



**CONSOLIDATED HALF YEAR
REPORT**

30 JUNE 2001

CSP GROUP

CORPORATE BODIES

Board of Directors

Chairman	Enzo	BERTONI (*)
Managing Director	Francesco	BERTONI (*)
Directors	Massimo	ARMANINI
	Carlo	BERTONI
	Maria Grazia	BERTONI
	Gianfranco	BOSSI
	Arturo	TEDOLDI

Board of Statutory Auditors

Chairman	Vanna	STRACCIARI
Auditors	Marco	MONTESANO
	Luca	SAVOIA
Alternate auditors	Paolo	BERTOCCO
	Luca	GASPARINI

(*) Notes on exercising power: powers of ordinary and extraordinary administration, except for those reserved to the Board of Directors as per the law or by-laws, with single signature.

DIRECTORS' REPORT ON OPERATIONS

The report on the financial statements for the 1st half of 2001 is prepared in euros.

The scope of consolidation is constituted by CSP International, Le Bourget, Lepel and Sanpellegrino Polska (the latter was carried at equity in the corresponding period last year).

Shareholders are reminded that the Parent Company acquired full control of Lepel purchasing the remaining 45% in June 2001 after acquiring 55% in June 2000.

Lepel operates in the lingerie market: foundation garments, pyjamas, knitwear, underwear and socks; it therefore represents a logical area of diversification for CSP International, which already successfully covers a substantial part of this market. In the lingerie sector, Lepel operates in the bra segment which is the most important one in terms of value; it also has the highest rate of growth (+3.9% during 2000). During 2000, thanks to the launch of innovative products and with brand support from advertising with famous testimonials (first Ornella Muti and then Natalia Estrada), Lepel has consolidated its co-leader position with a share of consumption of around 7%.

Again referring to the lingerie market, there have also been comforting results for the Parent Company, which is successfully marketing its seamless products, thanks to their quality, the innovative nature of the collections (fashion items and men's collections) as well as investments in advertising. During the first half of 2001 seamless lingerie represented 15.6% of the Company's total sales.

The joint effect of these two factors is allowing the CSP Group to make more than 28% of its turnover in the lingerie market.

On the distribution front, constant attention to the evolution of markets and sales channels persuaded CSP International to change quite significantly its distribution strategy in the field of Mass Retailing. From a type of "indirect" distribution, where trading partners bought the goods in their own right and then handled their sale to the distribution channels, the Company has now switched to a type of "direct" distribution, starting on 1 January 2001. CSP International has therefore become the sole point of reference for the definition of agreements, assortments and commercial strategies, while the trading partners have taken on the important role as providers of logistical services, as they now receive the goods and deliver them to the individual point of sale, as well as looking after merchandising and the running of promotions.

The following comments refer to the reclassified financial statements attached to this report.

1. Key figures

The key figures in the first six months of the year 2001 are the following:

- net sales of €71.22 million;
- depreciation and amortisation of €5.88 million;
- pre-tax losses of €3.60 million.

2. The statement of income

A detailed analysis of the main items in the statement of income is given in the notes to the financial statements. In this report we will only highlight certain key aspects, comparing them with the same period in 2000:

- net sales of €71.22 million, compared with €72.11 million. At the end of the first half of 2001, the sales revenues generated by the Company's main brands were as follows:
 - Sanpellegrino 37.4%
 - Lepel 17.2%
 - Oroblù 16.0%
 - Le Bourget 12.9%
- manufacturing labour cost of €10.71 million, compared with €10.86 million, stable at around 15%;

- depreciation and amortization of €5.88 million, compared with €4.40 million, reflecting the revaluation of the Parent Company's plant and machinery and Lepel's trademark, as permitted by the tax supplement to the Budget Law 2000 (dated 21.11.2000);
- advertising expenditure of €9.72 million, compared with €8.88 million, + 9.5% on the same period in 2000: this is due to the investments made by the Parent Company and by Lepel;
- financial charges of €1.83 million, versus €1.26 million;
- pre-tax losses of € 3.60 million versus € 0.09 million. This result reflects the costs incurred in reorganising the distribution system, higher depreciation and amortization following the revaluation of fixed assets, and higher financial charges due to the acquisition of Lepel.

3. The Balance Sheet

The key figures in the consolidated balance sheet, expressed in euros and compared with the same period last year, are as follows:

- trade receivables for €51.56 million, versus €48.59 million;
- inventories for €56.48 million versus €52.76 million;
- short-term debt for €74.35 million, versus €64.75 million;
- trade payables for €40.60 million, versus €36.73 million;
- shareholders' equity of €57.84 million, versus €49.52 million;

4. CSP International

The key figures of the Statement of Income of the Parent company, CSP International for the first six months of 2001, compared with the same period of the previous year, are the following:

- net sales for €46.95 million, compared with €40.51 million, with an increase of 15.9% versus 2000. The merit for this result goes to the positive development of the diversification into lingerie with the seamless technology, which has helped offset the ongoing drop in volumes in the hosiery market, together with generation of real synergies within the Group's manufacturing activities;
- depreciation and amortisation of €4.33 million, €0.43 million of which is accelerated depreciation, versus €3.90 million;
- advertising expenses of €4.63 million, compared with €3.14 million, up 47.4%, to provide support during the market launch of the new Sanpellegrino and Oroblù brand lingerie lines. During the first half of 2001, a period during which the hosiery market generally saw a further decline in the value of consumption of 10.2%, CSP International achieved a market share of 10.6%, in line with the average share for the whole of 2000: 10.6%. (Source: Hosiery Consumer Index Nielsen);
- a pre-tax loss of €1.17 million versus pre-tax income of €2.56 million.

Key figures in the balance sheet of the Parent Company, CSP International, for the first six months of 2001, compared with the same period last year, are as follows:

- trade receivables for €32.61 million, versus €28.52 million;
- inventories for €37.42 million versus €36.19 million;
- own shares of €5.13 million, compared with €2.69 million; The Company continued to buy back its own shares, as authorised by the shareholders in a buy-back resolution approved at the meeting held on 27.04.2000, which is operative until October 2001; The Company has not written down own shares any further to adjust them to current value, given that management is of the opinion that the events which reduced the share value in the latest period are exceptional, as more fully explained in the comments on the financial statements;
- equity investments of €35.46 million, versus €25.75 million, an increase of €9.71 million, following the acquisition of the other 45% of Lepel;
- tangible fixed assets of €42.07 million, versus €32.70 million. After the total reorganisation of its production facilities, which entailed considerable technological evolution with the automation of all the phases of production, involving huge investments during the four-year period 1997-2000, the Company is not expected to make further significant capital investments over the coming years;
- short-term debt for €62.40 million, versus €52.52 million;
- trade payables for €32.08 million, versus €26.00 million;
- shareholders' equity of €60.07 million, compared with €48.44 million.

5. Le Bourget

The key figures in Le Bourget's statement of income for the first six months of 2001, with comparative figures for the same period last year, are as follows:

- net sales of €16.82 million, versus €15.45 million, up 8.8%, all achieved in hosiery, the core business, as the diversification into seamless products will only show its effects from the autumn/winter of 2001.
- advertising expenditure of €1.55 million, versus 1.74 million
- financial charges of €0.48 million, versus €0.46 million;
- pre-tax result of €(1.92) million, compared with €(3.63) million, even though the seasonal nature of the business meant that, historically, the first half only represented one third of the year's sales.

The key figures in Le Bourget's balance sheet at the end of the first six months of 2001, with comparative figures for the same period last year, are as follows:

- trade receivables for €5.31 million, versus €5.61 million;
- inventories for €13.14 million versus €12.50 million;
- short-term debt for €10.15 million, versus €14.07 million;
- trade payables for €3.97 million, versus €5.32 million;
- shareholders' equity of €0.82 million, versus €(2.67) million.

6. Lepel

The key figures of Lepel's statement of income for the first six months of 2001, with comparative figures for the same period last year, are as follows:

- net sales of €13.97 million, versus €16.94 million, a decrease of 17.5% compared with 2000, even though the company operates in a growing market (+3% in terms of value during 2000). The reasons for this result that goes against the trend depend on the company's marketing strategies, decided in 2000 for 2001, to spread new product launches over the course of the year rather than concentrate them in the first half as was done generally by the market in the past, with a view to spreading growth over 12 months;
- depreciation and amortization of €0.61 million, versus €0.14 million.
- advertising expenditure of €3.60 million, compared with €4.06 million
- pre-tax profit of €0.29 million, versus €1.36 million.

The key figures in Lepel's balance sheet at the end of the first six months of 2001, with comparative figures for the same period last year, are as follows:

- trade receivables for €12.52 million, versus €14.46 million;
- inventories for €3.13 million versus €4.13 million;
- net short-term debt of €1.41 million, compared with cash of €1.85 million;
- trade payables for €3.13 million, versus €5.41 million;
- shareholders' equity of €14.03 million, compared with €15.76 million.

7. Sanpellegrino Polska

Sanpellegrino Polska was fully consolidated for the first time, having previously been carried at equity. For this reason, comparative figures for the first half of the previous year are not available.

The key figures in Sanpellegrino Polska's statement of income for the first six months of 2001, are as follows:

- net sales of €4.22 million;
- depreciation and amortisation of €0.12 million;
- pre-tax profit of €0.14 million.

The key figures in Sanpellegrino Polska's balance sheet at the end of the first six months of 2001, are as follows:

- trade receivables of €1.14 million;
- inventories of €3.24 million;
- trade payables of €1.48 million;
- shareholders' equity of €2.93 million.

During the course of 2001, almost double the number of machines were installed at Sanpellegrino Polska: this will allow the Group to benefit from a more favourable labour cost, especially for certain types of processing which require a high degree of manual work.

8. Outlook

The following developments are expected during the second half of 2001.

Parent company, CSP International

The good trend in sales, helped by the improvement in production synergies within the Group, will continue in the second half of the year thanks to distribution of the new fashion lines and of men's collections, advertising support for the various brands and measures designed to maintain the Group's market share for stockings.

Le Bourget

Successful enlargement of the distribution coverage for the core business (stockings) to the major French retail chains and hefty advertising expenditure targeted at boosting the new seamless lingerie business are some of the steps that will enable the Group to maintain, and perhaps even improve, the positive trend of the business in France. This, together with the improvements achieved in production, where output in 2001 is double what it was prior to the acquisition using the same machines and manpower, enables us to forecast that this company will also end the year with a profit.

Lepel

Part of the delay accumulated during the first half compared with last year will be recuperated thanks to the launch of new product lines which did not exist previously, as well as thanks to substantial investments in advertising (already underway in September) to support existing product lines, making use of a well-known figure as testimonial, that of Natalia Estrada.

Ceresara, 27 September 2001

The Chairman of the Board of Directors

Attachments:

1. Reclassified statement of income
2. Reclassified balance sheet
3. Comments on the reclassified financial statements

Reclassified Consolidated Statement of Income

(figures in thousands of Euro)

	30 June 2001 CONSOLIDATED	30 June 2000 CONSOLIDATED	31 December 2000 CONSOLIDATED
Net sales	70,762	71,733	159,608
Income from royalties	459	379	732
NET REVENUES	71,221	72,112	160,340
COST OF SALES			
Purchases	29,598	33,259	58,910
Labour cost	10,714	10,862	20,870
Services	6,626	6,475	11,452
Depreciation and amortisation	3,774	3,075	7,514
Other costs	3,763	3,204	6,806
(Increase) decrease in inventories	(9,973)	(10,423)	(2,968)
	44,502	46,452	102,584
GROSS PROFIT	26,719	25,660	57,756
SELLING, GENERAL AND ADMINISTRATIVE COSTS			
Labour cost	7,312	6,850	13,719
Advertising expenses	9,724	8,880	17,119
Commissions	1,566	1,745	3,573
Depreciation and amortisation	2,105	1,332	4,359
Other expenses	6,969	5,662	11,571
	27,676	24,469	50,341
OPERATING PROFIT	(957)	1,191	7,415
Financial charges (income), net	1,830	1,261	3,044
Writedown (writeup) of investments	0	(31)	9
Other (income) and charges	774	(493)	(621)
	2,604	737	2,432
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	(3,561)	454	4,983
Extraordinary charges and (income)	39	368	(1,156)
PROFIT (LOSS) BEFORE INCOME TAXES	(3,600)	86	6,139
Income taxes (*)	0	0	(2,782)
NET PROFIT (LOSS) FOR THE PERIOD	(3,600)	86	3,357
LEPEL'S PRE-ACQUISITION PROFITS BEFORE TAX	0	(1,361)	(331)
Net minority interests	(191)	8	(129)
NET PROFIT (LOSS) FOR THE GROUP	(3,791)	(1,267)	2,897

(*) the figures at 30 June do not include income taxes.

