FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

CSP INTERNATIONAL INDUSTRIA CALZE S.p.A.
Via Piubega, 5/C - 46040 CERESARA (MN) - ITALY
Share capital € 12,740,000 fully paid-in
Mantua Companies Register no. 00226290203

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CORPORATE BODIES

Board of Directors

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

Board of Statutory Auditors

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

Independent Auditors

Deloitte & Touche Italia S.p.A.

(*) 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.

(**) Notes on exercising power: powers of ordinary administration.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

DIRECTORS' REPORT ON GROUP OPERATIONS

The CSP Group made considerable progress during 2002 in its diversification into the expanding underwear market, which showed good results both in seamless underwear and in corsetry. At the same time there has been a sharp downward trend in the tights market both in Italy and abroad, with the Group reporting a further dip in sales.
In addition to the fall in consumption, the tights market has seen not only an escalation in the price war, in turn producing a general reduction in margins, especially in the wholesale distribution channel, but also an increase in advertising expenditure.
The Italian hosiery market has experienced the following trends in 2002 compared with 2001:
- stockings consumption – 5.0%;
- tights 81.9% of total, compared with 85.9%, with customers down by 7.6%;
- knee-high hose 12.2% of total, compared with 9.4%, with customers up by 29%.

To summarise, we are seeing a market that is consuming a smaller quantity of hosiery in absolute terms, in which demand is shifting away from tights partially to the benefit of knee-high hose.
In this highly competitive scenario, the Group has managed to reverse the negative trend of the past three years on the Italian market, increasing its market share from 8.8% in 2001 to 9.1% in 2002. (source GFK: market share by volumes for the year ended in December).
In a market that has shrunk by 5% this result has been achieved by increasing the number of customers dealing in the Sanpellegrino and Oroblù brands +12.8% and + 38,8% respectively.
The Group's operating profit has been affected by the amount of expenditure in communications, which is mainly concentrated in the latter part of the year due to the seasonal nature of consumption on the hosiery market.
The CSP Group has reported total net sales of 159.52 million Euro in 2002, down by 2.3% versus 2001, and operating profit of 4.97 million Euro, declining from 5.1% to 3.1% of net sales.
Consolidated sales for management purposes differ from consolidated sales because the former excludes sales to subcontractors to raise capacity by outsourcing certain types of production (sales of hosiery yarn and production materials) All comments made below will be based on the reclassified financial statements included in this report, as it is felt that this gives the most accurate view of the Group's activities.

In addition to those already mentioned, the other factors most affecting the Group's results for the year have been:
a) the termination of two product lines specially for the retail channel, Sanpellegrino Élite and Star Way, whose sales accounted for 4.34 million Euro in 2001. These product lines were eliminated due to their poor sales performance, the absence of growth potential and high operating costs;
b) the slowdown in hosiery purchases by Russian customers, with sales falling by 16.1% or 2.76 million Euro;
c) the failure to renew private label contracts by certain important French retailing chains;
d) the introduction of new packaging for Le Bourget products sold to the mass distribution channel, resulting in a large quantity of returned goods with the old-style packaging;
e) the higher advertising expenditure incurred by Le Bourget to continue the relaunch of its brand and by CSP in support of both tights and underwear;
f) the writedown of own shares in portfolio to market value, with a major impact on results from activities outside of normal operations. A stockmarket capitalization of around 39.20 million Euro, corresponding to 68% of shareholders' equity, ignores the underlying fundamentals and cannot be viewed as a realistic value for the Company.

Group performance

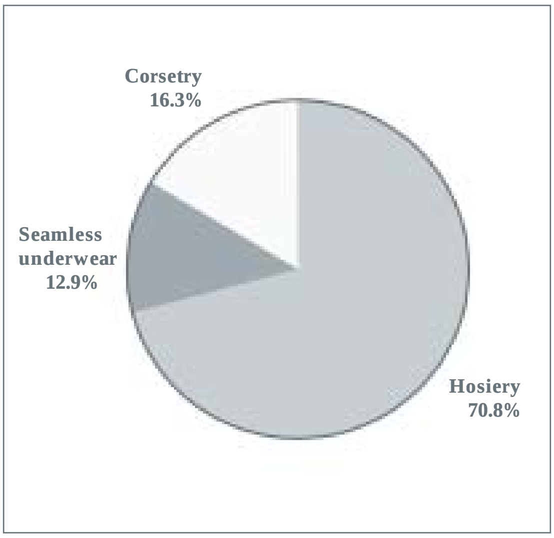
Summary statement of income

(in millions of Euro)	2002		2001	
	Value	%	Value	%
Net sales	159.52	100.0	163.33	100.0
Cost of Sales	99.71	62.5	101.63	62.2
Gross profit	**59.81**	**37.5**	**61.70**	**37.8**
Selling, general and administrative expenses	54.84	34.4	53.43	32.7
Operating profit	**4.97**	**3.1**	**8.27**	**5.1**
Net financial charges	3.96	2.5	4.22	2.6
Other net income and charges	2.33	1.4	2.02	1.3
Profit (loss) before income taxes	**(1.32)**	**(0.8)**	**2.03**	**1.2**
Income taxes	(2.81)	(1.8)	(2.25)	(1.4)
Net profit (loss) for the year	**(4.13)**	**(2.6)**	**(0.22)**	**(0.2)**
Net profit (loss) attributable to minority interests	(0.09)	(0.0)	(0.21)	(0.1)
Net profit (loss) for the year attributable to the Group	**(4.22)**	**(2.6)**	**(0.43)**	**(0.3)**

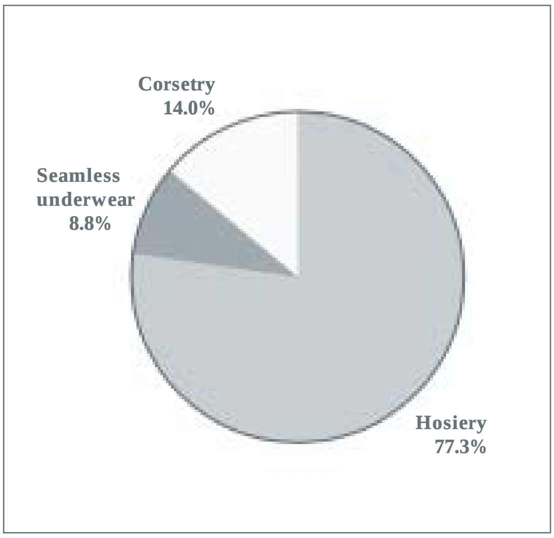
Net sales – Net sales in 2002 passed from 163.33 million Euro to 159.52 million Euro (– 2.3%). This decline is mainly due to lower sales on the hosiery market, that has continued to stagnate, and that have been only partially offset by the growth in sales of seamless underwear and corsetry.

The following graphs show the breakdown of sales by product sector, brand and geographical area for the period under review compared with 2001:

PRODUCTS: % of sales at 31.12.2002

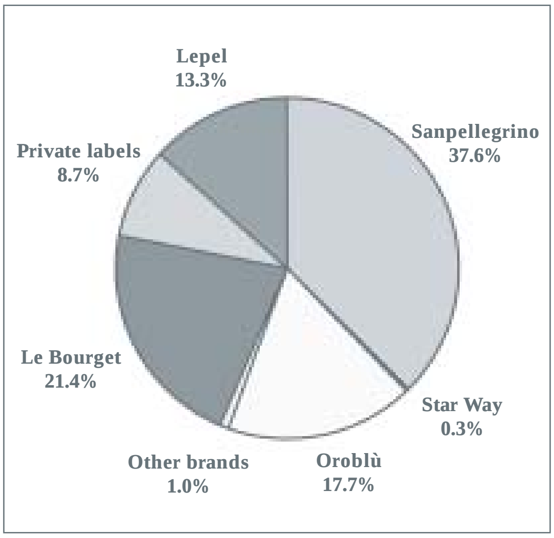


PRODUCTS: % of sales at 31.12.2001

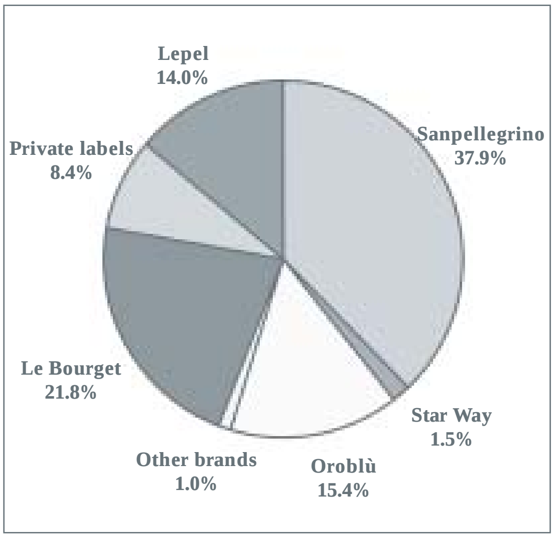


While hosiery sales have decreased by 10.4% in 2002 with respect to the previous year, sales of seamless underwear have forged ahead by 43.0%, from 14.3 million Euro to 20.5 million Euro, with corsetry sales climbing by 13.9% from 22.8 million Euro to 26.0 million Euro.
Corsetry and seamless underwear together represent 29.2% of total turnover, compared with 22.8% in 2001.

