land and buildings	10,566	13	238	(412)	-	-	10,405
Plant and machinery	9,897	358	131	(1,133)	(153)	-	9,100
Industrial and commercial equipment	3,784	1,011	(2)	(1,474)	(4)	-	3,315
Other assets	14,324	1,811	(145)	(3,475)	(116)	75	12,474
Leasehold improvements	27,379	2,262	(294)	(4,824)	(126)	115	24,512
Construction in progress and payments on account	190	226	1	-	-	(190)	227
Total property, plant and equipment	**66,140**	**5,681**	**(71)**	**(11,318)**	**(399)**	**-**	**60,033**

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 1,447 thousand, office and showroom fittings for Euro 269 thousand, office and head office hardware for Euro 95 thousand;
- leasehold improvements of Euro 2,262 thousand. These additions relate to industrial buildings and offices for Euro 152 thousand and to premises fitted out as Geox Shop for Euro 2,110 thousand;
- construction in progress of Euro 226 thousand. These additions include amounts paid for the purchase of the new production lines by the subsidiary in Serbia and amounts paid for the headquarter extraordinary maintenance of the subsidiary company Xlog S.r.l..

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 2,551 thousand as of June 30, 2017 (Euro 2,512 as of December 31, 2016).

Other assets are made up as follows:

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Electronic machines	1,886	2,200	(314)
Furniture and fittings	10,522	12,041	(1,519)
Motor vehicles and internal transport	66	83	(17)
Total	**12,474**	**14,324**	**(1,850)**

13. Deferred taxes

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

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Carry-forward tax losses	4,465	7,282	(2,817)
Depreciation and amortization and impairment	8,063	8,270	(207)
Evaluation derivates	2,035	-	2,035
Provision for obsolescence and slow-moving inventory and returns	16,353	16,862	(509)
Provision for agents' severance indemnities	599	657	(58)
Other	7,225	6,909	316
Deferred tax assets	**38,740**	**39,980**	**(1,240)**
Evaluation derivates	(162)	(3,489)	3,327
Other	(17)	(175)	158
Deferred tax liabilities	**(179)**	**(3,664)**	**3,485**
Total deferred taxes	**38,561**	**36,316**	**2,245**

The deferred tax assets on carry-forward tax losses, which at June 30, 2017 amount to Euro 4,465 thousand mainly relate to Geox S.p.A. This amount has been subjected to a strict evaluation by the directors in order to book it only if future taxable profit are likely to occur, against which such losses can be utilized.

Derivatives that are defined as cash flow hedges and valued on a mark-to-market basis booked directly to equity require all related taxes also to be booked directly to equity and not to the income statement. The income taxes booked directly to equity amount to Euro 2,047 thousand (negative of Euro 3,486 thousand as of December 31, 2016).

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

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

14. Other non-current assets

Other non-current assets are made up as follows:

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Accounts receivable from others in 1 to 5 years	9,986	11,088	(1,102)
Accounts receivable from others in more than 5 years	3,025	3,280	(255)
Total	**13,011**	**14,368**	**(1,357)**

Accounts receivable from others mainly relate to guarantee deposits for utilities and shop leases for Euro 8,390 thousand (from 1 to 5 years: Euro 5,472 thousand; over 5 years: Euro 2,918 thousand), accounts receivable, payable from 1 to 5 years, for Euro 834 thousand and prepaid expenses for lease payments made in advance for Euro 3,787 thousand (from 1 to 5 years: Euro 3,680 thousand; over 5 years: 107 thousand).

15. Inventories

The following table shows the breakdown of inventories:

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Raw materials	14,690	13,521	1,169
Finished products and goods for resale	294,022	322,366	(28,344)
Furniture and fittings	728	880	(152)
Total	**309,440**	**336,767**	**(27,327)**

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

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	**14,070**
Provisions	16,593
Translation differences	(133)
Utilizations	(13,283)
Balance at June 30	**17,247**

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

16. Accounts receivable

Accounts receivable are made up as follows:

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Gross value	195,669	176,156	19,513
Provision for bad and doubtful accounts	(11,222)	(10,681)	(541)
Provision for returns and credit notes	(35,106)	(54,058)	18,952
Net value	**149,341**	**111,417**	**37,924**

Accounts receivable amounted to Euro 195.7 million at June 30, 2017.

It has to be noted that this item was influenced by non-recourse factoring transactions, amounting to Euro 21,894 thousand at December 31, 2016 and amounting to nil at June 30, 2017.

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, 2017	143,128	36,408	6,350	9,783	**195,669**
Gross value of trade receivables at December 31, 2016	126,992	33,341	6,433	9,390	**176,156**

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, 2017 represents a prudent estimate of the current collection risk.