Reclassified Consolidated Balance Sheet - Assets
(figures in thousands of Euro)

	30 June 2001 CONSOLIDATED	31 December 2000 CONSOLIDATED	30 June 2000 CONSOLIDATED
CURRENT ASSETS			
Cash and banks	1,277	2,013	6,293
Trade receivables	51,564	66,633	48,589
Due from subsidiary and associated companies	235	235	1,572
Other receivables	6,817	5,319	7,008
Inventories	56,484	46,166	52,764
Accrued income and prepaid expenses	1,431	892	799
Own shares	5,128	3,369	2,693
TOTAL CURRENT ASSETS	122,936	124,627	119,718
FIXED ASSETS			
Financial fixed assets:			
Financial receivables	639	750	767
Equity investments	110	14	1,160
Total financial fixed assets	749	764	1,927
Tangible fixed assets	52,351	53,387	45,904
Intangible fixed assets	21,242	19,355	18,196
TOTAL FIXED ASSETS	74,342	73,506	66,027
TOTAL ASSETS	197,278	198,133	185,745

Reclassified Consolidated Balance Sheet - Liabilities and shareholders' equity
(figures in thousands of Euro)

	30 June 2001 CONSOLIDATED	31 December 2000 CONSOLIDATED	30 June 2000 CONSOLIDATED
CURRENT LIABILITIES			
Short-term bank borrowings	43,252	33,448	31,116
Current portion of medium/long term debt	19,706	12,112	15,289
Trade payables due to third parties	40,596	40,027	36,726
Due to subsidiary/associated companies	6	6	507
Taxes payable	4,552	4,052	922
Other payables	7,318	5,682	8,744
Accrued liabilities and deferred income	229	221	129
TOTAL CURRENT LIABILITIES	115,659	95,548	93,433
MEDIUM/LONG-TERM LIABILITIES			
Medium/long-term debt, net of the current portion	12,672	23,712	24,626
Bills payable	0	0	0
Severance indemnities	5,891	5,868	5,507
Other provisions	3,696	3,989	5,501
TOTAL MEDIUM/LONG-TERM LIABILITIES	22,259	33,569	35,634
TOTAL LIABILITIES	137,918	129,117	129,067
MINORITY INTERESTS IN CAPITAL AND RESERVES	1,523	7,572	7,156
SHAREHOLDERS' EQUITY			
Share capital	12,740	12,654	12,653
Legal reserve	1,365	1,330	1,298
Share premium reserve	18,076	18,076	18,076
Other reserves	29,447	26,487	18,762
Net profit (loss) for the period (*)	(3,791)	2,897	(1,267)
TOTAL SHAREHOLDERS' EQUITY	57,837	61,444	49,522
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	197,278	198,133	185,745

(*) the figures at 30 June do not include income taxes.

Comments on the financial statements

1. Introduction

In 2000, the Parent Company and the subsidiary Lepel S.r.l. took advantage of the possibility under Law no. 342 of 21 November 2000 to revalue their plant and machinery by a total of 15.32 million euro, and «Concessions, licenses, trade marks and similar rights» by 5.16 million euro. The effects of these revaluations are explained in the consolidated financial statements at 31 December 2000. Please note that the revaluation led to a new accounting base for calculating depreciation and amortization, which means that the figures in the two half-years are not directly comparable.

During the first four months of 2001, the parent company has also made a major change to its distribution system, whereby the network of distributors has taken on an important role in the logistics and management of the retail outlets, leaving the Company to handle direct relations with large-scale distribution chains for all matters concerning contracts and marketing policies.

This will result in more efficient communication to consumers of new initiatives and proposals, as well as better control over the sales side of the business.

2. Analysis of the results for the half-year ended 30 June 2001, compared with the first half of 2000

The six month-period ending 30 June 2001 show a loss of Euro 3.79 million, compared with a loss of Euro 1.27 million in the corresponding period last year.

The result as at 30 June 2001 is affected by the impact of the two factors mentioned in the introduction, i.e. higher amortization and depreciation of Euro 1.4 million (due to revaluations) and around Euro 1.2 million (lower margins due to the change in the distribution policy).

Net sales - net sales in the first half of 2001 amounted to 71.22 million euro, compared with 72.11 million euro as at 30 June 2000..

The Group activities, which are extremely seasonal, reached a low during the second quarter of the year. Given this situation, the results of the three main business areas can be analyzed as follows:

- the parent company sales are up by Euro 6.44 million (+ 16% on the same period last year), mainly due to intercompany sales to the French subsidiary; in fact, the parent company succeeded in replacing almost entirely Le Bourget's purchases from third parties.
- Le Bourget increased its sales by Euro 1.4 million or 9% during the first half of the year, compared with the same period of 2000..
- Lepel accumulated a certain delay with respect to the first half of 2000, due to the postponement of the launch of its second line of products as advertised.

In the first half of 2001, the sales in Italy, France and Poland amounted to roughly 74.2% of total sales (Central and Western Europe represented 10.8%, Eastern Europe 13%, and other countries 2%).

Cost of Sales - The cost of sales in the first half of 2001 totalled Euro 44.50 million, compared with Euro 46.45 million in the same period of the previous year. The incidence of cost of sales on net sales passes from 64.42% in the first half of 2000 to 62.48% in the six months as at 30 June 2001, with a decrease of 1.94%.

This improvement was obtained despite higher depreciation due to the revaluation of plant and machinery.

Gross profit - the gross profit margin in the first half of the year was 37.52% compared with 35.58% in the same period of the previous year .

Selling, general and administrative costs - - selling, general and administrative costs, totalling 27.68 million euro, represented 38.86% of net sales for the period, compared with 33.93% in 1st half of 2000.

The increase in the proportion of these costs is mainly due to three factors:

- advertising expenses rose by 1.34%, but this is expected to balance out during the second half of 2001, when the ratio should be around 9%.
- depreciation & amortization which increased by 1.11% with respect to the same period last year, because of the revaluation of the Lepel trademark.
- other expenses increased by 1.94% mainly because of the change in the distribution strategy mentioned above.

Operating profit - The first half of 2001 ended with an operating profit of 0.96 million euro, compared with an operating profit of the corresponding period of the previous year of 1.19 million euro.

Financial charges, net - Net financial charges for the period amounted to 1.83 million euro, accounted for 2.57% of net sales, compared with 1.75% in the corresponding period last year.

This higher incidence is mainly attributable to the loan taken out to finance the purchase of 55% of Lepel at the end of June 2000.

Other charges, net - The other net charges mainly include the effects of the writedown of own shares in portfolio .

Income taxes - - the half yearly financial statements do not include any provision for income taxes, as permitted by CONSOB regulations in these circumstances.

3. 3. Analysis of the net financial position for the period ended 30 June 2001 compared with the net financial position at 31 December and at 30 June 2000

Net debt at 30 June 2001 amounts to 74.35 million euro, compared with 67.26 million euro at 31 December 2000 and 64.75 million euro at 30 June 2000. The financial position of the company is set out below (in millions of euro):

	2001	30 June 2000	31 December June 2000
Short-term bank borrowings	43.25	33.45	31.12
Current portion of medium/long-term debt	19.71	12.11	15.29
Cash and banks	(1.28)	(2.01)	(6.29)
<u>Net short-term debt</u>	----- 61.68	----- 43.55	----- 40.12
Medium/long-term lending, net of the current portion	12.67	23.71	24.63
<u>Total net debt</u>	----- 74.35 =====	----- 67.26 =====	----- 64.75 =====

Net debt increased with respect to June last year mainly because of financing for the further 45% acquisition in Lepel. This loan, booked to short-term payables as at 30 June 2001, is already totally covered by a medium/long term loan due to be finalised during the third quarter.

4. 4. Analysis of the trend in net working capital and free cash flow for the half-year ended 30 June 2001

Net working capital as of 30 June 2001, 31 December 2000 and 30 June 2000 is shown in the following table (in millions of Euro):

	<u>June</u> <u>2001</u>	31 December <u>2000</u>	June <u>2000</u>
Trade receivables	51.80	66.87	50.16
Other receivables, accrued income and prepayments	8.25	6.21	7.81
Inventories	56.48	46.17	52.76
	-----	-----	-----
	116.53	119.25	110.73
Trade payables	(40.60)	(40.03)	(37.23)
Other payables, accrued liabilities and deferred income	(12.10)	(9.96)	(9.80)
	-----	-----	-----
	(52.70)	(49.99)	(47.03)
	-----	-----	-----
Working capital	63.83	69.26	63.70
Net short-term debt	(61.68)	(43.55)	(40.12)
	-----	-----	-----
Net working capital	2.15	25.71	23.58
	=====	=====	=====

Net equity

Net equity as of 30 June 2001 has not changed compared with 31 December 2000, apart from the current period's result and the translation difference on conversion of financial statements expressed in foreign currency.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2001

(FIGURES IN THOUSANDS OF EURO)

BALANCE SHEET

ASSETS:

A) RECEIVABLES FROM SHAREHOLDERS:

B) FIXED ASSETS

I. Intangible fixed assets

3. industrial patents and intellectual property rights

4. concessions, licences, trade marks and similar rights

5. goodwill

6. consolidation difference

7. others

Total I.

II. Tangible fixed assets

1. land and buildings

2. plant and machinery

3. industrial and commercial equipment

4. other fixed assets

5. construction in progress and advances

Total II.

III. Financial fixed assets

1. Equity investments in:

a) subsidiary companies

b) associated companies

d) other companies

Total 1.

2. Financial receivables:

a) from subsidiary companies

a.a. due within 12 months

b) from associated companies

b.a. due within 12 months

Total 2.

