Press Release **Ceresara (MN), May 13, 2005**

CSP INTERNATIONAL: THE BOD APPROVE THE QUARTERLY REPORT AT MARCH 31, 2005

The decrease in sales of 12% and the loss of Euro 2.2 million renders problematic breakeven for the year 2005.

Confirmation of a mix of operational and extraordinary actions and strategic solutions are expected for the business problems.

The Board of Directors of CSP International S.p.A., a company listed on the STAR segment of the Italian Stock Exchange, producer of stockings, tights and underwear under the Sanpellegrino, Oroblù, Lepel and Le Bourget brands, today approved the Quarterly Report at March 31, 2005.

Results of the first quarter of 2005

The principal results in the first quarter of 2005 compared to the same period in the previous year were as follows:

- consolidated net sales of Euro 31.4 million, a reduction of 12% compared to Euro 35.7 million in 2004 (net of the sales of Sanpellegrino Polska, no longer consolidated from January 1, 2005);
- an ebitda margin of Euro 10.9 million (34.6% of sales), compared to Euro 13.8 million in 2004 (37.7%);
- a loss before extraordinary items of Euro 2.2 million, compared to a profit of Euro 0.1 million in 2004;
- a pre-tax loss of Euro 2.2 million, compared to a profit of Euro 1.5 million, of which Euro 1.4 million from extraordinary income, in 2004;
- net debt equal to Euro 51.5 million, a decrease compared to Euro 59.7 million in 2004.

Analysis of the sales performance

The sales performance in the first quarter is within the context a strong recessionary market scenario, as indicate by the following statistics.

The latest available market data (source: GFK Institute) report a reduction in consumption, in the Italian stocking/tights market, of 22.5% in January, of 13.7% in February and of 16.5% in March, compared to the previous year. The recession in the consumption is in fact more serious as the above figures are combined with an evident de-stocking tendency by the Retailers and, in particular, by the Wholesalers.

Also in the foreign markets there are similar recessionary trends. In Russia, again according to the data of the GFK Institute, consumption in January 2005 reduced by 22% compared to January 2004 in quantity and 21% in value.

The sales performance of CSP International in the first quarter of 2005, although still negative, appears to be less recessionary compared to the general market.

Analysis of the results (First Quarter 2005)

For the purposes of a better evaluation of the results, the following aspects are noted:

- the benefits deriving from the reduction in personnel were reflected only partially in the first quarter, as they commenced from January 10 for one factory and February 28 for a second factory;
- the benefits deriving from the closure of the Poggio Rusco factory and the relative operating costs commenced only from March;
- the expected benefits from the extraordinary income have not been included in the first quarter, as they will be realised during the year;
- In addition in the first quarter almost all of the investments in communications planned for the year were incurred, equal to approximately Euro 1.5 million for the Lepel brand, Euro 0.4 million for the Le Bourget brand and Euro 0.4 million for the Sanpellegrino brand in Russia (while in the rest of the world promotional activities are planned to support the brands).

Operational areas

Despite the negative result, some positive results were recorded of an operational nature which should be seen within a very difficult overall situation.

AREA Million Euro	2002	2003	2004	Q 1 2004	Q 2 2005	Ch. Q 1 05/04
Stock	58.0	47.1	43.1	48.9	36.5	**- 12.4**
Working Capital	84.4	68.8	63.7	62.4	53.4	**- 9.0**
Net debt	83.7	69.6	60.1	59.7	51.5	**- 8.2**
Financial charges	4.0	3.3	2.6	0.7	0.5	**- 0.2**
Cost of labour	33.8	32.0	30.5	8.3	7.6	**- 0.7**

The data referring to the previous periods includes Sanpellegrino Polska, no longer consolidated from January 1, 2005

Production rationalisation

The principal actions in relation to the production organisation carried out to-date are listed below.