BRANDS: % of sales at 31.12.2002

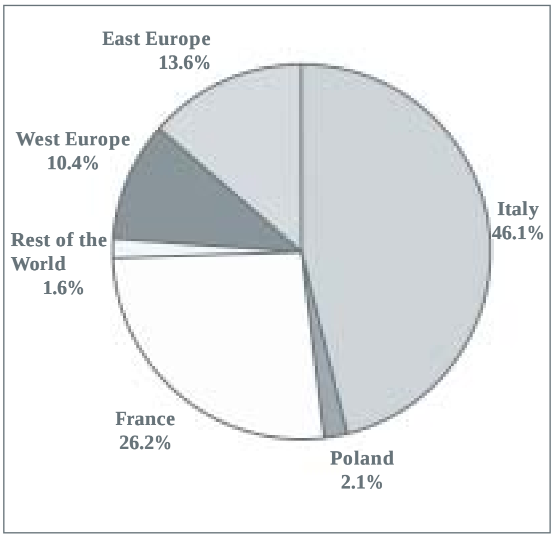


BRANDS: % of sales at 31.12.2001

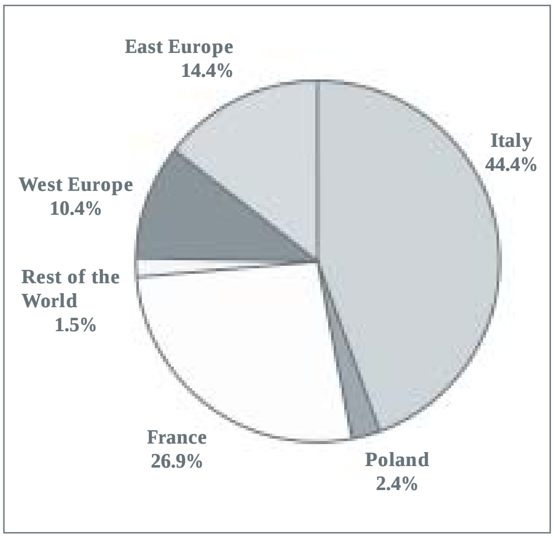


As regards our brands, 2002 has been a year of broad stability for Sanpellegrino and expansion for Oroblù, thanks to the growth in seamless underwear and corsetry sales.

AREAS: % of sales at 31.12.2002



AREAS: % of sales at 31.12.2001



The geographical breakdown of sales in 2002 has been broadly in line with the previous year, with a slight increase on the Italian market (+ 1.4%) and contraction in France (– 4.8%) and East Europe (– 7.9%).

Cost of sales – Cost of sales for 2002 amount to 99.71 million Euro, corresponding to 62.5% of sales compared with 62.2% in the previous year.

Gross profit – The gross profit for the full year 2002 came to 37.5% on net sales, with respect to 37.8% in the previous year. Note that the higher profit margins associated with the growth in sales of seamless products have been absorbed by expenses incurred for brand rationalisation.

Selling, general and administrative expenses – Selling, general and administrative expenses, totalling 54.84 million Euro, represent 34.4% of net sales for 2002 compared with 32.7% in the previous year.
The increase with respect to 2001 is mainly due to higher advertising expenditure, up from 17.58 million Euro to 18.55 million Euro, in support of the Group's brands.

Operating profit – The operating profit for 2002 amounts to 4.97 million Euro, representing 3.1% of net sales, compared with 5.1% in the previous year. Although the gross profit is basically unchanged, the deterioration in the operating profit is due to the lower volume of sales and the increase in selling, general and administrative expenses described earlier.

Net financial charges – Net financial charges in 2002 amount to 3.96 million Euro, compared with 4.22 million Euro in the prior year. The decrease in financial charges is due to lower interest rates, with the average level of the Group's financial debt staying broadly in line with the previous year.

Other net income and charges – This item consists of 2.33 million Euro in net charges compared with 2.02 million Euro in the previous year; it consists mainly of the writedown of own shares in portfolio (2.23 million Euro) to adjust them to market value at the end of the year (1.60 Euro per share) and net non-recurring charges for the reorganisation of the Le Bourget Group, principally to close down the Marseilles location (0.70 million Euro).

Income taxes – Income taxes amounted to 2.81 million Euro compared with 2.25 million Euro in the previous year. Current taxes amount to 1.83 million Euro, including 1.20 million Euro of IRAP (regional tax on business activities) due by the Italian companies. Deferred taxes total 0.98 million Euro.

Summary balance sheet

The following table gives a summarised version of the reclassified consolidated balance sheet:

(in millions of Euro)	31 december 2002	31 december 2001
Current assets	127.78	125.01
Current liabilities	(43.39)	(47.26)
Net working capital	**84.39**	**77.75**
Equity investments (including own shares)	4.13	6.10
Tangible and intangible fixed assets	62.67	69.31
Capital employed	**151.19**	**153.16**
Other medium/long-term liabilities	(11.64)	(10.38)
Net capital employed	**139.55**	**142.78**
Net financial debt	83.69	81.17
Shareholders' equity attributable to minority interests	1.53	1.65
Shareholders' equity	54.33	59.96
Total	**139.55**	**142.78**

Net working capital – Net working capital at 31 December 2002 has increased by 6.64 million Euro compared with 31 December 2001. This increase is mainly due to the growth in inventories, which have climbed from 54.27 million Euro to 58.04 million Euro and the decrease in trade payables, reflecting reduced buying activity as a result of implementing an inventory-reduction policy already adopted in the fourth quarter of the year.

Capital employed – Capital employed declined by 1.97 million Euro compared with 31 December 2001, as the writedown of own shares in portfolio (as mentioned previously) and fixed assets (for depreciation and amortisation) was greater than the increase in working capital.

Net financial debt – As shown in the following table, net financial debt is 2.52 million Euro higher than at 31 December 2001. The net financial position is made up as follows:

(in millions of Euro)	31 december 2002	31 december 2001
Short-term bank borrowings	54.74	46.36
Current portion of medium / long-term debt	12.81	16.89
Cash and banks	(0.78)	(5.44)
Net short-term debt	**66.77**	**57.81**
Medium / long-term loans, net of the current portions	16.92	23.36
Net financial debt	**83.69**	**81.17**

Group performance by company

Parent Company

The Parent Company has reported a major growth in sales in the following sectors in 2002:

- seamless underwear, thanks to the growth of Sanpellegrino in the mass distribution channel (+ 54%) and Oroblù, both in Italy (+ 44.5%) and abroad (+ 109%);
- corsetry, thanks to the launch, both in Italy and abroad, of the first collections bearing the Oroblù label (which accounts for 1.7% of total sales net of intercompany transactions).

This progress means that the underwear sector now represents 22.7% of total sales, which, although a not insignificant proportion, is not yet sufficient to make up for the slide in the hosiery business.

In addition to the reduction in sales resulting from the termination of the Sanpellegrino Élite and Star Way lines, hosiery sales have also been influenced by the following circumstances, mostly depending on market conditions:

- Sanpellegrino in Italy has boosted its sales to the mass distribution channel by 15.7%, while losing 16.7% of its sales to the wholesale channel;
- Sanpellegrino's export sales have shrunk by 14%, mainly due to the downturn on the Russian market mentioned earlier;
- Oroblù sales were 6.7% lower in Italy and 7.9% lower on the export market.

The combined effect of the performance in the various sectors has caused the Parent Company's sales revenues, net of intercompany sales, to slip by 2.8% in 2002 compared with 2001, falling from 89.16 million Euro to 86.66 million Euro.

The operating profit has fallen from 6.5% in 2001 to 4.8% mainly due to higher advertising expenditure, which climbed from 8.35 million Euro to 9.25 million Euro (8.82% of total sales compared with 7.71% in 2001).

Inventories have climbed by 1.4% from 36.19 million Euro to 36.69 million Euro. This increase is due to higher quantities of seamless products held in stock (+ 12%), resulting from their strong sales performance and the launch of more innovative, fashionable collections, while the reduction in hosiery stocks (– 9%) has not yet fully achieved the targeted decrease.

Le Bourget Group

Sales revenues at Le Bourget Group, net of intercompany sales, have fallen by 5.5% in 2002, from 46.65 million Euro to 44.07 million Euro.

Having concentrated most of its business in the hosiery sector, Le Bourget has suffered from the downturn on the French market. In 2002 consumption in volume of stockings and tights fell respectively by 4% and 12% (Le Bourget makes most of its sales in the tight sector). The knee-high hose and socks segments grew by 8% and 11% respectively over the same period. In addition to all this, several "Private label" supply contracts with mass distribution in France were not renewed due to demands for completely uneconomic pricing.

The gross profit has fallen from 37.5% to 33.9%,having been affected not only by the sales mix but also by customer returns due to the change in packaging (for a figure of some 1.40 million Euro) and the related repackaging costs (around 0.45 million Euro). Furthermore, the unification of brands with the transformation of Bomo into Le Bourget-Bomo has involved other one-off inventory writedowns.

The operating result is a loss of 0.38 million Euro partly due to the 9% increase in advertising expenses to relaunch the product range.

Lepel
As from 1 January 2003 Lepel has been absorbed into CSP and is now one of its divisions. Lepel has reported sales revenues for 2002 of 24.53 million Euro, net of intercompany sales. This is a 7.7% improvement on 2001, mainly thanks to the contribution from the mass distribution channel, which has grown by 13%.

The gross profit has fallen from 40.8% to 35.9% mainly due to the change in sales mix, in turn affected by the following factors:
- the major growth in business both with the mass distribution and wholesale channels by the Claudia Lemes line, which, like the Lepel brand, has a “price-oriented” positioning;
- the winning of a private label contract to supply Coop Italy.

The operating profit has improved more than proportionately than the growth in sales, climbing from 3.2% to 4.1%. This was mainly thanks to reductions in advertising expenses, which was 10% lower than in 2001, but which nonetheless allowed Lepel’s brands to be leading advertisers with a 12.5% “share of voice”.

Sanpellegrino Polska
Sales in Poland has also suffered from the general downturn in consumption; as a result, Sanpellegrino Polska has reported 4.3 million Euro in sales revenues, net of intercompany sales. This is 10.1% lower than the figure of 4.8 million Euro reported in 2001.

Operating profit amounts to 0.68 million Euro, representing 8.0% of sales compared with 6.7% in 2001, thanks to improvements in efficiency following reorganisation of the manufacturing sector.

Research and development
Research and development mainly involves the creation of innovative and trend-setting hosiery and lingerie products. This activity, which puts CSP in the forefront of design of new products, involves internal personnel with the support of external consultants.

Significant subsequent events
As already mentioned, on 27 January 2003 the merger of Lepel S.r.l. with CSP International Industria Calze S.p.A. became operative, with effect from 1 January 2003, and is now one of its divisions.
As a result, the Group now has the following structure:

Related party disclosures
No atypical or unusual transactions as defined by CONSOB were carried out during the year.
Relationships between Group companies mainly involved commercial transactions related to the companies’ production activity and regulated at arm’s-length conditions.

Investments held by Directors, statutory auditors and general managers (art. 33, Decree 58 of 24 February 1998)

As required by CONSOB regulations, we attach the schedule on investments held by the individuals or entities stated in Resolution 11971/99.