3. Other securities

	30.06.2001	31.12.2000	30.06.2000
A) RECEIVABLES FROM SHAREHOLDERS:	0	0	0
B) FIXED ASSETS			
I. Intangible fixed assets			
3. industrial patents and intellectual property rights	898	912	912
4. concessions, licences, trade marks and similar rights	3,738	4,267	116
5. goodwill	0	0	85
6. consolidation difference	16,442	14,013	16,917
7. others	164	164	166
Total I.	21,242	19,356	18,196
II. Tangible fixed assets			
1. land and buildings	20,587	20,904	20,912
2. plant and machinery	28,560	29,130	21,892
3. industrial and commercial equipment	998	1,189	1,201
4. other fixed assets	1,600	1,586	1,694
5. construction in progress and advances	606	578	204
Total II.	52,351	53,387	45,903
III. Financial fixed assets			
1. Equity investments in:			
a) subsidiary companies	98	0	0
b) associated companies	0	0	1,148
d) other companies	12	13	12
Total 1.	110	13	1,160
2. Financial receivables:			
a) from subsidiary companies			
a.a. due within 12 months	0	0	0
b) from associated companies			
b.a. due within 12 months	65	65	66
Total 2.	65	65	66
3. Other securities	327	372	387

	Total III.	502	450	1,613
	TOTAL FIXED ASSETS (B)	74,095	73,193	65,712
C)	CURRENT ASSETS			
	I. Inventories:			
	1. raw, ancillary and consumable materials	8,682	9,090	7,860
	2. semi-finished products, work-in-progress	19,662	13,280	11,459
	4. finished products and goods	28,140	23,795	33,445
	5. advances	0	0	0
	Total I.	56,484	46,165	52,764
	II. Receivables:			
	1. trade accounts:			
	1.a. due within 12 months	51,535	66,550	48,565
	2. subsidiary companies			
	2.a. due within 12 months	0	0	0
	3. associated companies			
	3.a. due within 12 months	235	235	1,572
	4. parent companies			
	4.a. due within 12 months	0	0	0
	5. others:			
	5.a. due within 12 months	6,512	5,791	7,009
	5.b. due beyond 12 months	247	313	313
	Total 5.	6,759	6,104	7,322
	Total II.	58,529	72,889	57,459
	III. Current financial assets			
	5. own shares	5,128	3,369	2,693
	6. other securities	305	0	0
	Total III.	5,433	3,369	2,693
	IV. Liquid funds:			
	1. cash at banks and post offices	1,228	1,959	6,205
	2. cheques	29	84	24
	3. cash and equivalents on hand	49	54	89
	Total IV.	1,306	2,097	6,318
	TOTAL CURRENT ASSETS (C)	121,752	124,520	119,234
D.	ACCRUED INCOME AND PREPAYMENTS	1,431	892	799
	TOTAL ASSETS	197,278	198,605	185,745

LIABILITIES

	30.06.2001	31.12.2000	30.06.2000
A) SHAREHOLDERS' EQUITY:			
I. Share capital	12,740	12,653	12,653
II. Share premium reserve	18,076	18,076	18,076
III. Revaluation reserves	13,023	13,023	618
IV. Legal reserve	1,365	1,330	1,298
V. Reserve for own shares in portfolio	5,128	3,369	2,693
VI. Statutory reserves	0	0	0
VII. Other reserves:			
a. undistributed profit	8,409	13,321	15,246
b. capital grants reserve	206	206	206
total VII.	8,615	13,527	15,452
VIII. Profit carried forward	2,681	-3,431	0
IX. Net profit for the period	-3,791	2,897	-1,267
TOTAL SHAREHOLDERS' EQUITY (A)	57,837	61,444	49,523
MINORITY INTERESTS IN CAPITAL AND RESERVES	1,523	7,572	7,156
B) RESERVES FOR CONTINGENCIES AND OTHER CHARGES:			
1. pensions and similar commitments	625	625	625
2. taxation	1,633	1,730	3,410
3. other	1,444	1,641	1,477
TOTAL RESERVES FOR CONTINGENCIES AND OTHER CHARGES (B)	3,702	3,996	5,512
C) RESERVE FOR SEVERANCE INDEMNITIES	5,891	5,868	5,507
D) PAYABLES:			
3. banks:			
a. due within 12 months	62,958	45,560	46,405
b. due beyond 12 months	12,672	23,712	24,626
Total 3.	75,630	69,272	71,031
5. advances			
a. due within 12 months	0	82	15
6. trade accounts:			
a. due within 12 months	40,596	40,027	36,726
7. notes payable	0	0	0
8. subsidiary companies			
a. importi esigibili entro 12m	0	0	0
9. associated companies			
a. due within 12 months	6	6	507
10. parent companies			
a. due within 12 months	0	0	0

11. taxes payable:			
a. due within 12 months	3,582	2,583	922
b. due beyond 12 months	970	1,940	0
Total 11.	4,552	4,523	922
12. social security institutions			
a. due within 12 months	1,886	2,283	1,991
13. other payables:			
a. due within 12 months	5,426	3,311	6,726
TOTAL PAYABLES (D)	128,096	119,504	117,918
E) ACCRUED LIABILITIES AND DEFERRED INCOME	229	221	129
TOTAL LIABILITIES	197,278	198,605	185,745
(* The figures at 30 June do not include income taxes.			
<u>MEMORANDUM ACCOUNTS</u>			
	30.06.2001	31.12.2000	30.06.2000
- Mortgages for loans	18,592	18,592	18,592
- Guarantees given by third parties	0	904	904
- Guarantees given to third parties	10,654	299	2,890
- Assets held by third parties	395	391	395
- Commitments to sell foreign currency	0	0	823
- Purchasing commitments	836	2,845	1,318
- Assets deposited with third parties	5,246	3,287	2,468
- Trade receivables pledged	4,312	15,725	6,996
- Third party assets	119	34	20
-Total	40,154	42,077	34,406

STATEMENT OF INCOME

	30.06.2001	30.06.2000	31.12.2000
A) PRODUCTION VALUE			
1. Revenues from sale of goods and services	77,081	77,667	174,335
2. Changes in inventories of work-in-progress, semi-finished and finished products	10,370	11,305	2,692
4. Additions to fixed assets by internal production	0	0	6
5. Other income:			
a. other income	916	1,042	1,858
b. operating grants	0	0	54
TOTAL PRODUCTION VALUE (A)	88,367	90,014	178,945
B) PRODUCTION COSTS			
6. Raw, ancillary and consumable materials and goods	35,935	39,311	73,579
7. Services	27,372	24,785	47,926
8. Use of third party assets	429	512	1,015
9. Labour costs:			
a. wages and salaries	12,458	11,939	23,651
b. social security contributions	4,803	5,060	9,476
c. severance indemnities	645	588	1,215
e. other costs	2	1	23
Total 9.	17,908	17,588	34,365
10. Depreciation, amortisation and writedowns:			
a. amortisation of intangible fixed assets	1,712	1,212	3,598
b. depreciation of tangible fixed assets	4,214	3,195	8,276
c. other writedowns of fixed assets	0	10	28
d. writedown of doubtful accounts included in current assets and of liquid funds	215	237	470
Total 10.	6,141	4,654	12,372
11. Changes in inventories of raw, ancillary and consumable materials and goods	398	882	-275
12. Provisions for contingencies and other charges	48	58	262
13. Other provisions	0	0	0
14. Other operating expenses	972	826	1,683
TOTAL PRODUCTION COSTS (B)	89,203	88,616	170,927
DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS (A-B)	-836	1,398	8,018
C) FINANCIAL INCOME AND (CHARGES)			
15. Income from investments:			
a. in subsidiary companies	0	0	0
16. Other financial income:			
a. income from securities held as current assets			

	c. parent companies	0	0	0
	c. income from securities held as current assets not representing equity investments	0	88	104
	d. other than above:			
	d. from third parties	312	246	592
	Total 16.	312	334	696
	17. Interest and other financial charges:			
	d. from third parties	-2,040	-1,391	-3,472
	TOTAL FINANCIAL INCOME AND (CHARGES) (C)	-1,728	-1,057	-2,776
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS:			
	18. Writeups:			
	a. of equity investments	0	31	0
	19. Writedowns:			
	a. of equity investments	0	0	-9
	c. of securities booked under current assets not held as equity investments	-980	0	-197
	Total 19.	-980	0	-206
	TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)	-980	31	-206
E)	NON-RECURRING INCOME AND CHARGES:			
	20. Non-recurring income			
	a. gains on disposals	0	0	27
	b. other non-recurring income	40	128	1,507
	Total 20.	40	128	1,534
	21. Non-recurring charges:			
	c. other non-recurring charges	-96	-414	-432
	Total 21.	-96	-414	-432
	TOTAL NON-RECURRING INCOME AND (CHARGES) (E)	-56	-286	1,102
	PROFIT BEFORE TAXES (A-B+/-C+/-D+/-E)	-3,600	86	6,138
	22. Income taxes for the period	(*)	(*)	-2,781
	26. NET PROFIT FOR THE PERIOD	-3,600	86	3,357
	LEPEL'S PRE-ACQUISITION PRE-TAX PROFIT	0	-1,361	-331
	(PROFIT) LOSS FOR THE PERIOD ATTRIBUTABLE TO MINORITY INTERES	-191	8	-129
	NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE GROUP	-3,791	-1,267	2,897

(*) The figures at 30 June do not include income taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2001

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements have been prepared using the formats established by Decree 127 of 9 April 1991 for balance sheets and statements of income. The related comments have been drawn up in compliance with CONSOB resolution No. 11971 of 14 May 1999 and subsequent legislation.

The attached financial statements have been presented on a comparative basis with 30 June 2000 and 31 December 2000.

Furthermore, all the amounts in the explanatory notes are expressed in thousands of Euro

FORM AND CONTENT OF THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the consolidated balance sheet, the consolidated statement of income, and these explanatory notes, and are accompanied by the Group's report on operations.

The accounting principles used for the preparation of the balance sheet and statement of income as of 30 June 2001 are the same as those adopted for the financial statements as of 31 December 2000.

These financial statements have been adjusted, where necessary, in order to eliminate any adjustments made solely for fiscal purposes (accelerated depreciation) and to align them with the accounting policies as per article 2426 of the Italian Civil Code, consistently applied throughout the Group, as interpreted and supplemented by the accounting principles established by the Italian Accounting Profession or, in the absence thereof, by the International Accounting Standards Committee (IASC), assimilated in Italy by the Consob.

A reconciliation between shareholders' equity and the net results as of 30 June 2001 reported in the financial statements of CSP INTERNATIONAL INDUSTRIA CALZE SpA and the consolidated amounts at the same date, has been presented in the commentary on consolidated shareholders' equity.

SCOPE OF CONSOLIDATION

The consolidated financial statements as of 30 June 2001 include the line-by-line consolidation of the Parent Company's financial statements at that date and those of the following companies in which the Group directly or indirectly holds the majority of the voting rights:

Name	Address	Share capital	Controlling interest %	Shareholding %
CSP International Industria Calze Spa	Via Piubega, 5/c, Italy 46040 Ceresara (MN)	Euro 12,740,000	Parent Company	
E.D.I. S.A. (*)	Rue J.P. Saltiel- 02230- Fresnoy Le Grand, France (F)	F.F. 28,015,274	100%	100%
Le Bourget S.A. (1) (*)	Rue J.P. Saltiel- 02230- Fresnoy Le Grand, France (F)	Euro 1,531,856	99.996%	99.996%
S.A.R.L. BUC (2) (*)	Rue J.P. Saltiel- 02230- Fresnoy Le Grand, France (F)	F.F. 60,000	95%	94.996%
SOGED S.A. (2)	Petite Route d'Aubagne, 32 13821 La Penne Sur Huveaune, France (F)	F.F. 6,153,533	99.87%	99.866%
Le Bourget Benelux (2)	Rue Reigersvliet 1040 Brussels (Belgium)	B.F. 9,000,000	70.56%	70.557%
BO.MO. Srl (3)	Via San Martino 8/12 Fraz. Borgo Poncarale 25020 Poncarale (BS), Italy	Lire 180,000,000	60%	59.998%
Lepel Srl	Via Nuova Ponente, 25/b 41012 Carpi (MO)	Euro 3,848,000	100%	100%
Sanpellegrino-Polska Sp.z o.o. ZPCHR	Ul. Lodska, 27 95-050 Konstanynow (Lodz) (PL)	Zloty 9,006,400	50%	50%

(1) Owned by E.D.I. S.A.

(2) Owned by Le Bourget S.A.

(3) Owned by SOGED S.A.

This document represents the Group's first set of half-year consolidated financial statements which includes Sanpellegrino Polska Sp.Z.o.o. (consolidated on a line-by-line basis in the financial statements as at 31 December 2000). In the first half-year report of 2000 this investment was carried at equity.

On 29 June 2001, the Parent Company completed the purchase of the remaining 45% of Lepel Srl, for an outlay of 9,576 thousand Euro. With this operation, which follows the acquisition of 55% on 28 June 2000, the Parent

Company achieved 100% control of the subsidiary.