MERCHANDISE	PRODUCTION UNIT	ACTIONS	REDUCTION PERSONNEL
Stockings & tights	Le Bourget	Textile production capacity closed and maintenance of the logistical service for the French market	- 25 in 2002 - 30 in 2003 - 88 in 2004
	Parent Company	Rationalisation of the 2 factories at Rivarolo del Re and Ceresara (January 2005)	- 47 in 2002 - 43 in 2003 - 4 in 2004 - 65 in 2005
Corsetry	Lepel	Unification of the 2 factories at Carpi and Poggio Rusco (February 2005)	- 7 in 2003 - 10 in 2004 - 50 in 2005

The personnel reorganisation that was implemented at the beginning of 2005, equal to 115 units, consists of 65 employees of the Parent Company in the Special Temporary Redundancy Scheme and 50 employees in Lepel made redundant.

Market share

Despite the decrease in sales, the market share of the Sanpellegrino and Oroblù brands in the stockings/tights market were stable in quantity and improved in value (source GFK Institute).

Sanpellegrino + Oroblù Stockings/tights market	Year ended March 2004	Year ended March 2005
Quantity %	7.5	7.5
Value %	8.9	9.5
Price index	119	126

Also the Lepel market share of underwear recorded growth compared to the previous year: in this case the GFK data available refers to the year 2004.

	TOTAL WOMEN'S UNDERWEAR MARKET		BRASSIERE MARKET	
	2003	**2004**	**2003**	**2004**
Value of Lepel share	3.1%	3.9%	6.3%	6.3%
Volumes of Lepel share	2.1%	2.6%	6.6%	6.7%

Forecast for 2005

The Plan for 2005 provides for a mix of operational and extraordinary actions.
The extraordinary income will have a positive impact in 2005, and also a permanent effect in reducing the organisational structure, with benefits for future years in the ordinary operations.

In addition, the sale of non-strategic assets will permit the integration and co-ordination of production sites and, in particular:

- the rationalisation of the entire production for stockings/tights;
- the delocalization of procurement for corsetry.

In summary the guidelines of the Plan are as follows:

- Less costs, through streamlining of the production structure;
- More margins, through new products and the containment of operating expenses;
- Sales support, including through own shops;
- less payables, through reduced working capital.

The first quarter of 2005 recorded a decrease in sales, with a negative impact on the income statement, together with

- improvement for some important operational indicators,
- improvement for the market share of our brands,
- promising for the orders received of Oroblù, higher than 2004.

In light of these results and the observations in the previous points, the break-even objective for the year 2005 appears problematic, as this would require at least the following conditions:

- no further losses in sales during the year;
- concentrate in the year 2005 of all of the extraordinary operations expected for the two year period 2005-2006.

The significant loss in sales in the first quarter of the year, which continues also in the first quarter and in April , if not inverted in the following months, would render difficult the reaching of this objective.

General outlook

The actions taken by the company are at three levels simultaneously:

A. The first level is the management, in the best possible manner in relation to the market situation, the brands and the relative distribution channels.
B. The second level is the sale of non strategic assets in order to
   - record extraordinary income, to be included in the year 2005;
   - reduce fixed costs, also for the years after 2005;
   - rationalise the internal production for stockings/tights and permit the outsourcing of production for all of the other merchandise.
C. The third level is the research for strategic solutions to the problems of the market/company, that is made necessary by the current market changes in course. This results in the identification of an
   - industrial partner in order to achieve synergies, and/or
   - financial partner to share the resources for the development.

Subsequent events to the end of the quarter

In relation to the extraordinary actions, that are an integral part of the 2005 Plan, we have signed a preliminary sales contract, for the sale of non-strategic fixed assets.
The salient points of the contract are as follows:

- contract signed by December 15, 2005;
- price of the building sold: Euro 6 million;
- deposit of 15%: Euro 0.9 million;
- gain compared to the book value: over Euro 2.5 million.

The effects of the contract on the financial statements will be recorded on the signing of the contract.