Own shares

At a General Meeting held on 17 December 2001 the Parent Company's shareholders authorised the purchase of own shares up to 10% of share capital for a period of eighteen months.

During the course of the year, the Parent Company purchased 327,850 own shares and sold 100,000 of them. On 31 December 2002 the Parent Company held 2,358,850 of its own shares, representing 9.628% of share capital with a total par value of 1,226,602 Euro. As of 31 December 2002, a writedown of Euro 2.23 million was also made to adjust the value of the shares held in portfolio to market value, namely Euro 1.60 per share.

Strategies and prospects for 2003

The Group's strategic objectives for 2003 are unchanged: to transform itself from a producer of tights to an innovative player in the underwear market.

In 2003 the CSP Group will continue working on the projects started in 2002:

- rationalisation of existing product range to reduce its complexity, improving stock levels by lowering it;
- better distribution management by devising new structures to bring the Company closer to the market, both in traditional and non-traditional sales channels, accompanied by an intense programme of promotional campaigns;
- reorganisation of certain activities (e.g. Le Bourget) to improve their internal efficiency and effectiveness in the marketplace, reducing fixed costs where possible;
- concentration of investments in communication and promotion of the Group's better-known brands to develop brand synergies;
- adoption of the same IT system (SAP) for all Group companies that is capable of delivering major improvements in operating efficiency.

All these projects will be accompanied by a series of investments and initiatives geared to maintaining and recovering market share in the hosiery sector, both in Italy and abroad.

In fact, aggressive promotional campaigns were already launched in January 2003 targeting both the mass distribution and wholesale channels.

At the same time, the Group will invest heavily to support the growth of its seamless products and traditional corsetry on the underwear market.

Heavy promotional campaigns aimed at the Trade and Consumer sectors have also been launched in January 2003 for the seamless underwear range, while a major investment in television advertising is being made, starting from February 2003, for the Sanpellegrino brand.

In the traditional corsetry sector, a leading role will be played by the Lepel-branded products, which will build on the areas of technological innovation (as in the case of the new Revolution range) and fashion (an area of minor importance for the Lepel brand in the past). Major investments in communication will also continue to be made for the Lepel range of products, in proportion to their established growth objectives.

All these activities confirm the Group's determination to invest heavily to strengthen its brands, to speed up its diversification into growing markets, such as underwear, and to focus on high-growth potential channels, in order to be better placed to take the opportunities offered by these markets.

Ceresara, 28 March 2003

The Chairman of the Board of Directors
Enzo Bertoni

Attachments:

1. Reclassified Consolidated Statement of Income
2. Reclassified Consolidated Balance Sheet
3. Schedule 3C – table 3

Attachment n. 1

Reclassified Consolidated Statement of Income
(in thousands of Euro)

	31 December 2002 CONSOLIDATED	31 December 2001 CONSOLIDATED
Net sales	158,917	162,524
Income from royalties	602	807
NET REVENUES	**159,519**	**163,331**
COST OF SALES		
Purchases	55,252	59,779
Labour cost	19,443	20,662
Services	14,516	13,863
Depreciation and amortisation	7,472	7,519
Other costs	7,299	7,555
(Increase) decrease in inventories	(4,277)	(7,753)
	99,705	**101,625**
GROSS PROFIT	**59,814**	**61,706**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Labour cost	14,316	14,176
Advertising expenses	18,551	17,580
Commissions	3,022	3,147
Depreciation and amortisation	4,642	4,534
Other expenses	14,316	13,997
	54,847	**53,434**
OPERATING PROFIT	**4,967**	**8,272**
Net financial charges (income)	3,958	4,223
Net other (income) and charges	1,864	2,014
	5,822	**6,237**
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**(855)**	**2,035**
EXTRAORDINARY CHARGES AND (INCOME)	**466**	**4**
PROFIT (LOSS) BEFORE INCOME TAXES	**(1,321)**	**2,031**
Income taxes	(2,810)	(2,248)
NET PROFIT (LOSS) FOR THE YEAR	**(4,131)**	**(217)**
MINORITY INTERESTS	(88)	(209)
NET PROFIT (LOSS) FOR THE GROUP	**(4,219)**	**(426)**

Attachment n. 2

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

	31 December 2002 CONSOLIDATED	31 December 2001 CONSOLIDATED
CURRENT ASSETS		
Cash and banks	777	5,435
Trade receivables	63,727	65,857
Trade receivables due from subsidiary and associated companies	100	235
Other receivables	5,296	4,292
Inventories	58,038	54,266
Accrued income and prepaid expenses	615	359
Own shares	3,774	5,379
TOTAL CURRENT ASSETS	**132,327**	**135,823**
FIXED ASSETS		
Financial fixed assets		
Financial receivables	332	602
Equity investments	11	110
Total financial fixed assets	**343**	**712**
Tangible fixed assets	45,740	49,601
Intangible fixed assets	16,942	19,715
TOTAL FIXED ASSETS	**63,025**	**70,028**
TOTAL ASSETS	**195,352**	**205,851**

Attachment n. 2

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

	31 December 2002 CONSOLIDATED	31 December 2001 CONSOLIDATED
CURRENT LIABILITIES		
Short-term bank borrowings	54,741	46,358
Current portion of medium/long term debt	12,805	16,885
Trade payables due to third parties	35,614	38,935
Trade payables due to subsidiary/associated companies	-	6
Taxes payable	2,161	2,407
Other payables	4,960	5,286
Accrued liabilities and deferred income	654	626
TOTAL CURRENT LIABILITIES	**110,935**	**110,503**
MEDIUM/LONG-TERM LIABILITIES		
Medium/long-term debt, net of the current portion	16,918	23,357
Bills payable	0	0
Severance indemnities	6,796	6,200
Other provisions	4,845	4,183
TOTAL MEDIUM/LONG-TERM LIABILITIES	**28,559**	**33,740**
TOTAL LIABILITIES	**139,494**	**144,243**
MINORITY INTERESTS IN CAPITAL AND RESERVES	1,528	1,647
SHAREHOLDERS' EQUITY		
Share capital	12,740	12,740
Legal reserve	1,365	1,365
Share premium reserve	18,076	18,076
Other reserves	26,368	28,206
Net profit (loss) for the year	(4,219)	(426)
TOTAL SHAREHOLDERS' EQUITY	**54,330**	**59,961**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**195,352**	**205,851**

Attachment n. 3 - Schedule 3C - table 3

SHARES HELD BY DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS IN 2002

NAME	COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PRIOR YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT YEAR
BERTONI ENZO	CSP INTERN. IND. CALZE SpA	3,587,780	117,667	225,750	3,479,697
MESSEDAGLIA LAURA *	CSP INTERN. IND. CALZE SpA		74,750		74,750
BERTONI FRANCESCO **	CSP INTERN. IND. CALZE SpA	3,436,780	18,737		3,455,517
	LE BOURGET	1			1
BERTONI MARIA GRAZIA	CSP INTERN. IND. CALZE SpA	2,787,470			2,787,470
	LE BOURGET	1			1
BERTONI CARLO	CSP INTERN. IND. CALZE SpA	929,896			929,896
BARDINI VALTER ***	CSP INTERN. IND. CALZE SpA	351,910			351,910
TEDOLDI ARTURO	CSP INTERN. IND. CALZE SpA	106,660	19,950	7,660	118,950
	LE BOURGET	1	10		11

NOTE:
* Messedaglia Laura, the wife of Bertoni Enzo
** Giuseppina Morè, the wife of Bertoni Francesco, is the beneficiary of 2,787,470 CSP shares
*** Valter Bardini is the husband of Maria Grazia Bertoni

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2002

(amounts in Euro)

BALANCE SHEET - ASSETS				31.12.2002	31.12.2001
A)	RECEIVABLES FROM SHAREHOLDERS			0	0
B)	FIXED ASSETS				
	I.	Intangible fixed assets:			
		3	industrial patents and intellectual property rights	381,433	733,319
		4	concessions, licences, trade marks and similar rights	2,181,480	3,216,486
		5	goodwill	147,791	197,121
		6	intangibles in progress and advances	668,061	0
		7	others	147,601	138,178
		8	difference arising on consolidation	13,415,657	15,429,609
		Total I.		**16,942,023**	**19,714,713**
	II.	Tangible fixed assets:			
		1	land and buildings	19,636,418	20,165,068
		2	plant and machinery	22,898,042	26,080,185
		3	industrial and commercial equipment	958,949	792,196
		4	other fixed assets	2,079,544	1,661,883
		5	construction in progress and advances	167,090	901,664
		Total II.		**45,740,043**	**49,600,996**
	III.	Financial fixed assets:			
		1	Equity investments in:		
			a) subsidiary companies	0	97,383
			b) associated companies	0	0
			d) other companies	11,362	12,642
		Total 1.		**11,362**	**110,025**
		2	Receivables:		
			a) subsidiary companies		
			a.a. due within 12 months	0	0
			b) associated companies		
			b.a. due within 12 months	32,377	65,009
		Total 2.		**32,377**	**65,009**
		3	Other securities	223,640	295,187
		Total III.		**267,379**	**470,221**
TOTAL FIXED ASSETS (B)				**62,949,445**	**69,785,930**

BALANCE SHEET - ASSETS				31.12.2002	31.12.2001
C)	CURRENT ASSETS				
	I.	Inventories:			
		1	raw, ancillary and consumable materials	8,227,814	9,279,463
		2	semi-finished products, work-in-progress	17,679,821	18,061,344
		4	finished products and goods	32,130,507	26,794,017
		5	advances	0	130,781
		Total I.		**58,038,142**	**54,265,605**
	II.	Receivables:			
		1	trade receivables:		
			1.a. due within 12 months	63,726,897	65,810,373
		2	subsidiary companies:		
			2.a. due within 12 months	0	0
		3	associated companies:		
			3.a. due within 12 months	99,945	234,781
		4	parent companies:		
			4.a. due within 12 months	0	0
		5	others:		
			5.a. due within 12 months	5,296,326	4,299,489
			5.b. due beyond 12 months	75,562	241,495
		Total 5.		**5,371,888**	**4,540,984**
		Total II.		**69,198,730**	**70,586,138**
	III.	Current financial assets:			
		5	own shares	3,774,160	5,378,644
		Total III.		**3,774,160**	**5,378,644**
	IV.	Liquid funds:			
		1	cash at banks and post offices	570,709	5,377,199
		2	cheques	131,144	46,774
		3	cash and equivalents on hand	75,140	49,563
		Total IV.		**776,993**	**5,473,536**
	TOTAL CURRENT ASSETS (C)			**131,788,025**	**135,703,923**
D.	ACCRUED INCOME AND PREPAID EXPENSES			**614,916**	**358,607**
	TOTAL ASSETS			**195,352,386**	**205,848,460**