The portion of Lepel's first-half result attributable to the shareholders who sold us the company has been booked to 'Net (profit) loss attributable to minority interests' in the statement of income.

The higher price paid with respect to the book value of the related net equity of 3,263 thousand Euro has been recorded under "consolidation difference" and will be amortized from the second half of the year.

Le Bourget (UK) Ltd is carried at cost, as it is not operating.

CONSOLIDATION PRINCIPLES

The consolidation principles used for these half-year financial statements are the same as those adopted for the financial statements as of 31 December 2000.

The exchange rates used to translate foreign currency financial statements are as follows:

Currency	Average	Period-end
French Franc	6.55957	6.55957
Polish Zloty	3.6229	3.3696
Belgian Franc	40.3399	40.3399

ACCOUNTING POLICIES

The accounting principles used for the preparation of the balance sheet and statement of income as of 30 June 2001 are the same as those adopted for the financial statements as of 31 December 2000, with the exception of the following:

INCOME TAXES FOR THE PERIOD: the half-year financial statements do not include any provision for income taxes, nor deferred tax assets and liabilities as allowed by CONSOB instructions.

They will be provided at year-end.

OTHER INFORMATION

Exceptions allowed under article 2423.4 -- No exceptions have been made in the application of the established accounting principles, as would be permitted in certain circumstances under article 2423.4 of the Italian Civil Code.

BALANCE SHEET

COMMENTS ON THE PRINCIPAL ASSET CAPTIONS :

■ B. FIXED ASSETS

B.I- Intangible fixed assets

Movements in intangible fixed assets during the period are set out in Attachment 1.

The amortisation rates applied are as follows:

	Rate
- Software	33.33%
- Brand	20%
- Consolidation difference	10%
- Deferred charges	20%
- Flotation costs	33.33%

The balance recorded under the caption «consolidation differences» essentially relates to the acquisition of the E.D.I. Group (Euro 5,549 thousand), Le Bourget (Euro 5,810 thousand) and Lepel (Euro 4,212 thousand). Consolidation differences are amortised on a straight-line basis over the expected useful life, which is estimated as ten years. Consolidation differences, in the year of acquisition of the related companies, are amortised in proportion to the months elapsing between the date of acquisition and the accounting reference date.

Other intangible fixed assets include costs incurred for the registration and renewal of trade marks, and for the raising of finance. The latter is amortised over the life of the related loans while the former are amortised over 5 years.

One Group company took advantage of Law 342 of 21 November 2000 to revalue its brands in its 2000 financial statements. The effects of this revaluation, as foreseen in the reference regulations, were reflected in the financial statements as at 31 December 2000 and in the consolidated financial statements at the same date, which is why they were not shown in the half-year report as of 30 June 2000. In particular, the revaluation entailed charging higher amortization for 501 thousand Euro, gross of the tax effect.

B.II- Tangible fixed assets

Movements, increases and decreases, in tangible fixed assets are set out in Attachment 2.

The most significant additions refer to investments made by the Parent Company for the purchase of machinery for the production of lingerie.

Ordinary depreciation has been calculated using rates considered to reflect the residual useful lives of the related assets. The rates applied are as follows:

	Rate
- Buildings	3% - 15%
- Plant and machinery	5% - 17.5%
- Industrial equipment	10% - 25%
- Electronic office machines	15% - 33%
Office furniture and fittings	10% - 33%
- Vehicles	20% - 25%

Mortgages and charges over tangible fixed assets are detailed in the section on memorandum accounts.

The Company took advantage of the possibility provided under Law no. 342 of 21 November 2000 to revalue its «Plant and machinery». The effects of this revaluation, as foreseen in the reference regulations, were reflected in the financial statements as at 31 December 2000 and in the consolidated financial statements at that date, which is why they are not shown in the half-year report as of 30 June 2000. In particular, the revaluation entailed charging higher depreciation for 994 thousand Euro, gross of the tax effect.

■ C. CURRENT ASSETS

■ C.I. Inventories

Inventories are made up as follows :

	30/06/01	31/12/00	30/06/00
Gross value	58,650	47,951	55,133
Writedown reserve	(2,166)	(1,786)	(2,369)
Net value	56,484	46,165	52,764

■ **C.II.1. Trade accounts**

Trade receivables may be analysed as follows:

	30/06/01	31/12/00	30/06/00
Trade receivables – Italy	30,234	32,090	27,113
Trade receivables - France	3,427	14,322	4,280
Trade receivables - Poland	986	861	1337
Trade receivables – abroad	8,248	10,090	6,747
Bills subject to collection	12,145	13,190	12,600
Customers - invoices to be issued	717	1,223	550
Credit notes to be issued	(1,564)	(2,781)	(1,714)
Reserve for doubtful accounts	(2,658)	(2,445)	(2,348)
Total	51,535	66,550	48,565

Trade receivables due from foreign customers do not include significant exposures towards countries at risk.

All amounts are due within 12 months.

Movements during the year in the doubtful receivables reserve are as follows:

	01/01/01	Provisions	Utilisations	30/06/01
Writedown reserve	2,445	222	(9)	2,658

During the period, the reserve was increased on the basis of future forecast losses on receivables outstanding at the balance sheet date.

■ **C.II.3. Due from associated companies:**

These refer to trade receivables due from Rozal S.a.r.l. and CSP Hosiery (UK).

■ **C.II.5. Other receivables :**

The balance includes various receivables comprised as follows:

	30/06/01	31/12/00	30/06/00
VAT credits	2,634	1,510	2,993
Advances on income taxes	1,713	2,182	2,537
Advances to suppliers	153	323	41
Employees' travel advances	7	7	7

Deferred tax assets	1,300	1,300	1,202
Other current receivables	467	455	206
Foreign VAT credits	238	14	23
Total other current receivables	6,512	5,791	7,009
Guarantee deposits	247	313	313
Total other non-current receivables	247	313	313
Total other receivables	6,759	6,104	7,322

«Deferred tax assets» refer to the positive balance of deferred taxation arising on timing differences between the accounting values of assets and liabilities and their corresponding value for tax purposes.

■ C.III.5 Own shares :

As of 30 June 2001, the Parent Company owned 1,509,000 of its own shares, with a par value of Euro 784.68 thousand, corresponding to 6.159% of the share capital.

During period under exam 756,500 shares have been purchased.

As of 30 June 2001, a writedown of Euro 980 thousand was also made to adjust the value of the shares held in the portfolio to their market value, namely the average stock exchange price for the month of June 2001. If the Company had valued own shares in portfolio at their market value at the date of this report, this would have resulted in a further writedown of around 1,800 thousand Euro. The stock's performance is substantially in line with the trend in financial markets following the dramatic events of 11 September 2001; these events are considered exceptional and pertaining to the next accounting period. The investment of liquidity in own shares was authorised by the ordinary shareholders' meeting held on 27 April 2000, involving a limit of 10% of the share capital. This authorization is valid until 27 October 2001 and enables the Company to buy and sell shares at prices ranging between Lire 1,000 and Lire 20,000.

■ C.IV. Liquid funds :

These represent cash on hand and bank current accounts open at 30 June 2001.

■ D. ACCRUED INCOME AND PREPAYMENTS

This caption is made up as follows

	30/06/01	31/12/00	30/06/00
Prepaid TV commercial	74	263	139
Prepaid insurance	101	0	101
Prepayments	1,236	527	559
Others	20	102	0
Total	1,431	892	799

Prepayments refer to advertising campaigns which will be completed during the second half of 2001.

COMMENTS ON THE PRINCIPAL LIABILITY CAPTIONS

■ A. SHAREHOLDERS' EQUITY

■ A.I. Share capital

The share capital at 30 June 2001, which is fully subscribed and paid-in, comprises 24,500,000 ordinary shares with a par value of Euro 0.52 each.

■ A.II. Share premium reserve

The share premium reserve (Euro 18,076 thousand) refers to the increase in share capital carried out in 1997 when the company was floated on the screen-traded market of the Italian Stock Exchange.

■ A.III. Revaluation reserves :

These reserves are broken down as follows:

	30/06/01	31/12/00	30/06/00
Revaluation Law 596/75	32	32	32
Revaluation Law 72/83	192	192	192
Revaluation Law 413/91	393	393	393
Revaluation Law 320/00	12,406	12,406	0
Total	13,023	13,023	617

■ Reconciliation between statutory and consolidated balances :

A reconciliation between the net profit and shareholders' equity recorded in the statutory financial statements of the Parent Company CSP INTERNATIONAL INDUSTRIA CALZE SPA and the corresponding consolidated amounts is presented below:

Description	Net profit at 30/06/2001	Shareholders' equity at 30.06.2001	Net profit at 31/12/2000	Shareholders' equity at 31.12.2000
As per the financial statements of the Parent	(1,167)	60,066	2,946	61,233

Company (*)				
Increase (Decrease)				
Difference between the equity of consolidated subsidiaries carried at cost in the Parent Company's financial statements and the respective book values of the investments, net of amortisation of the consolidation differences	(2,602)	(4,297)	729	897
Effect of initial consolidation of investments	0	0	70	(2,771)
Elimination of intercompany dividends	0	0	(2,841)	0
Elimination of adjustments of a fiscal nature (accelerated depreciation), net of the related tax effect	276	2,640	2,727	2,364
Other consolidation adjustments	(298)	(572)	(734)	(279)
As per the consolidated financial statements (*)	(3,791)	57,837	2,897	61,444

(*) figures as at 30 June 2001 do not include income taxes

■ B. RESERVES FOR CONTINGENCIES AND OTHER CHARGES :

Changes in this item are set out below :

	01/01/01	Provisions	Utilisations	30/06/01
Reserve for pensions and similar commitments	625	0	0	625
Taxation reserve	1,730	0	(97)	1,633
Others :				
- Exchange fluctuation reserve	45	0	(45)	0
- Reserve for future contingencies	599	3	(224)	378
- Agents' supplementary indemnity reserve	836	49	(15)	870
-Other provisions	161	113	(78)	196
Total other	1,641	165	(362)	1,444

Total reserves for contingencies	3,996	165	(459)	3,702
and other charges				

The reserve for pensions and similar commitments includes the liability estimated in relation to indemnities which certain Group companies are obliged to pay employees in the event of termination of employment due to retirement. The size of this indemnity and the related entitlement depend on various conditions, including death-rate and staff turnover; the amount recorded in the financial statements represents an estimate of the liability whose maximum amount (in the hypothesis that all the current employees of the companies earn the right to the pension without prejudice to their employment relationship) totals Euro 1,105 thousand.

The taxation reserve relates to deferred taxes mainly referring to consolidation adjustments (elimination of adjustments made for tax purposes, and other minor items) and gains on the disposal of assets which benefit from a deferred tax treatment.

The agents' supplementary indemnity has been accrued in accordance with current legislation and the collective labour contract.

■ C. RESERVE FOR SEVERANCE INDEMNITIES :

Movements during the year have been as follows:

	01/01/01	Provisions	Utilisations	30/06/01
- Severance indemnity.	5,868	586	(563)	5,891

■ D. PAYABLES

■ D.3. Banks:

Payables to banks amount to 75,630 thousand Euro.

The due dates of the loans are set out below:

	Within 1 years	Within 5 years	Beyond 5 years	Total
Loans	19,832	12,520	152	32,504

Mortgage guarantees have been given as security against certain loans stipulated in previous years. These guarantees are dealt with in greater detail in the section on memorandum accounts.

During 1995, Le Bourget launched a reorganisation plan, leading to an agreement for the restructuring of its debt

with its main banking creditors. The related agreement included a ‘retour a meilleur fortune’ (return to better fortune) clause entitling the creditors to receive an amount equal to 5% of the net profit for each accounting period from 1997-2001, should this profit be greater than F 6,000,000. Furthermore, guarantees on property and machines have been given in respect of certain of these restructured loans.