Transition to IAS

In compliance with the Consob recommendations on the adoption of the IAS/IFRS, it is communicated that:

a) The Company is implementing the new procedures;
b) The adoption of the new accounting standards will commence for the first half-year report of 2005;
c) On that occasion the reconciliations required by the IAS/IFRS 1 regulations will be provided;
d) a specific assignment will be given to the Audit Firm for the full audit of the results from the transition process.

Reclassified Consolidated Statement of Income

(figures in thousands of Euro)

	31 March 2005 (**) CONSOLIDATED	31 March 2004 CONSOLIDATED	31 December 2004 CONSOLIDATED
Net sales	31,310	36,439	126,338
Income from royalties	133	141	451
NET REVENUES	**31,443**	**36,580**	**126,789**
COST OF SALES			
Purchases	7,421	13,038	40,519
Labour cost	3,733	4,526	16,283
Services	2,435	3,494	12,447
Depreciation and amortisation	1,316	1,536	6,011
Other costs	1,584	1,991	6,647
(Increase) decrease in inventories	4,074	(1,798)	4,369
	20,563	**22,787**	**86,276**
GROSS PROFIT	**10,880**	**13,793**	**40,513**
SELLING, GENERAL AND ADMINISTRATIVE COSTS			
Labour cost	3,880	3,755	14,191
Advertising expenses	4,023	3,935	15,523
Commissions (**)	789	915	3,052
Depreciation and amortisation	1,089	1,157	4,906
Other expenses (**)	3,179	3,236	12,038
	12,960	**12,998**	**49,710**
OPERATING PROFIT	**(2,080)**	**795**	**(9,197)**
Financial charges (income), net	505	666	2,583
Writedown (writeup) of investments	16	0	0
Other (income) and charges	(442)	(19)	(276)
	79	**647**	**2,307**
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**(2,159)**	**148**	**(11,504)**
Extraordinary charges and (income)	(2)	(1,397)	(2,594)
PROFIT (LOSS) BEFORE INCOME TAXES	**(2,157)**	**1,545**	**(8,910)**
Income taxes (*)	0	(*)	276
NET PROFIT (LOSS) FOR THE PERIOD	**(2,157)**	**1,545**	**(8,634)**
Minority interests	0	(31)	(10)
NET PROFIT (LOSS) FOR THE GROUP	**(2,157)**	**1,514**	**(8,644)**

EBITDA (Operating Profit + Amortisation and Depreciation)	**325**	**3,488**	**1,720**

(*) the figures at 31 March do not include income taxes.

(**) the figures at 31 March 2005 do not include Sanpellegrino Polska, no longer consolidated from January 1, 2005.

Reclassified Consolidated Balance Sheet - Assets

(figures in thousands of Euro)

	31 March 2005 (**) CONSOLIDATED	31 March 2004 CONSOLIDATED	31 December 2004 CONSOLIDATED
CURRENT ASSETS			
Cash and banks	4,132	2,731	3,752
Trade receivables	49,282	55,655	51,923
Due from subsidiary and associated companies	527	100	0
Other receivables	3,735	3,257	4,828
Inventories	36,463	48,906	43,103
Accrued income and prepaid expenses	1,372	1,475	1,175
Own shares	0	3,288	0
TOTAL CURRENT ASSETS	**95,511**	**115,412**	**104,781**
FIXED ASSETS			
Financial fixed assets:			
Financial receivables	153	214	168
Equity investments	1,188	99	135
Total financial fixed assets	**1,341**	**313**	**303**
Tangible fixed assets	30,107	37,124	32,418
Intangible fixed assets	11,367	14,233	12,243
TOTAL FIXED ASSETS	**42,815**	**51,670**	**44,964**
TOTAL ASSETS	**138,326**	**167,082**	**149,745**

Reclassified Consolidated Balance Sheet - Liabilities and shareholders' equity

(figures in thousands of Euro)