LIABILITIES AND SHAREHOLDERS' EQUITY				31.12.2002	31.12.2001
A)	SHAREHOLDERS' EQUITY:				
	I.	Share capital		12,740,000	12,740,000
	II.	Share premium reserve		18,075,991	18,075,991
	III.	Revaluation reserves		13,023,279	13,023,279
	IV.	Legal reserve		1,363,768	1,363,768
	V.	Reserve for own shares in portfolio		3,774,160	5,378,644
	VI.	Statutory reserves		493,461	170,669
	VII.	Other reserves:			
		a.	undistributed profit	5,776,101	6,970,946
		b.	capital grants reserve	205,717	205,717
	total VII.			**5,981,818**	**7,176,663**
	VIII.	Retained earnings		3,097,390	2,457,431
	IX.	Net profit (loss) for the year		(4,219,183)	(425,647)
	TOTAL SHAREHOLDERS' EQUITY (A)			**54,330,684**	**59,960,798**
		MINORITY INTERESTS		**1,528,475**	**1,647,861**
B)	ALLOWANCES FOR RISKS AND CHARGES:				
	1	pensions and similar commitments		625,040	625,040
	2	taxation		2,561,767	2,013,225
	3	other		1,657,480	1,608,719
	TOTAL ALLOWANCES FOR RISKS AND CHARGES (B)			**4,844,287**	**4,246,984**
C)	ALLOWANCE FOR SEVERANCE INDEMNITIES			6,796,088	6,199,416
D)	PAYABLES:				
	3	banks:			
		a.	due within 12 months	67,545,787	63,244,646
		b.	due beyond 12 months	16,918,205	23,357,238
	Total 3.			**84,463,992**	**86,601,884**
	5	advances:			
		a.	due within 12 months	41,275	0
	6	trade accounts:			
		a.	due within 12 months	35,613,827	38,931,981
	7	notes payable:		0	0
	8	subsidiary companies:			
		a.	due within 12 months	0	0
	9	associated companies:			
		a.	due within 12 months	0	5,874
	10	parent companies:			
		a.	due within 12 months	0	0
	11	taxes authorities:			
		a.	due within 12 months	2,160,750	1,435,759
		b.	due beyond 12 months	0	969,993
	Total 11.			**2,160,750**	**2,405,752**
	12	social security institutions			
		a.	due within 12 months	2,005,081	2,175,445
	13	other payables			
		a.	due within 12 months	2,913,382	3,110,901
	TOTAL PAYABLES (D)			**127,198,307**	**133,231,837**
E)	**ACCRUED LIABILITIES AND DEFERRED INCOME**			**654,545**	**561,564**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				**195,352,386**	**205,848,221**

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2002	31.12.2001
- Risks		
- Mortgages on loans	0	15,493,707
- Sureties in favor of third parties	13,116,786	10,933,190
- Guarantees given to third parties	21,308,190	17,242,238
- Commitments		
- Commitments for the purchase of goods	602,204	1,274,003
- Other		
- Third party assets	8,162	33,343
- Total	**35,035,342**	**44,976,481**

STATEMENT OF INCOME		2002	2001
A)	PRODUCTION VALUE		
	1 Revenues from sale of goods and services	162,668,757	172,504,554
	2 Changes in inventories of work-in-progress, semi-finished and finished products	5,315,727	7,571,809
	4 Additions to fixed assets by internal production	5,480	0
	5 Other income:		
	a. other income	1,427,428	2,021,990
	b. operating grants	0	0
	TOTAL PRODUCTION VALUE (A)	**169,417,392**	**182,098,353**
B)	PRODUCTION COSTS		
	6 Raw, ancillary and consumable materials and goods	58,926,070	69,728,839
	7 Services	54,953,357	53,557,392
	8 Leases and rentals	859,297	896,545
	9 Labour costs:		
	a. wages and salaries	23,138,615	23,819,182
	b. social security contributions	9,067,171	9,494,201
	c. severance indemnities	1,293,065	1,267,586
	e. other costs	23,968	36,785
	Total 9.	**33,522,819**	**34,617,754**
	10 Depreciation, amortisation and writedowns:		
	a. amortisation of intangible fixed assets	3,816,494	3,728,996
	b. depreciation of tangible fixed assets	8,298,221	8,326,597
	c. other writedowns of fixed assets	39,449	3,607
	d. writedown of receivables included in current assets and liquid funds	726,554	732,450
	Total 10.	**12,880,718**	**12,791,650**
	11 Changes in inventories of raw, ancillary and consumable materials and goods	1,037,748	(182,734)
	12 Provisions for risks and charges	104,469	168,332
	13 Other provisions	0	0
	14 Other operating expenses	2,165,462	2,064,570
	TOTAL PRODUCTION COSTS (B)	**164,449,940**	**173,642,348**
	DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS (A - B)	**4,967,452**	**8,456,005**
C)	FINANCIAL INCOME AND CHARGES		
	15 Income from investments:		
	a. in subsidiary companies	0	0
	16 Other financial income:		
	a. income from securities held as current assets c. parent companies	0	0
	c. income from securities held as current assets not representing equity investments	30,610	0
	d. income other than above: d. from third parties	409,078	400,568
	Total 16.	**439,688**	**400,568**

STATEMENT OF INCOME		2002	2001
	17 Interest and other financial charges:		
	d. third parties	(4,056,215)	(4,413,894)
	TOTAL FINANCIAL INCOME AND (CHARGES) (C)	**(3,616,527)**	**(4,013,326)**
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL FIXED ASSETS:		
	18 Revaluations:		
	a. equity investments	0	0
	19 Writedowns:		
	a. equity investments	0	0
	c. income from securities held as current assets not representing equity investments	(2,233,115)	(2,386,003)
	d. financial receivables	(79,586)	0
	Total 19.	**(2,312,701)**	**(2,386,003)**
	TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)	**(2,312,701)**	**(2,386,003)**
E)	NON-RECURRING INCOME AND CHARGES:		
	20 Non-recurring income:		
	a. gains on disposals	0	0
	b. other non-recurring income	455,145	82,021
	Total 20.	**455,145**	**82,021**
	21 Non-recurring charges:		
	c. other non-recurring charges	(814,207)	(107,866)
	Total 21.	**(814,207)**	**(107,866)**
	TOTAL NON-RECURRING INCOME AND CHARGES (E)	**(359,062)**	**(25,845)**
	PROFIT (LOSS) BEFORE TAXES (A-B+/-C+/-D+/-E)	**(1,320,838)**	**2,030,831**
	22 Income taxes for the year	(2,810,352)	(2,247,746)
	26 NET PROFIT (LOSS) FOR THE YEAR	**(4,131,190)**	**(216,915)**
	MINORITY INTERESTS	**(87,993)**	**(208,732)**
	NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE GROUP	**(4,219,183)**	**(425,647)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2002

FORM AND CONTENT OF THE 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, in compliance with the rules governing consolidated financial statements (Legislative Decree 127/91). A cash flow statement is also attached to show movements in cash flows during the year.
The accounting reference date of the consolidated financial statements, 31 December 2002, is consistent with that of CSP INTERNATIONAL INDUSTRIA CALZE SPA, the Parent Company, and all the companies included within the scope of consolidation. The financial statements used for consolidation purposes are those as of 31 December 2002 prepared by the respective Boards of Directors for approval by the shareholders.
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 Board (IASB), assimilated in Italy by CONSOB. Where applicable, the related deferred taxation has been provided on these adjustments.
A reconciliation between shareholders' equity and the net results as of 31 December 2002 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.
Furthermore, all the amounts in the explanatory notes are expressed in thousands of Euro.

SCOPE OF CONSOLIDATION

The consolidated financial statements as of 31 December 2002 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 46040 Ceresara (MN), Italy	Euro 12,740,000	Parent Company	
Le Bourget S.A.	Rue J.P. Saltiel- 02230- Fresnoy Le Grand, France	Euro 1,531,856	99.97%	99.97%
Le Bourget Benelux (1)	Rue Reigersvliet 1040 Brussels (Belgium)	Euro 182,200	70.56%	70.539%
BO.MO. Srl (1)	Via San Martino 8/12 Fraz. Borgo Poncarale 25020 Poncarale (BS), Italy	Euro 93,600	60%	59.982%
Lepel Srl	Via Nuova Ponente, 25/b 41012 Carpi (MO), Italy	Euro 3,848,000	100%	100%
Sanpellegrino Polska Sp. z o.o.	Ul. Lodska, 27 95-050 Konstantynow (Lodz) (PL)	Zloty 9,006,400	50%	50%

(1) Owned by Le Bourget S.A.

During the year, two mergers took place as part of the reorganisation of the Le Bourget Group (France). The first, dated 2 July 2002, saw the merger of operating companies SOGED S.A. and S.A.R.L. BUC with Le Bourget S.A. The second, dated 18 December 2002, involved the absorption of E.D.I. S.A., a holding company, by Le Bourget S.A. These operations greatly simplified both administrative procedures and logistics, bringing together all of the French group's activities under one roof at Fresnoy Le Grand.
On 7 November 2002, the extraordinary shareholders' meeting of the Parent Company approved the merger through incorporation of Lepel S.r.l within CSP International Industria Calze S.p.A. in accordance with art. 2504-quinquies of the Civil Code.
This merger was then finalised on 22 January 2003 by notarial deed that was registered in the Mantua Companies

Register on 27 January 2003. The merger took effect for accounting and tax purposes retroactively from 1 January 2003.