D.11 Taxes payable :

The most significant item is the Parent Company's liability for the substitute tax on revalued assets (Law 342 of 21.11.2000), of which 1,940 thousand Euro due within 12 months and 970 thousand Euro beyond 12 months.

■ **D.12. Payables to social security institutions :**

The most significant item is the liability for social security contributions (1,765 thousand Euro).

■ **D.13 Other payables :**

These comprise:

	30/06/01	31/12/00	30/06/00
Payable to employees	4,450	2,359	4,423
Dividends payable	0	0	1,753
Other payables	976	952	550
Total	5,426	3,311	6,726

■ **E. ACCRUED LIABILITIES AND DEFERRED INCOME :**

This caption mainly refers to accrued bank interest payable.

MEMORANDUM ACCOUNTS

Mortgages for loans -- These are mortgages on company assets in guarantee of loans granted by banks, whose residual value amounts to Euro 4,427 thousand.

Guarantees given to third parties -- The caption relates to guarantees granted to third parties.

Assets held by third parties -- These mainly relate to portable computers and printers on loan to agents.

Purchasing commitments -- At 30 June 2001, there are commitments based on signed contracts for the purchase of tangible fixed assets amounting to Euro 836 thousand. These mainly refer to the completion of plant and software procedures.

Assets deposited with third parties -- The caption refers to the value of goods sent to subcontractors for processing.

Guaranteed trade receivables -- The caption refers to forms of guarantees given by the French subsidiary to the banking system in relation to loans received.

Third party assets-- This caption includes third party goods for re-packaging and re-dyeing. .

STATEMENT OF INCOME

COMMENTS ON THE PRINCIPAL STATEMENT OF INCOME CAPTIONS:

■ A. PRODUCTION VALUE

■ A.1. Revenues from sales of goods and services:

Revenues are analysed by geographical area and by type of product below:

	30/06/01	30/06/00	31/12/00
- Italy:			
-stockings	24,439	23,659	55,022
- foundation garments	13,828	16,803	26,427
-woven products	2,866	2,904	5,155
-raw materials/other	487	407	1,029
- France:			
-stockings	14,883	13,170	38,086
-other	14	83	222
- Western Europe			
-stockings	7,607	9,639	19,521
- foundation garments	45	2	33
-woven products	0	0	20
-other	260	101	241
- Eastern Europe			
-stockings	11,126	8,488	25,535
- foundation garments	37	21	21
-woven products	1	839	2
-other	53	326	68
- Non-European countries			
-stockings	1,434	1,173	2,898
- foundation garments	0	46	47
-other	1	6	8
Total	77,081	77,667	174,335

Revenues are shown net of returns, discounts and allowances.

Lepel's sales of foundation garments, amounting to Euro 13,910 thousand, refer almost completely to sales in Italy,

Net sales of stocking amounted to Euro 59,489 thousand.

A.5.a. Other income:

This caption is made up as follows

	30/06/01	30/06/00	31/12/00
Transport & production expenses re invoiced to customers	180	142	213
Advertising contributions	124	90	180
Expenses re invoiced to customers	28	22	47
Royalty income	459	379	732
Gains on disposal of assets	74	140	252
Out-of-period income	50	24	431
Other	1	245	3
Total	916	1,042	1,858

B. PRODUCTION COSTS

■ B.6. Cost of inventories of raw, ancillary and consumable materials and goods

This caption is made up as follows

	30/06/01	30/06/00	31/12/00
Raw materials	30,673	33,769	63,048
Packaging and consumable materials	5,262	5,542	10,531
Total	35,935	39,311	73,579

■ B.7. Services:

This caption is made up as follows

	30/06/01	30/06/00	31/12/00
- Outside contractors	6,380	6,159	10,871
- Advertising	9,932	9,077	17,520
- Agents	2,883	1,932	3,897

- Transport	1,482	1,493	3,154
- Power	1,776	1,575	3,194
- Other	4,919	4,549	9,290
Total	27,372	24,785	47,926

■ **B.9. Labour costs:**

This caption includes all the costs incurred on an on-going basis which directly concern employees in the first half of 2001. The detail of this caption is set out on the face of the statement of income.

Movements in staff numbers during the period are set out below:

	01/01/01	New recruits	Leavers	30/06/01	Average
- Managers	17	0	0	17	17
- Supervisors	49	0	(4)	45	47
- Office staff	365	11	(24)	352	359
- Workers	1,071	74	(83)	1,062	1,067
Total	1,502	85	(111)	1,476	1,489

The new recruits and leavers categories also include internal promotions.

B.10. Depreciation, amortisation and writedowns

These comprise:

■ **a. Amortisation of intangible fixed assets**

	30/06/01	30/06/00	31/12/00
- Software	322	298	676
- Goodwill	92	179	359
- Deferred charges	31	32	73
- Brand	520	0	1,002
- Consolidation differences	742	696	1,476
- Other	5	7	12
Total	1,712	1,212	3,598

■ **b. Depreciation of tangible fixed assets:**

	30/06/01	30/06/00	31/12/00
- Buildings	483	464	973
- Light constructions	27	1	53
- Plant/machinery	3,064	2,084	5,865
- Equipment	236	294	538
- Furniture, electrical equipment	95	98	171
- Electronic office machines	167	134	361
- Cars	73	78	161
- Vehicles	43	27	103
- Assets worth under 1 million	26	15	51
Total	4,214	3,195	8,276

■ **d. Writedown of doubtful accounts included in current assets:**

The caption "Writedown of doubtful accounts included in current assets and of liquid funds" consists of the provision required to adjust the value of receivables to their estimated realisable value.

■ **B.12. Provisions for contingencies and other charges :**

This caption mainly relates to the provision for contingencies and to charges for the agents' supplementary indemnity maturing in the period.

■ **B.14. Other operating expenses:**

This item is comprised as follows:

	30/06/01	30/06/00	31/12/00
- Entertaining	51	73	140
- Membership fees	73	64	131
- Stationery & other materials	138	112	240
- Non deductible VAT on gifts	24	12	33
- Taxes and duties	579	396	842

- Losses on the sale of assets	26	60	64
- General expenses	25	13	58
- Other charges	56	96	175
Total	972	826	1,683

■ **C. FINANCIAL INCOME AND CHARGES**

■ **C.16.d.d. Other financial income from third parties:**

This caption comprises :

	30/06/01	30/06/00	31/12/00
- Interest receivable on current accounts	11	56	120
- Interest receivable from customers	7	32	51
- Exchange gains	249	76	304
- Other interest receivable	40	67	107
- Discounts & positive roundings	5	15	10
Total	312	246	592

■ **C.17.d Interest and other financial charges from third parties:**

This caption comprises :

	30/06/01	30/06/00	31/12/00
- Interest payable on current accounts	381	97	283
- Interest payable on borrowings	330	193	700
- Interest payable on loans	915	715	1,654
- Other interest and charges payable	314	306	701
- Provision to exchange fluctuation	0	10	7
- Exchange losses	100	70	127
Total	2,040	1,391	3,472

■ **D.19.c. Writedowns of securities booked to current assets not representing equity investments:**

This caption comprises the writedown of the Parent Company's own shares in portfolio, adjusting them to market, as explained in the comment on caption 'C III 5.' of the assets side of the balance sheet.

Ceresara, 27 September 2001

The Board of Directors

ATTACHMENTS

These attachments contain supplementary information to that provided in the Notes, of which they form an integral part.

This information is included in the following attachments:

1. - Schedule of movements in intangible fixed assets for the period ended 30 June 2001
2. - Schedule of movements in tangible fixed assets for the period ended 30 June 2001
3. - Schedule of changes in shareholders' equity for the period ended 30 June 2001
4. - Cash flow statement as at 30 June 2001

Attachment 1**Schedule of movements in intangible fixed assets****Euro/1000**

Description	Historical cost	Amortization at 01.01.01	Revaluations at 01.01.01	Net book value at 01.01.01	Additions Jun-01	Reclassifications Jun-01	Amortization Jun-01	Net book value at 30.06.2001
Industrial patents and intellectual property rights								
-Software	3,588	-2,676	0	912	307	0	-321	898
Concessions, licenses, trade marks & similar rights								
-Brand	5,194	-6,092	5,165	4,267	9	-1	-537	3,738
Goodwill	847	-847	0	0	0	0	0	0
Consolidation differences	16,719	-2,706	0	14,013	3,263	0	-834	16,442
Other								
- Flotation costs	2,091	-2,091	0	0	0	0	0	0
-Deferred loan costs	65	-39	0	26	0	0	-5	21
- Other intangible fixed assets	395	-257	0	138	36	0	-31	143
total others	2,551	-2,387	0	164	36	0	-36	164
Total	28,899	-14,708	5,165	19,356	3,615	-1	-1,728	21,242

Attachment 2

Tangible fixed assets

Euro /1000

Summary of assets																	
Opening balances				Movements during the period										Closing balances			
Description	Historical cost	Revaluation	Accumulated depreciation at 01.01.01	Net book value at 01.01.01	Additions Jun-01	Additions Revaluations	Disposals Jun-01	Disposals Revaluations	Reversal Depreciation	Other mov. (*) Historical cost	Other mov. (*) Accumulated depreciation	Reclassification Jun-01	Depreciation Jun-01	Historical cost	Revaluation	Accumulated depreciation at 30.06.2001	Net book value at 30.06.2001
Land & buildings	27,722	2,550	-9,368	20,904	43	0	0	0	0	77	-16	0	-421	27,842	2,550	-9,805	20,587
Plant & machinery	41,032	15,810	-27,712	29,130	2,586	0	-177	-381	-456	130	-27	0	-3,157	43,571	15,429	-30,440	28,560
Equipment	14,233	59	-13,103	1,189	48	0	-1,163	0	-1,152	24	-5	0	-247	13,142	59	-12,203	998
Other assets	6,767	83	-5,264	1,586	441	0	-320	0	-284	8	-2	0	-397	6,896	83	-5,379	1,600
Construction in progress	577	0	0	577	225	0	-225	0	0	29	0	0	0	606	0	0	606
Total	90,331	18,502	-55,447	53,386	3,343	0	-1,885	-381	-1,892	268	-50	0	-4,222	92,057	18,121	-57,827	52,351

(*) amounts relating to translation differences

Attachment n° 3

SCHEDULEE OF CHANGES IN SHAREHOLDER'S EQUITY

AS AT 30 JUNE 2001

(in millions of Euro)

Description	Share Capital	Share premium price	Reserve for own shares	Revaluation reserves	Legal reserve	Other reserves	Net profit (loss) for the year	Total shareholder's equity
Balance as at 01.01.2001	12,653	18,076	3,369	13,023	1,330	10,096	2,897	61,444
Allocation of 2000 net profit:								
- 5% allocation to legal reserve					154		-154	-
- Dividends distributed						1,265	-1,265	-
- Profits carried forward						1,478	-1,478	-
- Translation of share capital in Euro	87				87			-
Increase of the reserve for own shares			1,759			1,759		-
Other changes					32	216		184
Profit at 30 June 2001 (*)							3,791	3,791
Balances at 30.06.2001	12,740	18,076	5,128	13,023	1,365	11,296	3,791	57,837

(*) net profit at 30 June 2001 does not include income taxes

CONSOLIDATED CASH FLOW STATEMENT
at 30 June 2001 and 31 December 2000
(in thousands of Euro)

	30 June 2001	31 December 2000
A. OPENING NET DEBT	-43,461	-31,879
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net profit for the period	-3,791	2,897
Depreciation, amortisation and writedowns	5,926	11,228
Net change in severance indemnities for employees and agents	57	695
Net change in reserves for contingencies and other charges	-328	-378
Writedown of equity investments	-	9
Cash flows from operating activities before changes in working capital	1,864	14,451
(Increase) decrease in trade receivables	15,015	12,182
(Increase) decrease in inventories	-10,319	-3,141
Increase (decrease) in trade and other payables	2,242	-10,634
Changes in other working capital items	-3,258	-4,467
	5,544	8,391
C. CASH FLOWS FROM (FOR) INVESTMENT ACTIVITIES		
(Purchase) disposal of fixed assets:		
Intangible	-3,598	-1,744
Tangible	-3,178	-4,853
Financial	-52	784
	-6,828	-17,268
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES		
New borrowings net of the current portion of loans transferred to current payables	-11,040	522
Dividends paid	-	-1,237
Notes payable	-	-
Other changes in shareholders' equity and minority interests	-5,865	-3,838
	-16,905	-4,553
E. CASH FLOW FOR THE PERIOD (B+C+D)	-18,189	-13,430
F. Net liquidity (debt) of purchased companies at the acquisition date	-	1,848
G. CLOSING NET DEBT (A+E+F)	-61,650	-43,461



HALF-YEARLY

FINANCIAL STATEMENTS
OF THE PARENT COMPANY

AS AT
30 JUNE 2001

CSP INTERNATIONAL INDUSTRIA CALZE S.p.A.
VIA PIUBEGA, 5C - 46040 CERESARA (MN) - ITALY
Tel. (0376) 8101 - Fax (0376) 87573

CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.