	31 March 2005 (**) CONSOLIDATED	31 March 2004 CONSOLIDATED	31 December 2004 CONSOLIDATED
CURRENT LIABILITIES			
Short-term bank borrowings	21,766	37,499	28,772
Current portion of medium / long term debt	6,480	9,945	6,515
Trade payables due to third parties	30,412	38,616	31,039
Due to subsidiary / associated companies	135	0	0
Taxes payable	920	2,268	845
Other payables	5,976	5,640	5,127
Accrued liabilities and deferred income	570	489	336
TOTAL CURRENT LIABILITIES	**66,259**	**94,457**	**72,634**
MEDIUM/LONG-TERM LIABILITIES			
Medium / long-term debt, net of the current portion	22,416	15,032	23,578
	5,000	0	5,000
Severance indemnities	6,867	7,099	7,449
Other provisions	5,327	4,914	5,381
TOTAL MEDIUM/LONG-TERM LIABILITIES	**39,610**	**27,045**	**41,408**
TOTAL LIABILITIES	**105,869**	**121,502**	**114,042**
MINORITY INTERESTS IN CAPITAL AND RESERVES	0	961	**1,090**
SHAREHOLDERS' EQUITY			
Share capital	12,740	12,740	12,740
Legal reserve	1,359	1,359	1,359
Share premium reserve	18,076	18,076	18,076
Other reserves	2,439	10,930	11,082
Net profit (loss) for the period (*)	(2,157)	1,514	(8,644)
TOTAL SHAREHOLDERS' EQUITY	**32,457**	**44,619**	**34,613**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**138,326**	**167,082**	**149,745**

(*) the figures at 31 March do not include income taxes.

(**) the figures at 31 March 2005 do not include Sanpellegrino Polska, no longer consolidated from January 1, 2005.

CSP International: Innovation in Hosiery and Underwear

CSP International S.p.A. was founded in 1973 at Ceresara (Mantua), in the hosiery district, where two-thirds of Europe's are produced. It heads up a Group that is an industry leader in the stockings, tights and underwear sector, ranking third in Europe and eighth in the world by sales in its own reference market. The Group, realizing sales of 150 million euro, including licenses, has more than 1,100 employees, plants in Italy, France and Poland, and distributes its products in 50 countries throughout the world, generating half of its turnover abroad.
The CSP International Group produces tights, stockings for men and women, male and female seamless underwear (a new technology), corsetry, underwear and swimming costumes.
Its brands are aimed at different consumer targets:

- ***Sanpellegrino**: this is the historical brand, which offers functional products with the best quality/price ratio;*
- ***Oroblù**: this brand has a higher quality and image and is sold through the best international department stores;*
- ***Le Bourget**: this is the most prestigious French hosiery brand, which specialises in fashion trends;*
- ***Lepel**: this is the leading brand for corsetry in Italy, offering comfort and elegance at the best possible price.*

The following is a rundown of the most important events in the last decade of the CSP International Group:

1994 *- beginning of sales on the Russian market;*
1995 *- launch of the tights Brazil Effect – Shock Up;*
1996 *- Sanpellegrino advertising with Antonio Banderas and Valeria Mazza as testimonials;*
1997 *- quotation on the official list of the Italian Stock Exchange;*
1998 *- incorporation of Sanpellegrino Polska, a 50/50 joint-venture with a Polish partner;*
1999 *- acquisition of 100% of Le Bourget, the third largest manufacturer of tights in France;*
- start of diversification into seamless underwear;
2000 *- acquisition of 55% of Lepel, the first step in the diversification into corsetry;*
2001 *- acquisition of the other 45% of Lepel;*
2002 *- approval of the project of Lepel merger in CSP International;*
2003 *- launch of innovative cosmetic tights, Sanpellegrino BioComplex L'Angelica and Oroblù BioAction Transvital;*
2004 *- start of licences in complementary markets, as underwear, knitwear and bathsuits;*
2005 *- internal production rationalization for hosiery and delocalization for corsetry.*

CSP International's mission is to produce and distribute the best possible products in the quality segment of the market, innovating its core business (tights) and diversifying into underwear and apparel.

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