CONSOLIDATION PRINCIPLES

The main consolidation principles adopted for the companies consolidated on a line-by-line basis are described below:

- The financial statements of subsidiaries are consolidated on a line-by-line basis. The book value of the investments held by the Parent Company and the other consolidated companies is eliminated against the related share of the shareholders' equity, while the assets, liabilities, costs and revenues of the subsidiaries are consolidated fully, regardless of the interest held. Any differences emerging on acquisition (or initial consolidation) of the investments following the elimination of the book value of these companies and the corresponding portion of shareholders' equity at the current values of the investments, is attributed, where possible, to the assets and liabilities of the companies concerned; the residual balance, if positive, is recorded among intangible fixed assets under "Difference arising on consolidation", if negative, among the equity accounts as the "Consolidation reserve". Difference arising on consolidation are amortised on a straight-line basis over a period of ten years, given that the Group does not expect any sudden changes in technologies or production processes in its sector, such as to change the market position achieved after being in business for several decades.
- Minority interests in shareholder's equity and the results for the year are reported separately as "Minority interests" in the consolidated balance sheet and as "Net profit (loss) attributable to minority interests" in the consolidated statement of income.
- Transactions giving rise to receivables, payables, costs and revenues, between companies consolidated line-by-line, are eliminated, as are unrealised intercompany gains included at the balance sheet date in the valuation of inventories and fixed assets.
- Dividends from consolidated companies recorded as income from equity investments in the statements of income of the Parent Company and other companies owning such interests, are eliminated against "Retained earnings".
- The financial statements of foreign subsidiaries based in countries outside the Euro-zone are translated into Euro at the year-end exchange rate for assets and liabilities and at the average exchange rate for the year for the statement of income. Any exchange differences arising on translation of the initial shareholders' equity at year-end exchange rates compared with those at the end of the previous year, and any exchange differences arising on translation of the net profit for the year at year-end rates (for the balance sheet) and at average rates (for the statement of income) are booked directly to a specific reserve in consolidated shareholders' equity.

The exchange rates used to translate the financial statements of the Polish subsidiary are as follows:

Currency	Average	Period-end
Polish Zloty	3.85742	4.02100

ACCOUNTING POLICIES

The more important accounting policies adopted for the preparation of the consolidated financial statements, which comply with those established by law and are consistent with those applied in the previous year, are as follows:

Intangible fixed assets — These are stated at purchase or production cost, including related charges. They are amortised on a straight-line basis over their estimated useful lives. In particular, goodwill is amortised over a period of five years. Applications software is recorded among intangible fixed assets and amortised over a period of three years.

Consolidation differences are amortised on a straight-line basis over the expected useful life, which is estimated as ten years.

Tangible fixed assets — These are stated at purchase or production cost. This cost is adjusted for certain assets in application of specific revaluation laws (as detailed in the attached schedule). Cost includes the related charges, direct costs and the share of indirect costs that is reasonably attributable to the asset.

Tangible fixed assets are depreciated every year on a straight-line basis using rates that reflect the residual technical and economic useful lives of the assets concerned. The rates applied are indicated in the relevant section of the notes. If, independently of the depreciation already accounted for, there is a permanent loss in value, the asset's value is written down accordingly; if, in the future, the bases for the writedown no longer apply, the original value is reinstated as adjusted for accumulated depreciation.

Ordinary maintenance costs are wholly expensed to income as incurred. Maintenance costs which improve assets, are capitalised and depreciated using the rates applying to those assets over the residual useful lives.

Financial fixed assets — Investments in subsidiaries and associated companies that are not consolidated line-by-line (usually companies of little significance) are carried at cost.

Cost is written down where there is a permanent loss in value and when there is no prospect of the company in question earning future profits, which would absorb the losses. The original value is reinstated if, in the future, the bases for the writedown no longer apply; the resulting valuation is not materially different from applying the equity method.

Inventories — Inventories are stated at the lower of purchase or production cost, determined on the basis of weighted average cost, and their estimated realisable value taking account of market trends. Cost is calculated using the same criteria as that applied to fixed assets. Estimated realisable value is calculated taking account of manufacturing costs to be incurred and direct selling costs. Obsolete and slow-moving items are written down to their utilisable or realisable value.

Receivables — Receivables are stated at their estimated realisable value.

Own shares – Own shares, classified among current assets since they represent a temporary investment of liquidity, are stated at the lower of weighted average purchase cost and their corresponding market value. For the purposes of determining market value, reference is made to the average listed stockmarket price struck in the last month of the accounting period.

Accruals and deferrals — Income and expenses which relate to more than one accounting period are recorded in these captions in order to respect the principle of matching income and expenses to the period to which they refer.

Allowance for risks and charges — These allowances cover known or probable losses, whose timing and amount could not be determined at the year end. Provisions reflect the best estimate based on the information available.

The French company of the Group is obliged to pay a severance indemnity to employees in specific circumstances. The estimated liability at the balance sheet date, which is correlated to the death-rate and employee turnover, is stated among the allowance for risks and charges under 'pensions and similar commitments'.

Severance indemnities — The allowance for severance indemnities is provided to cover the liability maturing in respect of employees. It is accrued in accordance with Italian current legislation, collective labour contracts and in-house agreements. The liability is subject to annual revaluations using officially-established indices.

Payables — Payables are stated at their nominal value.

Revenue recognition — Revenues from product sales are recognised at the time ownership passes, which is generally upon shipment to the customer.

Advertising, research and development costs — Advertising and promotional costs not benefiting future accounting periods are expensed to income in period incurred; any costs relating to advertising campaigns spanning several accounting periods are recorded on an accruals basis by booking accruals or deferrals as appropriate.

Research and development costs are fully expensed as operating costs in the period incurred.

Lease contracts – Operating assets, acquired under financial lease, are reflected in the consolidated financial statements in accordance with financial lease methodology. This involves capitalising the assets and depreciating them over their residual useful life, while the related financial payable is recorded among liabilities.

Income taxes for the year – Current income taxes are provided with reference to the taxable income of each consolidated subsidiary, determined in accordance with local tax regulations. Provision is also made for deferred taxes on temporary differences between the value attributed to an asset or liability using statutory criteria and the corresponding value for tax purposes, and where applicable on consolidation adjustments. Deferred tax assets are recorded, where applicable, if there is reasonable certainty that they will reverse in future accounting periods.

TRANSLATION OF FOREIGN CURRENCY BALANCES

Receivables and payables originally denominated in foreign currency (concerning countries not belonging to the European Union) are translated into Euro using the exchange rates prevailing at the transaction dates. Exchange differences realised upon collection of receivables or the settlement of payables are recorded in the statement of income, after taking account of any provisions already accrued in the exchange fluctuation allowance.
If the translation of short and long term foreign currency receivables and payables at the period-end exchange rate results in a net loss, it is debited to the statement of income for the period and credited to the exchange fluctuation reserve.

OTHER INFORMATION

Information regarding the economic and financial trend in the various sectors in which the Group operates is provided in the report on operations, while the breakdown of sales by geographical area is shown in the notes to the statement of income. Planned changes to the information system should in future make it possible to have more information on Segment Reporting as recommended by CONSOB.

ANALYSIS OF THE CAPTIONS REPORTED IN THE FINANCIAL STATEMENTS
BALANCE SHEET

COMMENTS ON THE MAIN ASSET CAPTIONS

B. FIXED ASSETS

B.I- Intangible fixed assets

Movements in intangible fixed assets during the period are set out below:

	Gross value			
	Balance 01.01.02	Additions 2002	Other movements 2002	Balance 31.12.02
Industrial patents and intellectual property rights	4,069	293	0	4,362
Concessioni, licences, trade marks & similar rights	10,372	0	(4)	10,368
Goodwill	246	0	0	246
Construction in progress and advances	0	668	0	668
Other	510	86	0	596
Difference arising on consolidation	19,950	0	0	19,950
Total	**35,147**	**1,047**	**(4)**	**36,190**

	Accumulated amortisation				Net value
	Balance 01.01.02	Ammortis. 2002	Other movem. 2002	Balance 31.12.02	Balance 31.12.02
Industrial patents and intellectual property rights	(3,336)	(644)	0	(3,980)	**382**
Concessions, licences, trade marks & similar rights	(7,155)	(1,032)	0	(8,187)	**2,181**
Goodwill	(49)	(49)	0	(98)	**148**
Intangibles in progress and advances	0	0	0	0	**668**
Other	(372)	(77)	0	(449)	**147**
Difference arising on consolidation	(4,520)	(2,014)	0	(6,534)	**13,416**
Total	**(15,432)**	**(3,816)**	**0**	**(19,248)**	**16,942**

The main additions for the period refer to advances paid for implementation by the Parent Company of the new integrated IT system based on the SAP platform; this began during the current year and should be completed during 2003. These additions are classified under intangibles in progress and will be amortised from next year, when the SAP platform will have been completely implemented.
The prior year goodwill refers to the purchase of the retail outlet in the 'Orio Center' complex at Orio al Serio (Bergamo).

The amortisation rates applied are as follows:

	Rate
- Software	33.33%
- Brand	20%
- Difference arising on consolidation	10%
- Goodwill	20%
- Deferred charges	20%

Concessions, licenses, trademarks and similar rights mainly include the value attributed by the company Lepel Srl to its brand. In 2000, this company took advantage of the possibility under Law 342 of 21 November 2000 to revalue its 'Lepel' trademark by Euro 5,165 thousand.
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.
The balance recorded under the caption 'Difference arising on consolidation' mainly relates to the acquisition of the Le Bourget Group (Euro 9,295 thousand) and Lepel (Euro 3,510 thousand).

B.II- Tangible fixed assets
Additions and disposals and other movements in tangible fixed assets are set out below.

	Gross value				
	Balance al 01.01.02	Additions 2002	Disposals 2002	Other movements 2002 (1)	Balance 31.12.02
Land & buildings	30,380	160	(21)	150	30,669
Plant and machinery	59,347	2,954	(606)	11	61,706
Equipment	12,973	614	(612)	(25)	12,950
Other assets	7,150	1,159	(321)	11	7,999
Construction in progress and advances	902	285	(267)	(753)	167
Total	**110,752**	**5,172**	**(1,827)**	**(606)**	**113,491**

	Accumulated depreciation					Net value
	Balance 01.01.02	Depreciation 2002	Utilisations 2002	Other movem. 2002 [1]	Balance 31.12.02	Balance 31.12.02
Land & buildings	(10,216)	(842)	0	25	(11,033)	**19,636**
Plant and machinery	(33,265)	(6,286)	694	49	(38,808)	**22,898**
Equipment	(12,181)	(438)	612	16	(11,991)	**959**
Other assets	(5,489)	(732)	299	3	(5,919)	**2,080**
Construction in progress and advances	0	0	0	0	0	**167**
Total	**(61,151)**	**(8,298)**	**1,605**	**93**	**(67,751)**	**45,740**

[1] the column comprises reclassifications, revaluations, writedowns and exchange differences arising on translation of financial statements in foreign currency.