FINANCIAL STATEMENTS AS AT 30 JUNE 2001

(FIGURES IN THOUSANDS OF EURO)

BALANCE SHEET

ASSETS:

	30.06.2001	31.12.2000	30.06.2000
A) RECEIVABLES FROM SHAREHOLDERS:	0	0	0
B) FIXED ASSETS			
I. Intangible fixed assets			
3. industrial patents and intellectual property rights	840	845	850
4. concessions, licences, trade marks and similar rights	1	3	4
5. goodwill	0	0	85
6. consolidation difference	0	0	0
7. others	157	158	166
Total I.	998	1,006	1,105
II. Tangible fixed assets			
1. land and buildings	16,415	16,774	17,146
2. plant and machinery	24,503	25,848	14,585
3. industrial and commercial equipment	97	143	230
4. other fixed assets	602	432	551
5. construction in progress and advances	456	383	185
Total II.	42,073	43,580	32,697
III. Financial fixed assets			
1. Equity investments in:			
a) subsidiary companies	35,456	22,806	24,574
b) associated companies	0	0	1,172
d) other companies	3	4	4
Total 1.	35,459	22,810	25,750
2. Financial receivables:			
a) from subsidiary companies			
a.a. due within 12 months	0	0	0
b) from associated companies			
b.a. due within 12 months	65	65	66
Total 2.	65	65	66

3.	Other securities	232	272	282
	Total III.	35,756	23,147	26,098
	TOTAL FIXED ASSETS (B)	78,827	67,733	59,900
C)	CURRENT ASSETS			
I.	Inventories:			
1.	raw, ancillary and consumable materials	6,425	6,846	5,740
2.	semi-finished products, work-in-progress	14,744	10,568	11,039
4.	finished products and goods	16,255	14,086	19,416
5.	advances	0	0	0
	Total I.	37,424	31,500	36,195
II.	Receivables:			
1.	trade accounts:			
1.a.	due within 12 months	32,609	38,377	28,518
2.	subsidiary companies			
2.a.	due within 12 months	8,244	9,894	3,966
3.	associated companies			
3.a.	due within 12 months	235	235	1,572
4.	parent companies			
4.a.	due within 12 months	0	0	0
5.	others:			
5.a.	due within 12 months	4,972	2,724	4,641
5.b.	due beyond 12 months	56	56	56
	Total 5.	5,028	2,780	4,697
	Total II.	46,116	51,286	38,753
III.	Current financial assets			
5.	own shares	5,128	3,369	2,693
6.	other securities	0	0	0
	Total III.	5,128	3,369	2,693
IV.	Liquid funds:			
1.	cash at banks and post offices	241	160	3,568
2.	cheques	0	0	1
3.	cash and equivalents on hand	26	31	68
	Total IV.	267	191	3,637
	TOTAL CURRENT ASSETS (C)	88,935	86,346	81,278
D.	ACCRUED INCOME AND PREPAYMENTS	884	364	387
	TOTAL ASSETS	168,646	154,443	141,565

LIABILITIES

	30.06.2001	31.12.2000	30.06.2000
A) SHAREHOLDERS' EQUITY:			
I. Share capital	12,740	12,653	12,653
II. Share premium reserve	18,076	18,076	18,076
III. Revaluation reserves	13,023	13,023	618
IV. Legal reserve	1,359	1,298	1,298
V. Reserve for own shares in portfolio	5,128	3,369	2,693
VI. Statutory reserves	0	0	0
VII. Other reserves:			
a. undistributed profit	10,701	9,661	10,337
b. capital grants reserve	206	206	206
total VII.	10,907	9,867	10,543
VIII. Profit carried forward	0	0	0
IX. Net profit for the year	-1,167	2,946	2,556
TOTAL SHAREHOLDERS' EQUITY (A)	60,066	61,232	48,437
B) RESERVES FOR CONTINGENCIES AND OTHER CHARGES:			
1. pensions and similar commitments	0	0	0
2. taxation	325	325	333
3. other	879	847	697
TOTAL RESERVES FOR CONTINGENCIES AND OTHER CHARGES (B)	1,204	1,172	1,030
C) RESERVE FOR SEVERANCE INDEMNITIES	4,548	4,531	4,194
D) PAYABLES:			
3. banks:			
a. due within 12 months	54,809	32,614	38,084
b. due beyond 12 months	7,860	17,815	18,074
Total 3.	62,669	50,429	56,158
5. advances			
a. due within 12 months	0	0	0
6. trade accounts:			
a. due within 12 months	32,076	31,673	25,997
7. notes payable			
8. subsidiary companies			
a. importi esigibili entro 12m	1,389	1,120	418
9. associated companies			
a. due within 12 months	6	6	507
10. parent companies			
a. due within 12 months	0	0	0
11. taxes payable:			

a.	due within 12 months	2,497	666	481
b.	due beyond 12 months	970	1,940	0
Total 11.		3,467	2,606	481
12.	social security institutions			
a.	due within 12 months	570	694	495
13.	other payables:			
a.	due within 12 months	2,529	858	3,732
TOTAL PAYABLES (D)		102,706	87,386	87,788
E)	ACCRUED LIABILITIES AND DEFERRED INCOME	122	122	116
TOTAL LIABILITIES		168,646	154,443	141,565

(*) The figures at 30 June do not include income taxes.

MEMORANDUM ACCOUNTS

	30.06.2001	31.12.2000	30.06.2000
- Mortgages for loans	18,592	18,592	18,592
- Guarantees given by third parties	0	904	0
- Guarantees given to third parties	10,654	299	2,890
- Assets held by third parties	395	391	395
- Commitments to sell foreign currency	0	0	823
- Purchasing commitments	836	2,845	1,318
- Assets deposited with third parties	5,246	2,658	2,468
- Third party assets	119	34	20
- Total	35,842	25,723	26,506

STATEMENT OF INCOME

	30.06.2001	30.06.2000	31.12.2000
A) PRODUCTION VALUE			
1. Revenues from sale of goods and services	55,967	49,463	113,716
2. Changes in inventories of work-in-progress, semi-finished and finished products	6,345	5,744	-57
4. Additions to fixed assets by internal production			
5. Other income:			
a. other income	785	848	1,509
b. operating grants	0	0	0
TOTAL PRODUCTION VALUE (A)	63,097	56,055	115,168
B) PRODUCTION COSTS			
6. Raw, ancillary and consumable materials and goods	30,829	26,109	53,581
7. Services	16,240	11,849	25,992
8. Use of third party assets	0	2	1
9. Labour costs:			
a. wages and salaries	6,744	6,667	12,711
b. social security contributions	2,224	2,265	4,258
c. severance indemnities	527	480	1,007
e. other costs	1	1	23
Total 9.	9,496	9,413	17,999
10. Depreciation, amortisation and writedowns:			
a. amortisation of intangible fixed assets	333	369	868
b. depreciation of tangible fixed assets	3,997	3,526	9,068
c. other writedowns of fixed assets	0	0	0
d. writedown of doubtful accounts included in current assets and of liquid funds	179	200	427
Total 10.	4,509	4,095	10,363
11. Changes in inventories of raw, ancillary and consumable materials and goods	421	976	-130
12. Provisions for contingencies and other charges	37	35	235
13. Other provisions	0	0	0
14. Other operating expenses	307	314	590
TOTAL PRODUCTION COSTS (B)	61,839	52,793	108,631
DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS (A-B)	1,258	3,262	6,537
C) FINANCIAL INCOME AND (CHARGES)			
15. Income from investments:			
a. in subsidiary companies	0	0	4,509
16. Other financial income:			
a. income from securities held as current assets			
c. parent companies	0	0	0

c.	income from securities held as current assets not representing equity investments	0	83	100
d.	other than above:			
d.	from third parties	18	94	213
	Total 16.	18	177	313
17.	Interest and other financial charges:			
d.	from third parties	-1,463	-884	-2,346
	TOTAL FINANCIAL INCOME AND (CHARGES) (C)	-1,445	-707	2,476
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS:			
18.	Writeups:			
a.	of equity investments	0	0	0
19.	Writedowns:			
a.	of equity investments	0	0	-3,016
c.	of securities booked under current assets not held as equity investments	-980	0	-197
	Total 19.	-980	0	-3,213
	TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)	-980	0	-3,213
E)	NON-RECURRING INCOME AND CHARGES:			
20.	Non-recurring income			
a.	gains on disposals	0	0	0
b.	other non-recurring income	0	1	15
	Total 20.	0	1	15
21.	Non-recurring charges:			
c.	other non-recurring charges	0	0	0
	Total 21.	0	0	0
	TOTAL NON-RECURRING INCOME AND (CHARGES) (E)	0	1	15
	PROFIT BEFORE TAXES (A-B+/-C+/-D+/-E)	-1,167	2,556	5,815
22.	Income taxes for the year	(*)	(*)	-2,869
	26. NET PROFIT FOR THE YEAR	-1,167	2,556	2,946

(*) The figures at 30 June do not include income taxes.

CSP INTERNATIONAL INDUSTRIA CALZE S.p.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2001

COMMENTS ON THE FINANCIAL STATEMENTS:

The financial statements have been prepared using the formats established by Decree 127 of 9 April 1991 for balance sheets and statements of income. The related comments have been drawn up in compliance with CONSOB resolution No. 11971 of 14 May 1999 and subsequent legislation.

The attached financial statements are presented with comparative figures as of 30 June 2000 and 31 December 2000.

All of the amounts in the explanatory notes are expressed in thousands of Euro.

ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the financial statements as of 30 June 2000 are consistent with those used for the full year 1999, with the exception of the following:

INVENTORIES: Inventories are stated at the lower of purchase or production cost (average cost) and estimated realisable value, taking account of market trends, whereas LIFO was used in the annual financial statements.

INCOME TAXES FOR THE PERIOD: income taxes and deferred taxation for the half-year have not been accounted for, as permitted by CONSOB.

These amounts will be determined at year-end.

OTHER INFORMATION

Preparation of consolidated financial statements -- In accordance with Decree 127/1991, the Company has prepared consolidated financial statements.

BALANCE SHEET

COMMENTS ON THE PRINCIPAL ASSET CAPTIONS

■ B. FIXED ASSETS

B.I- Intangible fixed assets

Attachment no. 1 shows the movements in intangible fixed assets during the period.

At 30 June 2001 intangible fixed assets amounted to 998 thousand Euro (1,006 thousand Euro as of 31 December 2000).

During the half-year, this item decreased as a result of the amortisation charge for the period and increased mainly because of new investments in software worth 290 thousand Euro.