Changes in the provision during the year are as follows:

Balance at January 1	**10,681**
Provisions	1,609
Translation differences	(30)
Utilizations	(1,038)
Balance at June 30	**11,222**

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 the first half of 2017 are as follows:

Balance at January 1	**54,058**
Provisions	33,992
Translation differences	(200)
Utilizations	(52,744)
Balance at June 30	**35,106**

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.

17. Other non-financial current assets

This item is made up as follows:

	Balance at June 30,2017	**Balance at Dec. 31, 2016**	**Change**
Tax credits	4.060	4.344	(284)
VAT recoverable	1.151	15.292	(14.141)
Advances to vendors	2.951	2.285	666
Other receivables	4.713	6.954	(2.241)
Accrued income and prepaid expenses	7.431	6.541	890
Total	**20.306**	**35.416**	**(15.110)**

As at June 30, 2017 the Group has a tax credit for an amount of Euro 1,891 thousand (Euro 1,891 thousand at the end of 2016) towards the ultimate Parent Company LIR S.r.l..

Other receivables include:

- Euro 1,077 thousand due from a credit insurance representing the value of claims assigned for which reimbursement has not yet been received;
- Euro 718 thousand of customs duty paid in USA on the purchase of goods to be sent to Canada; the Group will obtain a rebate of this amount from the local tax authorities.

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

18. Financial assets and liabilities

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

The following table shows the breakdown of this item:

	Balance at June 30,2017	**Balance at Dec. 31, 2016**	**Change**
Term bank deposits	23	23	-
Total non current financial assets	**23**	**23**	**-**
Fair value derivative contracts	1,935	19,656	(17,721)
Loans granted by Geox	404	1,341	(937)
Total current financial assets	**2,339**	**20,997**	**(18,658)**
Fair value derivative contracts	(15,105)	(3,968)	(11,137)
Other current financial liabilities	(168)	(174)	6
Total current financial liabilities	**(15,273)**	**(4,142)**	**(11,131)**

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 30.

19. Cash and cash equivalents

The amount of Euro 44,401 thousand relates to short term deposits for Euro 1,551 thousand, a current account in Euro for Euro 33,797 thousand, a current account in US Dollars for Euro 2,107 thousand, a current account in Chinese Yuan for Euro 863 thousand, a current account in Canadian Dollars for Euro 1,026 thousand, a current account in British Pound for Euro 968 thousand, a current account in Hong Kong Dollars for Euro 563 thousand, a current account in Swiss Franc for Euro 754 thousand and 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, 2017 and temporary cash surpluses waiting to be used to make payments.

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

20. Equity

Share capital

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

Other reserves

This item is made up as follows:

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Legal reserve	5,184	5,184	-
Share premium reserve	37,678	37,678	-
Translation reserve	(2,507)	(4,066)	1,559
Reserve for cash flow hedges	(6,895)	11,461	(18,356)
Retained earnings	278,339	281,529	(3,190)
Total	**311,799**	**331,786**	**(19,987)**

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, negative for Euro 6,895 thousand, originated as a result of valuing the financial instruments defined as cash flow hedges at June 30, 2017. Fair value valuation of cash flow hedges is stated net of the tax effect as explained in greater detail in note 30. This reserve is not distributable.

Retained earnings consist of unallocated results earned in previous years for an amount of Euro 195,758 thousand.

Amounts are shown net of tax, where applicable.

21. Employee severance indemnities

Employee severance indemnities at June 30, 2017 amount to Euro 2,716 thousand, as shown in the following table:

Balance at December 31, 2016	**2,658**
Increase for new hires from other companies	85
Amounts paid to leavers	(771)
Reversal of 0.50% withholding	(120)
Reversal of 11% flat-rate tax	(4)
Payments to supplementary pension schemes	(533)
Advances granted to employees	(153)
Provision for the period	1,901
Payments to supplementary pension schemes run by INPS	(336)
Change as a result of actuarial calculations	(4)
Translation differences	(7)
Balance at June 30, 2017	**2,716**

Changes in the provision for severance indemnities during first half 2017 show a utilization of Euro 533 thousand for payments to supplementary pension funds and one of Euro 336 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: 1.38%
- rate of severance indemnities increase: 2.625%
- inflation rate: 1.50%

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	(29)
-1% employee turnover rate	34
+1/4% inflation rate	57
-1/4% inflation rate	(55)
+1/4% discount rate	(84)
-1/4% discount rate	89

22. Provisions for liabilities and charges

This item is made up as follows:

	Balance at Dec. 31, 2016	Utiliza-tion	Provi-sions	Translation differences	Actuarial adjustment	Balance at June 30,2017
Provision for agents' severance indemnities	4,625	(217)	163	(11)	(57)	4,503
Other	421	-	3	-	-	424
Total	**5,046**	**(217)**	**166**	**(11)**	**(57)**	**4,927**

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 119 thousand.