The most significant additions refer to investments made by the Parent Company for the purchase of machinery and for completion of the new electricity sub-station.

Tangible fixed assets at 31 December 2002 include revaluations carried out in compliance with specific laws, as follows:

Land & buildings	2,550
Plant and machinery	15,357
Equipment	59
Other assets	83
Construction in progress and advances	0
Total	**18,049**

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%

We would remind you that the Company took advantage of the possibility provided under Law no. 342 of 21 November 2000 to revalue its plant and machinery purchased between 1988 and 1999.
The Company has lent assets free of charge to third parties, namely portable PCs and printers to sales representatives for 228 thousand Euro as at 31 December 2002 (363 thousand Euro as at 31 December 2001), display equipment to customers for 58 thousand Euro and machinery to subcontractors for 5 thousand Euro.

B.III- Financial fixed assets
Attachments n. 1a and n. 1b show movements in financial fixed assets (equity investments and loans), as well as the information required by article 38 of D.Lgs 127/91.

C. CURRENT ASSETS

C.I. Inventories

Inventories are made up as follows:

	31.12.2002	31.12.2001
Gross value	61,225	56,645
Allowance for obsolescence	(3,187)	(2,379)
Net value	**58,038**	**54,266**

The increase in the value of inventories with respect to the previous year, Euro 3,772 thousand, is mainly due to the wider range of products on offer.

The allowance for obsolescence was determined on a specific basis and takes into account the possibility of utilisation of products on alternative markets or their re-processing.
At the year-end the Parent Company has goods on deposit with third parties for a total of Euro 4,421 thousand, which includes Euro 2,913 thousand (Euro 3,977 thousand at 31 December 2001) of goods sent to subcontractors for processing and Euro 1,508 thousand (Euro 1,591 thousand at 31 December 2001) of finished products stocked with distributors.

C.II. RECEIVABLES

The breakdown of receivables included in current assets, which do not include balances falling due beyond 5 years, is as follows:

C.II.1. Trade receivables

Trade receivables may be analysed as follows:

	31.12.2002	31.12.2001
Trade receivables - Italy	27,288	30,467
Trade receivables - France	8,775	11,989
Trade receivables - abroad	9,125	11,346
Bills subject to collection	22,460	16,474
Default interest receivable	80	0
Allowance for default interest	(80)	0
Customers - invoices to be issued	571	634
Credit notes to be issued	(2,487)	(2,295)
Allowance for doubtful accounts	(2,005)	(2,805)
Total	**63.727**	**65.810**

The net decline in receivables (2,083 thousand Euro) with respect to the previous year is in line with the sales trend.
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 allowance for doubtful accounts are as follows:

	01.01.2002	Utilisation	Provision	31.12.2002
Allowance for doubtfull accounts	**2,805**	(1,619)	819	**2,005**

During the year, the allowance was used to cover receivables deemed to be completely uncollectible; it 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.

C.II.5. Other receivables

The balance includes various receivables comprised as follows:

	31.12.2002	31.12.2001
VAT credits	2,404	1,028
Advances on income taxes	1,039	1,129
Advances to suppliers	217	70
Deferred tax assets	1,014	1,480
Other current receivables	601	565
Foreign VAT credits	21	27
Total other current receivables	**5,296**	**4,299**
Guarantee deposits	76	242
Total other non-current receivables	**76**	**242**
Total other receivables	**5,372**	**4,541**

The item ‘advances on income taxes for the year’ mainly refers to tax advances and withholdings paid over by various companies, net of any related tax liabilities, where applicable.
The ‘deferred tax assets’ refer to the positive balance of deferred taxation arising on temporary differences between the accounting values of assets and liabilities and their corresponding value for tax purposes.
The guarantee deposits are due within 5 years.

C.III.5 Own shares

As of 31 December 2002, the Parent Company owned 2,358,850 of its own shares, with a par value of Euro 1,226.60 thousand, corresponding to 9.6% of the share capital.
During the period under review, 327,850 own shares were purchased and 100,000 were sold, resulting in a net capital gain of Euro 31 thousand.
As of 31 December 2002, a writedown of Euro 2,233 thousand was also made to adjust the value of the shares held in the portfolio to their market value, namely Euro 1.60 per share.
The investment of liquidity in own shares was authorised by the ordinary shareholders’ meeting held on 17 December 2001, involving a limit of 10% of the share capital of the Parent Company. This authorisation extends over 18 months and allows transactions with prices ranging between 0.52 and 10.33 Euro. Own shares are offset by an undistributable equity reserve for the same amount.
Following the general decline in financial markets during the first half of 2003, valuing own shares in portfolio at their market value at the date that this report was prepared would have resulted in a further writedown of around 1,150 thousand Euro.

C.IV. Liquid funds

These represent cash on hand and bank current accounts open at 31 December 2002.

D. ACCRUED INCOME AND PREPAID EXPENSES

This item is comprised as follows:

	31.12.2002	31.12.2001
Prepaid TV commercials	265	0
Accrued interest from customers	1	0
Other prepayments	349	359
Total	**615**	**359**

COMMENTS ON THE MAIN LIABILITY CAPTIONS

A. SHAREHOLDERS' EQUITY

A.I. Share capital

The share capital at 31 December 2002, consists of n. 24,500,000 ordinary shares with a par value of 0.52 Euro each, fully subscribed and paid-in.

A.II. Share premium reserve

The share premium reserve refers to the increase in share capital carried out in 1997 when the Parent Company went public on the Italian Stock Exchange.

A.III. Revaluation reserves

These reserves are broken down as follows:

	31.12.2002	31.12.2001
Revaluation Law 596/75	32	32
Revaluation Law 72/83	192	192
Revaluation Law L. 413/91	393	393
Revaluation Law 342/00	12,406	12,406
Total	**13,023**	**13,023**

Reconciliation between statutory and consolidated balances

The reconciliation between the net results and shareholders' equity reported in the financial statements of CSP International Industria Calze S.p.A. and the corresponding consolidated amounts is as follows (in thousands of Euro):

Description	Net profit (loss) 2002	Shareholders's equity at 31.12.2002	Net profit (loss) 2001	Shareholders's equity at 31.12.2001
As per the Parent Company's financial statements	(1,854)	56,520	(563)	59,482
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 difference arising on consolidation	(2,767)	(5,156)	(369)	(2,086)
Reversal of adjustments of a fiscal nature (accelerated depreciation), net of the related tax effect, when applicable	724	3,904	816	3,180
Other consolidation adjustments, net of the related tax effect	(322)	(937)	(310)	(615)
As per the consolidated financial statements	**(4,219)**	**54,331**	**(426)**	**59,961**

B. ALLOWANCE FOR RISKS AND CHARGES

Changes in this item are set out below:

	01.01.2002	Provisions	Utilisations	31.12.2002
Allowance for pensions and similar commitments	**625**	0	0	**625**
Taxation	**2,013**	707	(158)	**2,562**
Others:				
-Exchange fluctuation allowance	65	8	(65)	8
-Allowance for future contingencies	577	17	(371)	223
-Returns allowance	143	393	(143)	393
-Rehabilitation provision	86	98	(65)	119
-Agents' supplementary indemnity provision	738	355	(179)	914
Total others	**1,609**	871	(823)	**1,657**
Total	**4,247**	1,578	(981)	**4,844**

The allowance for pensions and similar commitments includes the liability estimated in relation to indemnities which the French Group company is obliged to pay employees in the event of termination of employment due to retirement. The amount 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 985 thousand gross of the related tax effect. The Directors believe the allowance reflected in the financial statements to be adequate.
Taxation 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. SEVERANCE INDEMNITIES

Movements during the year have been as follows:

	01.01.2002	Utilisations	Provisions	31.12.2002
Severance indemnity	**6,199**	(620)	1,217	**6,796**

Utilisations include Euro 500 thousand paid to leavers and advances of Euro 120 thousand granted to employees.

D. PAYABLES

D.3. Short-term bank borrowings

Short-term bank borrowings amount to Euro 84,464 thousand, with a total decrease of Euro 2,138 thousand compared with 31 December 2001, offset by a decline in liquid funds.
With the exception of loans, all amounts due to banks are repayable within one year.
The overall trend of changes in financial flows is analysed in the cash flow statement, attached to these explanatory notes.
The due dates of the loans are set out below:

	Within 1 year	Within 5 years	Beyond 5 years	Total
Loans	13,005	16,918	0	**29,923**

Three new unsecured loans, totalling Euro 5,000 thousand were raised during 2002. They all bear market rates and fall due within 5 years.

D.6 Trade payables

This item has decreased by Euro 3,318 thousand, mainly as a result of variations in the timing of purchases.

D.11 Tax authorities

These comprise:

	31.12.2002	31.12.2001
Tax liability	1,342	634
Withholding taxes on payments to consultants/agents	132	106
Withholding on wages and salaries	687	696
Total	**2,161**	**1,436**
Tax liability beyond 12 months	0	970
Total	**2,161**	**2,406**

Tax liability involves the third tranche of the substitute tax on the asset revaluation (Law 342/00) for Euro 1,055 thousand and the current tax liability of consolidated companies for Euro 287 thousand.