B.II- Tangible fixed assets

Attachment no. 2 shows the changes in tangible fixed assets.

The main additions are due to the purchase of machines for the production of lingerie items using the new seamless technology.

Ordinary depreciation has been calculated using rates considered to reflect the residual useful lives of the related assets.

The accumulated depreciation reserves as of 30 June 2001 include accelerated depreciation as permitted by art. 2426.2 of the Civil Code. This depreciation amounts to 4,150 thousand Euro.

As a result, accumulated depreciation and tangible fixed assets as of 30 June 2001 are over- and understated by 426 thousand Euro and 4,150 thousand Euro respectively, pre-tax.

The following is a historical cost-based list, split by category, of fixed assets still owned by the Company at 30 June 2001, which have been affected by the laws on monetary revaluation, as per art. 10 of Law 72/83:

Assets in existence at 30/06/2001	Historical cost	Revaluatio n L. 576/75	Revaluatio n L. 72/83	Revaluation L. 413/91	Revaluation L. 342/2000 Historical cost	Total	Revaluation L. 342/2000 Accum. depreciation
Buildings/light constructions	20,647	21	141	468	0	21.277	
Plant/machinery	43,103	10	96	0	5,849	49,058	9,110
Equipment	922	0	15	0	0	937	
Furniture/office machines	1,228	0	8	0	0	1,236	
Electronic office equipment	1,991	0	9	0	0	2,000	
Cars/other vehicles	1,361	1	4	0	0	1,366	

Note that in 2000 the Company took advantage of the possibility offered by Law no. 342 of 21 November 2000 to revalue plant and machinery for a total of 15,316 thousand Euro.

B.III- Financial fixed assets

B.III.1. Equity investments

The equity investments included in financial fixed assets increased compared with 31 December 2000 due to the acquisition of another 45% of Lepel Srl (for 9,576 thousand Euro), as well as the increase in capital of 3,073 thousand Euro by the French subsidiary Le Bourget S.A.

■ C. CURRENT ASSETS

■ C.I. Inventories

	30/06/01	31/12/00	30/06/00
Gross value	37,972	31,914	36,722
Writedown reserve	(548)	(414)	(527)
Net value	37,424	31,500	36,195

There was an increase of 5,924 thousand Euro compared with 31 December 2000, mainly because June is a particular period of the year when the bulk of production is concentrated to cope with high deliveries during the autumn months.

C.II.1. Trade accounts receivable

Trade receivables have changed as follows:

	30/06/01	31/12/00	30/06/00
Trade receivables – Italy	21,614	24,551	18,569
Trade receivables – abroad	7,500	9,166	7,242
Bills subject to collection	6,079	7,572	5,266
Customers - invoices to be issued	517	872	379
Credit notes to be issued	(829)	(1,691)	(1,033)
Reserve for doubtful accounts	(2,272)	(2,093)	(1,905)
Total	32,609	38,377	28,518

Receivables are all due within 12 months.

-C.II.2. Due from subsidiary companies

This caption refers to trade receivables due from companies belonging to the Le Bourget Group, Euro 5,927 thousand, and from S.P. Polska, Euro 2,317 thousand.

C.II.3. Due from associated companies

These refer to trade receivables due from Rozal S.a.r.l. and CSP Hosiery (UK).

■ C.II.5. Other receivables

The balance includes various receivables made up as follows:

	30/06/01	31/12/00	30/06/00
VAT credits	2,010	679	2,113
Advances on income taxes	1,442	471	1,270
Advances to suppliers	81	171	12
Employees' travel advances	7	7	7
Deferred tax assets	1,300	1,300	1,202
Other current receivables	109	81	14
Foreign VAT credits	23	15	23
Total other current receivables	4,972	2,724	4,641

Guarantee deposits	56	56	56
Total other non-current receivables	56	56	56
Total other receivables	5,028	2,780	4,697

C.III.5. Own shares

At 30 June 2001, the Company holds 1,509,000 of its own shares, worth 784.68 thousand Euro at par, the equivalent of 6.159% of the share capital.

During the period under review, 756,500 shares were purchased.

As of 30 June 2001, a writedown of Euro 980 thousand was also made to adjust the value of the shares held in the portfolio to their market value, namely the average stock exchange price for the month of June 2001. If the Company had valued own shares in portfolio at their market value at the date of this report, this would have resulted in a further writedown of around 1,800 thousand Euro. The stock's performance is substantially in line with the trend in financial markets following the dramatic events of 11 September 2001; these events are considered exceptional and pertaining to the next accounting period. The investment of liquidity in own shares was authorised by the ordinary shareholders' meeting held on 27 April 2000, applying a limit of 10% of the share capital. This authorization is valid until 27 October 2001 and enables the Company to buy and sell shares at prices ranging between Lire 1,000 and Lire 20,000.

■ D. ACCRUED INCOME AND PREPAYMENTS

This caption is made up as follows

	30/06/01	31/12/00	30/06/00
Prepaid TV commercials	74	263	0
Prepaid insurance	101	0	101
Prepayments	697	0	269
Others	12	101	17
Total	884	364	387

Prepaid insurance represents the portion of insurance costs pertaining to the second half.

Prepayments refer to advertising campaigns which will be completed during the second half of 2001.

COMMENTS ON THE PRINCIPAL LIABILITY CAPTIONS :

■ A. SHAREHOLDERS' EQUITY

Changes in shareholders' equity as of 30 June 2001 are shown in attachment no. 4.

■ A.III. Revaluation reserves :

These reserves are made up as follows:

	30/06/01	31/12/00	30/06/00
Revaluation Law 596/75	32	32	32
Revaluation Law 72/83	192	192	192
Revaluation Law 413/91	393	393	393
Revaluation Law 320/00	12,406	12,406	0
Total	13,023	13,023	617

As explained previously, during the course of 2000 the Company took advantage of the possibility of revaluing its fixed assets (Law no. 342 of 21.11.2000). The revaluation resulted in the booking of a revaluation reserve of Euro 12,406 thousand (net of substitute tax of Euro 2,910 thousand) to shareholders' equity.

B. RESERVES FOR CONTINGENCIES AND OTHER CHARGES

Changes in this item are set out below :

	01/01/01	Provisions	Utilisations	30/06/01
Taxation reserve	325	0	0	325
Others :				
- Exchange fluctuation reserve	7	0	(7)	0
- Reserve for future contingencies	268	0	0	268
- Agents' supplementary indemnity reserve	572	39	0	611
Total other	847	39	(7)	879
Total reserves for contingencies and other charges	1,172	39	(7)	1,204

■ **C. SEVERANCE INDEMNITIES**

Movements during the year have been as follows:

	01/01/01	Provisions	Utilisations	30/06/01
- Severance indemnities	4,531	470	(453)	4,548

■ **D. PAYABLES**

■ **D.3. Short-term bank borrowings**

Bank borrowings have gone from 50,429 thousand Euro at 31 December 2000 to 62,669 thousand Euro for an increase of 12,240 thousand Euro, which relates mainly to the outlay to buy a further 45% of Lepel Srl.

The due dates of the loans are set out below:

	Within 1 year	Within 5 years	Beyond 5 years	Total
Loans	17,713	7,860	0	25,573

Certain of the loans stipulated prior to February 1996 are backed by mortgages, as detailed in the memorandum accounts.

■ **D.6 . Trade payables**

The balance is substantially in line with what it was at 31 December 2000, while there has been an increase of 6,079 thousand Euro compared with 30 June 2000.

D.11 Taxes payable :

The most significant item is the liability for substitute tax on the revaluation of fixed assets (Law no. 342 of 21.11.2000), for 1,940 thousand Euro due within 12 months and 970 thousand Euro due beyond 12 months.

■ **D.12. Payables to social security institutions :**

The most significant item is the liability for employees' social contributions (465 thousand Euro).

■ **D.13 Other payables**

These comprise:

	30/06/01	31/12/00	30/06/00
Payable to employees	2,515	816	2,477
Dividends payable	0	0	1,237
Other payables	14	42	18

Total	2,529	858	3,732
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Payables to employees include, among others, amounts due for holidays still to be taken as of 30 June 2001 and the accrued portion of the 13th month salary.

■ E. ACCRUED LIABILITIES AND DEFERRED INCOME

The item consists of accrued bank interest.

MEMORANDUM ACCOUNTS

Mortgages for loans -- These are mortgages on company assets in guarantee of loans granted by banks, whose residual value amounts to Euro 4,427 thousand.

Guarantees given to third parties -- The caption relates to guarantees granted to third parties.

Assets held by third parties -- These mainly relate to portable computers and printers on loan to agents.

Purchasing commitments -- At 30 June 2001, there are commitments based on signed contracts for the purchase of tangible fixed assets amounting to Euro 836 thousand. These mainly refer to the completion of plant and software.

Assets deposited with third parties -- The caption refers to the value of goods sent to subcontractors for processing.

Third party assets-- This caption includes third party goods for re-packaging and re-dyeing. .

STATEMENT OF INCOME

COMMENTS ON THE PRINCIPAL STATEMENT OF INCOME CAPTIONS:

■ A. PRODUCTION VALUE

■ A.1. Revenues from sales of goods and services

Revenues are analysed below by geographical area and by type of product:

	30/06/01	30/06/00	31/12/00
- Italy:			
-stockings	24,474	23,604	54,228
-woven products	2,863	2,904	5,155
-raw materials/other	433	421	619
- Western Europe			
-stockings	13,925	8,427	24,548
-woven products	1,540	1,047	1,633
-other	547	2,491	454
- Eastern Europe			
-stockings	9,404	8,394	22,295
-woven products	1,056	839	1,776
-other	387	326	368
- Non-European countries			
-stockings	1,337	1,005	2,632
-other	1	5	8
Total	55,967	49,463	113,716

Revenues are shown net of returns, discounts and allowances.

Sales of stockings include 6,081 thousand Euro of revenues relating to seamless lingerie.

■ A.5.a. Other income:

This item includes above all royalty income of 427 thousand Euro, advertising contributions by suppliers for 124 thousand Euro, and amounts recharged to customers for reprocessing of 104 thousand Euro.

■ **B. PRODUCTION COSTS**

■ **B.6. Cost of inventories of raw, ancillary and consumable materials and goods**

The balance includes the purchase cost of raw materials and semi-finished goods for use in production processes worth 26,824 thousand Euro (22,389 thousand Euro as of 30 June 2000) and packaging and packing materials for 4,005 thousand Euro (3,720 thousand as of 30 June 2000).

■ **B.7. Services**

This caption is made up as follows

	30/06/01	30/06/00	31/12/00
- Outside contractors	4,463	3,264	6,693
- Advertising	4,929	3,357	8,282
- Agents	2,117	982	2,326
- Transport	762	696	1,514
- Power	1,330	1,238	2,480
- Other	2,639	2,312	4,697
Total	16,240	11,849	25,992

The significant increase in 'Agents' compared with 30 June 2000 is due to an important organisational change that the Company implemented in 2001 regarding the sale of its products through the mass retailing channel. The dealer network has taken on a different role in logistics and management of the point of sale, while the Company now handles directly the relationship with customers as regards contracts and marketing policies. The fees paid for these services are therefore only visible from the current year, whereas previously the Company invoiced the products to the dealers, who then sold them on to the mass retailing chains.

Advertising costs are also up significantly compared with the same period last year (1,572 thousand Euro). This increase, which should in any case fall during the rest of the year, coming into line with last year's cost, is due to a different programming of the advertising campaign for the launch of seamless lingerie products, bringing it forward to the spring, rather than running it in the autumn, the traditional period for heavy advertising.

■ **B.9. Labour costs**

This item includes all of payroll costs incurred on a continuous basis for employees, as detailed on the face of the statement of income

Movements in staff numbers during the period are set out below:

	01/01/01	New recruits	Leavers	30/06/01	Average
- Managers	13	2	4	11	12
- Supervisors	23	6	0	29	26
- Office staff	112	6	20	98	105
- Workers	531	11	32	510	520
Total	679	25	56	648	663

New recruits and leavers also include promotions.