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

23. Long-term loans

Long-term loans amounted to Euro 31,062 thousand and refer entirely to the parent company Geox S.p.A.. The item includes the long-term portion of the floating rate loan signed during 2016 for a total amount of Euro 12.5 million and expiring date January 28, 2019, the long-term portion of the floating rate loan signed in 2016 for a total amount of Euro 20.0 million and expiring date July 19, 2019 and the long term portion of the fixed rate loan signed during 2017 for a total amount of Euro 20.0 million and expiring date March 31,2020.

The loans are subject to financial covenants for which Group net financial position must be lower than 75% of Group Equity.

These covenants have been accomplished at balance sheet date.

24. Other long-term payables

This item is made up as follows:

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Guarantee deposits	1,309	1,214	95
Accrued expenses and deferred income	6,987	7,895	(908)
Total	**8,296**	**9,109**	**(813)**

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

Accrued expenses and deferred income mainly relate to shop lease contracts and the amount due beyond 12 months 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.

25. Accounts payable

Accounts payable at June 30, 2017 amount to Euro 185,102 thousand, showing a decrease of Euro 11,226 thousand if compared with December 31, 2016. All amounts are due within the next 12 months.

Terms and conditions of the above financial liabilities:

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

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

26. Other non-financial current liabilities

This item is made up as follows:

	Balance at June 30,2017	Balance at Dec. 31, 2016	Change
Social security institutions	3,251	4,630	(1,379)
Employees	16,869	10,134	6,735
Provisions for liabilities and charges	4,526	5,097	(571)
Other payables	8,519	9,332	(813)
Accrued expenses and deferred income	7,398	7,777	(379)
Total	**40,563**	**36,970**	**3,593**

The amounts due to social security institutions mainly relate to pension contributions for the first half of 2017, paid in the second half.

The amounts due to employees include payroll, bonuses and accrued vacation not yet taken as of June 30, 2017.

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 and deferred income mainly relate to shop lease contracts for the period and the amount due within 12 months of the grant received by Republic of Serbia for the construction and start-up of the factory in Vranje.

27. Taxes payable

This item is made up as follows:

	Balance at June 30,2017	**Balance at Dec. 31, 2016**	**Change**
Witholding taxes	3,189	3,809	(620)
VAT payable	2,997	5,335	(2,338)
Income taxes for the period	1,484	235	1,249
Total	**7,670**	**9,379**	**(1,709)**

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

	Balance at June 30,2017	**Balance at Dec. 31, 2016**	**Change**
Cash advances	9,786	7,424	2,362
Loans	36,765	59,154	(22,389)
Total	**46,551**	**66,578**	**(20,027)**

The item “loans” includes the portion due within 12 months of the outstanding loans signed by the parent company Geox S.p.A. (see note 23), the revolving credit lines entered by the parent company Geox S.p.A., for an amount of Euro 11 million, and by the subsidiary S&A Distribution Inc., for an amount of USD 10 million.
The remaining part is based on technical forms related to working capital and is therefore self-liquidating (orders, invoices, bills).

29. Share-based payments

Stock option plans

In accordance with IFRS 2, the adoption of a stock option plan requires that the fair value of the options at the grant date is recognized as a cost. This cost is charged to the income statement over the vesting period, and a specific equity reserve is booked. The fair value of these options has been determined by an independent expert using the binomial method.

At the date of this report there is only one cycle of stock option plan. The cycle is 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.

30. Risk management: objectives and criteria

Credit risk

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

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

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 2017, the Group's indebtedness to the banking system amounts to Euro 77.6 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 did not deem it necessary to implement general policies to hedge the risk of interest rate fluctuations, but rather entered into a 3-year Interest Rate Swap (IRS) transaction to hedge the medium-long term loan taken out in 2016 for an amount of Euro 20,000 thousand and a 0.62% rate.

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 2017 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, 2017 financial instruments are as follows:

	Notional value on 06-30-17	Fair value on 06-30-17 (debit)	Fair value on 06-30-17 (credit)
FX Forward buy agreements to hedge exch. rate risk	158,583	43	(5,217)
FX Forward sell agreements to hedge exch. rate risk	120,423	1,892	(571)
FX Currency Option agreem. to hedge exch. rate risk	301,693	-	(9,274)
Interest Rate Swap	18,000	-	(43)
Total financial assets/(liabilities)	**598,699**	**1,935**	**(15,105)**

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, 2017 are classified on Level 2. In first half 2017 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.