D.12. Social security institutions

These include the following items:

	31.12.2002	31.12.2001
Social security institutions	1,940	2,101
Agents' social security (Enasarco)	22	31
Agents' social security (F.I.R.R.)	43	43
Total	**2,005**	**2,175**

D.13 Other payables

These comprise:

	31.12.2002	31.12.2001
Payable to employees	2,236	2,063
Other payables	677	1,048
Total	**2,913**	**3,111**

E. ACCRUED LIABILITIES AND DEFERRED INCOME

This item is comprised as follows:

	31.12.2002	31.12.2001
Accrued loan interest payable	319	178
Accrued staff bonuses	221	237
Other accruals	115	147
Total	**655**	**562**

MEMORANDUM ACCOUNTS

Mortgage on loans — The loans have all been repaid, so the balance is zero.
Sureties in favour of third parties — This relates to sureties given to banks for loans and credit lines received.
Guarantees given to third parties — The caption refers to forms of guarantees given by the French subsidiary to the banking system in relation to loans received.
Commitments for the purchase of goods — At 31 December 2002, there are commitments based on signed contracts for the purchase of fixed assets amounting to Euro 602 thousand. These commitments refer to plant enhancements and the purchase of new machines, as well as to software purchases.
Third party assets — This caption includes third party goods for re-packaging and re-dyeing.

COMMENTS ON THE MAIN STATEMENT OF INCOME CAPTIONS

For a more detailed analysis of the Group's activities, the statement of income, the events which have influenced the performance of operations during the year and significant subsequent events, reference should be made to the comments included in the report on operations which supplement those contained in these explanatory notes.

A. PRODUCTION VALUE

A.1. Revenues from sales of goods and services

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

	2002	2001
- Italy:		
-stockings	37,414	42,728
-seamless underwear	11,169	9,314
-corsetry	24,453	22,440
-raw materials/other	2,574	6,191
- France:		
-stockings	40,347	42,996
-seamless underwear	1,445	940
-raw materials/other	254	211
- Western Europe:		
-stockings	12,697	15,527
-seamless underwear	2,685	1,146
-corsetry	1,184	117
-raw materials/other	212	334
- Eastern Europe:		
-stockings	19,729	24,349
-seamless underwear	4,988	2,867
-corsetry	260	76
-raw materials/other	676	817
- Non-European countries:		
-stockings	2,206	2,364
-seamless underwear	277	82
-corsetry	63	0
-raw materials/other	36	6
Total	**162,669**	**172,505**

Net sales of stockings went from 127,964 thousand Euro to 112,393, a decrease of 15,571 thousand Euro on the previous year, due to the continuing decline in demand for women's stockings all over the world.
Net sales of seamless underwear went from 14,349 thousand Euro to 20,564 thousand Euro, an increase of 6,215 thousand Euro on the previous year, confirming the importance that these new products have for the Group and for the market.
Sales of corsetry rose from 22,633 thousand Euro to 25,960, with an increase of 3,327 thousand Euro compared with the previous year. This increase is partly due to growth in sales by Lepel Srl, and partly to the Parent Company starting up corsetry sales, generating 1,431 thousand Euro in this area.
As regards the breakdown of sales by geographical area, the key point is the deterioration of sales in Eastern Europe (2,456 thousand Euro), especially in Russia, caused by a slowdown in consumption during the latter part of the year.
Revenues are shown net of returns, discounts and allowances.

A.5.a. Other income

This item is comprised as follows:

	2002	2001
Freight and processing charges billed to customers	120	286
Advertising contributions	276	553
Expenses reinvoiced to customers	54	58
Royalty income	602	807
Gains on disposal of assets	90	93
Out-of-period income for taxes	283	222
Other income	2	3
Total	**1,427**	**2,022**

The most significant items are royalty income on outstanding contracts with licensees of Group brands. Advertising contributions are amounts recognised by suppliers for Group campaigns combining their brand with ours.

B. PRODUCTION COSTS

This item is comprised as follows:

	2002	2001
Raw materials	47,865	58,430
Packaging and consumable materials	11,061	11,299
Total	**58,926**	**69,729**

The overall decrease of Euro 10,803 thousand compared with 2001 is partly explained by the lower volume of sales, but above all by the inventory reduction policy applied during the course of the year and expected to continue in 2003.

B.7. Services

This item is comprised as follows:

	2002	2001
- Outside contractors	14,074	13,344
- Advertising	19,017	18,293
- Independent sale agents and merchandising	6,199	6,171
- Transport	3,795	3,559
- Power and heating	3,984	4,645
- Directors' emoluments	628	980
- Statutory Auditors' emoluments	64	63
- Maintenance	2,252	2,109
- Insurance	567	524
- General and commercial consulting	1,288	1,089
- Travel	1,034	804
- Postage	442	477
- Other transport costs	224	245
- Legal	107	68
- Commercial information and communications costs	246	228
- Bank charges	283	279
- Other	749	679
Total	**54,953**	**53,557**

This caption has increased by Euro 1,396 thousand compared with the previous year.

The most significant changes during the year concern:

- outside contractors (up by 730 thousand Euro), due to higher recourse to outsourcing mainly for processing seamless underwear;

- advertising (up by 724 thousand Euro) to provide continuing support for Group brands in all product lines;
- power and heating with a reduction of 661 thousand Euro, mainly by the Parent Company as part of the cost savings achieved thanks to the new electricity sub-station and lower plant utilisation because of higher recourse to state redundancy benefits compared with last year.
- Directors' emoluments, down by 352 thousand Euro following the resignation of the previous Directors of Lepel Srl.

In compliance with the provisions of article 38.1 letter o) of Decree Law 127/91, the total amount of compensation of Directors and statutory auditors of the Parent Company in relation to offices held in all the consolidated companies, amount to Euro 591 thousand and Euro 57 thousand respectively.

B.9. Labour costs

This caption includes all the costs incurred on an on-going basis which directly concern employees in 2002. The detail of this caption is set out on the face of the statement of income.
The decrease with respect to the previous year (1,095 thousand Euro) is due to the reduction in the number of employees and to the higher recourse to state redundancy benefits by the Parent Company.
Movements in staff numbers during the year are set out below:

	01.01.02	New recruits	Leaver	31.12.02	Average
- Managers	16	2	(3)	15	16
- Supervisors	49	6	(4)	51	50
- Office staff	356	37	(34)	359	358
- Workers	1,020	59	(145)	934	977
Total	**1,441**	**104**	**(186)**	**1,359**	**1,401**

The new recruits and leavers categories also include internal promotions.

B.10. Depreciation, amortisation and writedowns

These comprise:

a. Amortisation of intangible fixed assets

	2002	2001
- Software	644	722
- Goodwill	49	232
- Deferred charges	54	64
- Difference arising on consolidation	2,014	1,663
- Brand	1,032	1,037
- Other	23	11
Total	**3,816**	**3,729**

b. Depreciation of tangible fixed assets

	2002	2001
- Buildings	841	960
- Light constructions	1	24
- Plant/machinery	6,286	6,148
- Equipment	438	488
- Furniture, office machines	209	168
- Electronic office machines	281	276
- Cars	134	143
- Vehicles	66	82
- Assets with a unit value of less than 516 Euro	42	38
Total	**8,298**	**8,327**

d. Writedown of receivables included in current assets and of liquid funds

The caption "Writedown of receivables included in current assets and of liquid funds" consists of the provision required to adjust the value of receivables to their estimated realisable value. Losses during the year have been expensed to income with a corresponding utilisation of the allowance for doubtful accounts.

B.12. Provisions for risks and charges

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

B.14. Other operating expenses:

This item is comprised as follows:

	2002	2001
- Entertaining	155	174
- Membership fees	194	131
- Stationery and other materials	266	296
- Non deductible VAT on gifts	43	41
- Taxes and duties	1,160	1,155
- Losses on the sale of assets	86	61
- General expenses	113	117
- Other charges	148	90
Total	**2,165**	**2,065**

C. FINANCIAL INCOME AND CHARGES

C.16.d.d. Other financial income from third parties

This caption is analysed as follows:

	2002	2001
- Interest receivable on current accounts	19	28
- Interest receivable from customers	19	18
- Exchange gains	134	297
- Other interest receivable	237	58
Total	**409**	**401**

The caption 'other interest receivable' includes (80 thousand Euro) default interest on trade receivables due at 31 December 2002 (D.Lgs. no. 231 of 9 October 2002). The writedown for the same amount has been booked to ' writedown of financial receivables'.

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

This caption comprises:

	2002	2001
- Interest payable on current accounts	705	677
- Interest payable on borrowings	1,082	1,168
- Interest payable on loans	1,381	1,709
- Other interest and charges payable	707	590
- Provision to the exchange fluctuation allowance	8	0
- Exchange losses	173	270
Total	**4,056**	**4,414**

The decrease in financial charges is mainly due to a more favourable trend in interest rates with respect to the previous year.

D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS:

D.19.c. Writedowns of securities held as 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.

D.19.d Writedowns of financial receivables

This caption relates to the writedown of default interest receivable on trade accounts mentioned previously.

E. NON-RECURRING INCOME AND CHARGES

E.20.b Other non-recurring income

This caption mainly includes income deriving from the positive outcome of disputes that arose in prior years in France.

E.21.c Other non-recurring charges

This item mainly includes charges incurred by the French subsidiary following reorganisation of the Group by means of mergers and the closure of various commercial units.

E.22 Income taxes for the year

Income taxes amount to 2,810 thousand Euro, of which current taxes for 1,831 thousand Euro and deferred taxes for 979 thousand Euro.
The company Le Bourget suffered significant losses during the current and prior years, which have resulted in a considerable amount of accumulated losses for tax purposes. No deferred tax assets for a total amount of 4,615 thousand Euro, of which 3,010 thousand Euro relating to losses which can be carried forward for an unlimited period of time, have been provided for prudent reasons on the above mentioned accumulatd losses.