■ B.10. Depreciation, amortisation and writedowns

These comprise:

■ a. Amortisation of intangible fixed assets

	30/06/01	30/06/00	31/12/00
- Software	296	246	614
- Goodwill	0	85	169
- Deferred charges	31	32	73
- Other	6	6	12
Total	333	369	868

■ b. Depreciation of tangible fixed assets

	30/06/01	30/06/00	31/12/00
- Buildings	358	375	752
- Light constructions	3	1	1
- Plant/machinery	3,414	2,842	7,665
- Equipment	84	91	183
- Furniture, office machines	27	18	43
- Electronic office machines	53	107	221
- Cars	21	49	97
- Vehicles	11	27	55
- Assets worth under 1 million	26	16	51
Total	3,997	3,526	9,068

The increase in depreciation compared with 30 June 2000 amounts to 471 thousand Euro, and is mainly due to the revaluation of plant and machinery in 2000.

The writedown of doubtful accounts, 179 thousand Euro, relates to the provision made to cover the probability that certain receivables will prove uncollectible.

■ **B.12. Provisions for contingencies:**

This caption mainly relates to the provision for contingencies and to charges for the agents' supplementary indemnity maturing in the period.

■ **B.14. Other operating expenses**

This item is comprised as follows:

	30/06/01	30/06/00	31/12/00
- Entertaining	42	73	132
- Membership fees	33	33	64
- Stationery and other materials	69	55	111
- Non deductible VAT on gifts	22	12	23
- Taxes and duties	82	73	134
- Losses on the sale of assets	26	19	22
- General expenses	7	13	24
- Other charges	26	36	80
Total	307	314	590

■ **C. FINANCIAL INCOME AND CHARGES**

■ **C.17.d. Interest and other financial charges due to third parties**

This caption comprises :

	30/06/01	30/06/00	31/12/00
- Interest payable on current accounts	376	97	281
- Interest payable on borrowings	330	193	700
- Interest payable on loans	720	548	1,304
- Other interest and charges payable	13	8	15

- Exchange losses	24	28	39
- Provision to the exchange fluctuation reserve	0	10	7
Total	1,463	884	2,346

■ **D.19.c. Writedowns of securities booked to current assets not representing equity investments:**

This caption comprises the writedown of own shares held in portfolio, adjusting them to market value, as specified in the comment on item 'C III 5.' on the assets side of the balance sheet.

Ceresara, 27 September 2001

The Board of Directors

ATTACHMENTS

The following attachments contain additional information and form an integral part of the explanatory notes to the financial statements:

1. - Schedule of movements in intangible fixed assets for the period ended 30 June 2001
2. - Schedule of movements in tangible fixed assets for the period ended 30 June 2001
3. - Schedule of movements in financial fixed assets as of 30 June 2001
4. - Statement of changes in shareholders' equity for the period ended 30 June 2001
5. - Cash flow statement as at 30 June 2001
6. - List of significant equity investments held at 30 June 2001

Attachment 1

Schedule of movements in intangible fixed assets

Euro/1000

Description	Historical cost	Amortization at 01.01.01	Writedowns at 01.01.01	Net book value at 01.01.01	Additions Jun-01	Reclassifications Jun-01	Depreciation Jun-01	Net book value at 30.06.2001
Industrial patents and intellectual property rights								
-Software	2,950	-2,105	0	845	290		-295	840
trade marks & similar rights								
-Brand	39	-36	0	3	0		-2	1
Goodwill	847	-847	0	0	0		0	0
Other								
- Flotation costs	2,091	-2,091	0	0	0			0
-Deferred loan costs	65	-39	0	26	0		-5	21
- Other intangible fixed assets	360	-229	0	131	35		-30	136
total others	2,516	-2,359	0	157	35	0	-35	157
Total	6,352	-5,347	0	1,005	325	0	-332	998

Attachment 2

Tangible fixed assets

Euro /1000

Summary of assets															
Opening balances				Movements in the period								Closing balances			
Description	Historical cost	Revaluation	Accumulated depreciation	Net book value	Additions	Additions	Disposals	Disposals	Reversal	Reclassification	Depreciation	Historical cost	Revaluation	Accumulated depreciation	Net book value
			at 01.01.01	at 01.01.01	Jun-01	Revaluations	Jun-01	Revaluations	Depreciation	Jun-01	Jun-01			at 30.06.2001	at 30.06.2001
Land & buildings	20,647	630	-4,503	16,774							-359	20,647	630	-4,862	16,415
Plant & machinery	41,057	15,422	-30,631	25,848	2,172		-126	-357	-381		-3,415	43,103	15,065	-33,665	24,503
Equipment	883	15	-756	142	39						-84	922	15	-840	97
Other assets	4,757	22	-4,347	432	316		-71		-63		-138	5,002	22	-4,422	602
Construction in progress	383	0	0	383	73							456	0	0	456
Total	67,727	16,089	-40,237	43,579	2,600	0	-197	-357	-444	0	-3,996	70,130	15,732	-43,789	42,073

Attachment 3

SCHEDULE OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 2001

IN THOUSANDS OF EURO

FIXED ASSETS	OPENING BALANCE			BALANCE AT 31:12:00	MOVEMENTS DURING THE PERIOD					CLOSING BALANCE	
	ORIGINAL COST	REVALUATION	WRITEDOWN		INCREASES	DECLASSIFICATIO	DECREASES	REVALUATIONS	WRITEDOWN	BALANCE AT 30.06.2001	OF WHICH REVALUATION
EQUITY INVESTMENTS											
SUBSIDIARY COMPANIES											
LEPEL SRL - CARPI (MO) Via nuova Ponente, 25/b	11,455			11,455	9,576					21,031	
E.D.I. - LYON (F) Boulevard Vivier Merle, 1	6,701			6,701						6,701	
Le Bourget S.A FRESNOY LE GRAND (F)	6,494		(3,007)	3,487	3,073					6,560	
SANPELLEGRINO POLSKA Sp.Z.o.o. Ul.Lodzka, 27-KONSTANTYNOW (LODZ) (PL)	1,163			1,163						1,163	
TOTAL SUBSIDIARIES	25,813	-	(3,007)	22,806	12,649	-	0	-	0	35,455	-
ASSOCIATED COMPANIES											
ROZAL SARL - PARIS (F) Rue Turbigo, 30	9		(9)	-						-	
CSP HOSIERY (UK) LTD - LONDON (UK) Action Park, 28	3		(3)	-						-	
TOTAL ASSOCIATED COMPANIES	12	-	(12)	-	-	0	0	-	0	-	-
OTHER COMPANIES											
CASSA RUR.ED ART. CASTELGOFFREDO (MN) Via Giotto, 2	-			-						-	
FONDO PENSIONE PREVIMODA - MILAN Viale Sarca, 223	2			2						2	
CONAI - ROME Viale dell'Astronomia, 30	2			2						2	
TOTAL OTHER EQUITY INVESTMENTS	4	-	-	4	-	-	-	-	-	4	-
TOTAL EQUITY INVESTMENTS	25,829	-	(3,019)	22,810	12,649	-	0	-	0	35,459	-
FINANCIAL RECEIVABLES											
SUBSIDIARY COMPANIES											
Finanz. BENETTON LEGS				1						1	
TOTAL FINANCIAL RECEIVABLES FROM SUB	-	-	-	1	-	-	-	-	-	1	-
ASSOCIATED COMPANIES											
Finanz. ROZAL SARL				31						31	
Finanz. CSP HOSIERY (UK) LTD				33						33	
TOTAL FINANCIAL RECEIVABLES FROM ASS	-	-	-	64	-	-	-	-	-	64	-
TOTAL FINANCIAL RECEIVABLES	-	-	-	65	-	-	-	-	-	65	-

Attachment 4

SCHEDULE OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2001

(in thousands of Euro)

Description	Share capital	Share premium reserve	Reserve for own shares	Revaluation reserves	Legal reserve	Other reserves	Net profit (loss) for the period	Total shareholders' equity
Balances at 01.01.2001	12,653	18,076	3,369	13,023	1,298	9,868	2,946	61,233
Allocation of 2000 net profit (Shareholders' meeting 15 June 2001)								
- 5% allocation to legal reserve					148		-148	-
- Dividends distributed						1,265	-1,265	-
- Profits carried forward						1,533	-1,533	-
- Translation of share capital in Euro	87				87			-
Increase of the reserve for own shares			1,759			1,759		-
Profit at 30 June 2001 (*)							1,167	1,167
Balances at 30.06.2001	12,740	18,076	5,128	13,023	1,359	10,907	1,167	60,066

(*) net profit at 30 June 2001 does not include income taxes

CASH FLOW STATEMENT
as at 30 June 2001 and 31 December 2000
(in thousands of Euro)

	30 June 2001	31 December 2000
A. OPENING NET DEBT	-32,424	-20,090
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net profit for the period	-1,167	2,946
Depreciation, amortisation and writedowns	4,330	9,936
Losses on and writedowns of financial fixed assets	0	3,016
Net change in severance indemnities for employees and agents	56	395
Net change in reserves for contingencies and other charges	-6	164
Cash flows from operating activities before changes in working capital	3,213	16,457
(Increase) decrease in trade receivables	7,418	-2,770
(Increase) decrease in inventories	-5,924	-74
Increase (decrease) in trade and other payables	3,080	-4,084
Changes in other working capital items	-4,526	-4,217
	3,261	5,312
C. CASH FLOWS FROM (FOR) INVESTMENT ACTIVITIES		
(Purchase) disposal of fixed assets:		
Intangible	-325	-1,126
Tangible	-2,490	-2,833
Financial	-12,609	-11,886
	-15,424	-15,845
D. CASH FLOWS FROM (FOR) FINANCING ACTIVITIES		
New borrowings net of the current portion of loans transferred to current payables	-9,955	2,346
Dividends paid	0	-1,237
Other changes in shareholders' equity and minority interests	0	-2,910
	-9,955	-1,801
E. CASH FLOW FOR THE PERIOD (B+C+D)	-22,118	-12,334
F. INDEBITAMENTO NETTO FINALE (A+E)	-54,542	-32,424

Attachment 6

List of significant investments held as of 30 June 2001

(Article 125 of CONSOB Resolution No. 11971 dated 14 May 1999 ; CONSOB clarification dated 14 July 2000)

<i>Company</i>	<i>Number of shares or quotas held</i>	<i>% of share capital</i>	<i>Currency</i>	<i>Nominal value</i>	<i>Type of control</i>	<i>Nature of relationship</i>	<i>Ownership</i>
E.D.I. S.A. 02230 Fresnoy Le Grand - France	104,146	100	French Francs	269	By right	Direct	Owned
Le Bourget S.A 02230 Fresnoy Le Grand - France	1,531,806	99.996	Euro	1	By right	Direct and indirect*	Owned
Lepel Srl Via Nuova Ponente, 25/B 41012 Carpi MO	3,848,000	100	Euro	1	By right	Direct	Owned
Sanpellegrino-Polska Sp.z.o.o. ZPCh. ul. Lodska, 95050 Konstantynow - Lodz Poland	90,064	50	Zloty	50	By appointment and revocation of the directors	Direct	Owned
Rozal SARL 30 Rue de Turbigo 75003 PARIS FRANCE	600	20	French Francs	600	By right	Direct	Owned
CSP Hosiery UK - 28, Acton Park Estate W37QE London UK	2,000	20	GB sterling	2,000	By right	Direct	Owned

* The indirect investment is held via the company E.D.I S.A which holds, by way of ownership, 703,373 shares, equal to 50.83% of the share capital.

Note: the share capital comprises ordinary shares or quotas with voting rights only.