The Group holds the following derivatives to cover exchange rate fluctuations at June 30, 2017:

- 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 2017 and Spring/Summer 2018 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, 2017:

- 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.

With regard to derivative financial instruments to hedge the interest rate risk, at June 30, 2017, the Group held only an Interest Rate Swap (IRS), used to alter the profile of original interest rate risk exposure from variable rate to fixed rate. On set dates, this IRS exchanges interest flows with the counterparties, calculated on the basis of a reference notional value, at the agreed fixed and variable rates.

31. 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 2017 and 2016 are summarized below:

	Total I half 2017	**Parent company**	**Affiliated company**	**Other related parties**	**Total of which related parties**	**Effect on Total (%)**
Net sales	**451,120**	-	34	-	**34**	**0.01%**
General and administrative expenses	**(162,962)**	(144)	(924)	(2)	**(1,070)**	**0.66%**
Advertising and promotion	**(10,499)**	(150)	-	-	**(150)**	**1.43%**

	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%**

The main effects on financial statement of the transactions with these parties at June 30, 2017 and at December 31, 2016 are summarized below:

	Balance at June 30, 2017	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	**149,341**	25	493	-	**518**	**0.35%**
Other non-financial current assets	**20,306**	1,901	-	-	**1,901**	**9.36%**
Accounts payable	**185,102**	169	454	-	**623**	**0.34%**

	Balance at Dec. 31, 2016	Parent company	Affiliated company	Other related parties	Total of which related parties	Effect on Total (%)
Accounts receivable	**111,417**	46	1,468	-	**1,514**	**1.36%**
Other non-financial current assets	**35,416**	1,902	-	-	**1,902**	**5.37%**
Accounts payable	**196,328**	215	975	-	**1,190**	**0.61%**

32. Commitments and contingent liabilities

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

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

	06-30-2017
Within 1 year	71,192
Within 1-5 years	155,026
Beyond 5 years	66,228
Total	**292,446**

33. Significant subsequent events after June 30, 2017

None.

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Biadene di Montebelluna, July 28, 2017

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

Attachment I

Biadene di Montebelluna, July 28, 2017

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 Gregorio Borgo, 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 2017.

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, 2017;

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.

Gregorio Borgo CEO	Livio Libralesso Financial Reporting Manager

Attachment 2

LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2017

Name	Location	Year end	Currency	Share capital	% held		
					Directly	Indirectly	Total
- Geox S.p.A.	Biadene di Montebelluna (TV), Italy	Dec. 31	EUR	25,920,733			
- Geox Deutschland Gmbh	Munich, Germany	Dec. 31	EUR	500,000	100,00%		100,00%
- Geox Respira SL	Barcelona, Spain	Dec. 31	EUR	1,500,000	100,00%		100,00%
- Geox Suisse SA	Lugano, Switzerland	Dec. 31	CHF	200,000	100,00%		100,00%
- Geox UK Ltd	London, U.K.	Dec. 31	GBP	1,050,000	100,00%		100,00%
- Geox Japan K.K.	Tokyo, Japan	Dec. 31	JPY	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	#RIF!	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	EUR	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	USD	110,000	100,00%		100,00%
- Geox Rus LLC	Moscow, Russian	Dec. 31	EUR	60,000,000	100,00%		100,00%
- Geox AT Gmbh	Wien, Austria	Dec. 31	RUB	35,000	100,00%		100,00%
- Geox Poland Sp. Z.o.o.	Warszawa, Poland	Dec. 31	EUR	5,000		100,00%	100,00%
- Geox Portugal S.U. LDA	Lisbon, Portugal	Dec. 31	PLN	300,000	100,00%		100,00%
- Technic Development D.O.O. Vranje	Vranje, Serbia	Dec. 31	EUR	802,468,425	100,00%		100,00%
- Geox Macau Ltd	Macau, China	Dec. 31	RSD	5,000,000		100,00%	100,00%
- Geox Trading Shangai Ltd	Shanghai, China	Dec. 31	MOP	69,269,816		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	CNY	1,750,000	100.00%		100,00%
- Technic Development Vietnam Company Ltd	Ho Chi Minh City, Vietnam	Dec. 31	VND	3,403,499,500		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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Livio Libralesso
General Manager – Corporate – CFO

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 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, 2017 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 the half-yearly condensed consolidated financial statements 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 the half-yearly condensed consolidated financial statements 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 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 the Geox Group as at June 30, 2017 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 2, 2017

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