Ceresara, 28 March 2003

The Chairman of the Board of Directors
Enzo Bertoni

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. - 1a, Schedule of movements in financial fixed assets for the year ended 31 December 2002
   - 1b, List of equity investments in accordance with article 38 of D.Lgs 127/91
2. Statement of changes in shareholders' equity for the year ended 31 December 2002
3. Statement of consolidated cash flow for the year ended 31 December 2002 and 31 December 2001
4. Schedule of remuneration paid to the Directors, Statutory Auditors and General Managers for the year ended 31 December 2002

Attachment n. 1a

SCHEDULE OF MOVEMENTS IN FINANCIAL FIXED ASSETS FOR THE YEAR ENDED 31 DECEMBER 2002

(IN THOUSANDS OF EURO)

	OPENING BALANCE				MOVEMENTS DURING THE YEAR					CLOSING BALANCE	
DESCRIPTION	HISTORICAL COST	REVALUATION	WRITEDOWN	BALANCE 31.12.2001	INCREASE	RECLASSIFICATION	DECREASE	REVALUATION	WRITEDOWN	BALANCE 31.12.2002	OF WHICH REVALUED
EQUITY INVESTMENTS											
SUBSIDIARY COMPANIES											
LE BOURGET (UK) LTD - BUCKINGHAMSHIRE (UK) 8 Canons Road - Old Wolverton -Milton Keynes	220		(123)	97			(97)			0	
TOTAL SUBSIDIARY COMPANIES	**220**	**0**	**(123)**	**97**	**0**	**0**	**(97)**	**0**	**0**	**0**	**0**
ASSOCIATED COMPANIES											
ROZAL SARL - PARIS (F) Rue Turbigo, 30	9		(9)	0						0	
CSP HOSIERY (UK) LTD - LONDON (UK) Action Park, 28	3		(3)	0						0	
TOTAL ASSOCIATED COMPANIES	**12**	**0**	**(12)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTHER COMPANIES	16		(3)	13			(2)			11	
TOTAL OTHER EQUITY INVESTMENTS	**16**	**0**	**(3)**	**13**	**0**	**0**	**(2)**	**0**	**0**	**11**	**0**
TOTAL EQUITY INVESTMENTS	**248**	**0**	**(138)**	**110**	**0**	**0**	**(99)**	**0**	**0**	**11**	**0**
RECEIVABLES											
SUBSIDIARY COMPANIES											
BENETTON LEGS LOAN				1						1	
TOTAL RECEIVABLES FROM SUBSIDIARY COMPANIES	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**1**	**0**
ASSOCIATED COMPANIES											
ROZAL SARL LOAN				31						31	
CSP HOSIERY (UK) LTD LOAN				33			(33)			0	
TOTAL RECEIVABLES FROM ASSOCIATED COMPANIES	**0**	**0**	**0**	**64**	**0**	**0**	**(33)**	**0**	**0**	**31**	**0**
TOTAL RECEIVABLES	**0**	**0**	**0**	**65**	**0**	**0**	**(33)**	**0**	**0**	**32**	**0**

Attachment n. 1b

LIST OF EQUITY INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES AT 31 DECEMBER 2002 (ART. 2427 paragraph 5 of the Civil Code)

(IN THOUSANDS OF EURO)

NAME	SHARE CAPITAL IN LOCAL CURRENCY	SHAREHOLDERS' EQUITY Euro/mgl	PROFIT OR LOSS	STAKE-HOLDING %	INTEREST IN SHAREHOLDERS' EQUITY Euro/mgl	INTEREST IN PROFIT/LOSS Euro/mgl	BOOK VALUE	DIFFERENCE BETWEEN BOOK VALUE AND INTEREST IN SHAREHOLDERS' EQUITY
EQUITY INVESTMENTS								
ASSOCIATED COMPANIES								
ROZAL SARL - PARIS (F)	F.F	*						
Rue Turbigo, 30	300,000	(100)	(179)	20	(20)	(36)	–	(20)

NOTES: * as per the financial statements at 30 June 2000

Attachment n. 2 (IN THOUSANDS OF EURO)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2002

Description	Share capital	Share premium	Reserve for own shares	Revaluation reserves	Legal reserve	Other reserves	Net profit (loss) for the year	Total shareholders' equity
Balances at 1 January 2002	**12,740**	**18,076**	**5,379**	**13,023**	**1,364**	**9,805**	**(426)**	**59,961**
Coverage of 2001 loss								
- Allocation to 'Profit carried forward'						(426)	426	–
- Dividends						(1,108)		(1,108)
Decrease in reserve for own shares			(1,605)			1,605		–
Exchange differences						(203)		(203)
Differences arisig from Le Bourget mergers						(100)		(100)
Net profit (loss) for the year							(4,219)	(4,219)
Balances at 31 December 2002	**12,740**	**18,076**	**3,774**	**13,023**	**1,364**	**9,573**	**(4,219)**	**54,331**

Attachment n. 3 (IN THOUSANDS OF EURO)

STATEMENT OF CONSOLIDATED CASH FLOW
for the years ended 31 December 2002 and 31 December 2001

		31.12.2002	31.12.2001
A.	**OPENING NET FINANCIAL POSITION**	**(57,771)**	**(43,461)**
B.	**CASH FLOWS FROM (FOR) OPERATING ACTIVITIES**		
	Net profit (loss) attributable to the Group	(4,219)	(426)
	Depreciation, amortisation and writedowns	12,114	12,056
	Net change in severance indemnities for employees and agents	773	233
	Net change in allowances for risks and charges	421	348
	Cash flows from operating activities before changes in working capital	**9,089**	**12,211**
	(Increase) decrease in trade receivables	2,218	740
	(Increase) decrease in inventories	(3,772)	(8,101)
	Increase (decrease) in trade and other payables	(3,803)	(3,263)
	(Increase) decrease in own shares	1,605	(2,010)
	Changes in other working capital items	(1,088)	2,098
	Total change in working capital	**(4,840)**	**(10,536)**
		4,249	**1,675**
C.	**CASH FLOWS FROM (FOR) INVESTMENT ACTIVITIES**		
	(Purchase) disposal of fixed assets:		
	Intangible	(1,043)	(825)
	Tangible	(4,437)	(4,541)
	Financial	203	(20)
	Acquisition of Lepel	–	(9,576)
		(5,277)	**(14,962)**
D.	**CASH FLOWS FROM (FOR) FINANCING ACTIVITIES**		
	New loans (repayments) net of the current portion of loans transferred to current payables	(6,439)	(355)
	Dividends paid	(1,108)	(1,187)
	Other changes in shareholders' equity and minority interests	(423)	519
		(7,970)	**(1,023)**
E.	**TOTAL CASH FLOWS FOR THE YEAR (B+C+D)**	**(8,998)**	**(14,310)**
F.	**CLOSING NET FINANCIAL POSITION (A+E)**	**(66,769)**	**(57,771)**

Attachment n. 4

Attachment 3C - table 1

(IN THOUSANDS OF EURO)

SCHEDULE OF REMUNERATION PAID TO THE DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS FOR THE YEAR ENDED 31 DECEMBER 2002

PERSON	DESCRIPTION OF OFFICE		REMUNERATION				
NAME	OFFICE HELD	TERM OF OFFICE	COMPENSATION		FRINGE BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER REMUNERATION
			IN PARENT COMPANY	IN SUBSIDIARIES			
ENZO BERTONI	Chairman of the Board	27.04.00 for 3 years	253		use of cell phone		
FRANCESCO BERTONI	Managing Director *	27.04.00 for 3 years	312		use of cell phone		
MARIA GRAZIA BERTONI	Managing Director	27.04.00 for 3 years			use of cell phone		71**
CARLO BERTONI	Director	27.04.00 for 3 years			use of cell phone		66**
GIANFRANCO BOSSI	Director	27.04.00 for 3 years	13				
MASSIMO ARMANINI	Director	27.04.00 for 3 years	13				
ARTURO TEDOLDI	Director *	15.06.01 for 3 years			use of cell phone	15	131**
VANNA STRACCIARI	Chairman of Statutory Auditors	27.04.00 for 3 years	18	9			
MARCO MONTESANO	Statutory Auditor	27.04.00 for 3 years	12	6			
LUCA SAVOIA	Statutory Auditor	27.04.00 for 3 years	12				
MASSIMILIANO RETTA	General Manager *				use of cell phone	36	186**

* member of the executive committee

** salary

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

Shareholders,
The consolidated financial statements have been prepared in accordance with current law.
The Directors' report on operations explains the events that involved the Group during the year, satisfying the legal requirement to be consistent with the consolidated financial statements.
The explanatory notes describe the accounting principles and methods of preparation of the consolidated financial statements, with particular reference to the scope of consolidation and the financial statements included therein.
We agree with the principles expressed in the explanatory notes and used to determine the scope of consolidation and to value the various items in the consolidated financial statements. We therefore certify that the consolidated financial statements are completely regular and consistent with the Parent Company's accounting records and the information submitted by the companies included in the consolidation.
The consolidated financial statements have been audited by Deloitte & Touche Italia S.p.A.

Ceresara, 8 April 2003

The Board of Statutory Auditors

Vanna Stracciari	Chairman
Marco Montesano	Auditor
Luca Savoia	Auditor

REPORT OF THE INDEPENDENT AUDITORS

Deloitte & Touche Italia S.p.A.
Via Albere, 19
37138 Verona
Italia

Tel: +39 045 8167411
Fax: +39 045 573338
www.deloitte.it

Deloitte & Touche

REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE N° 58 OF FEBRUARY 24, 1998

To the Shareholders of **CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.:**

1. We have audited the consolidated financial statements of **CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.** and subsidiaries as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements of certain subsidiaries, the total assets and revenues of which represent respectively 20.8% and 30.2% of the consolidated amounts, have been examined by other auditing firms, whose reports have been furnished to us. Our opinion expressed in this report, insofar as it relates to the amounts included for those companies, is based also upon the audits of the other auditing firms.

   For our opinion on the prior year's consolidated financial statements, which are presented for comparative purposes as required by law, reference should be made to our auditors' report, issued under our previous denomination "Arthur Andersen S.p.A.", dated March 29, 2002.

Deloitte
Touche
Tohmatsu

3. In our opinion, the consolidated financial statements of **CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.** and its subsidiaries as of and for the year ended December 31, 2002, comply with the Italian statutory provisions related to financial statements; therefore they give a true and fair view of the financial position and results of operations of the Company and its subsidiaries.

DELOITTE & TOUCHE ITALIA S.p.A.

Signed by
Giancarlo De Marchi
Partner

Verona, Italy,
March 31, 2003

This report has been translated into English from the original issued in Italian solely for the convenience of international readers.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

DIRECTORS' REPORT ON OPERATIONS

DIRECTORS' REPORT ON OPERATIONS OF THE PARENT COMPANY

Shareholders,
The financial statements for the year ended 31 December 2002 are submitted for your review. The following figures and remarks concern CSP International S.p.A., the Parent Company; the Group's consolidated financial statements are published separately.

2002 closed with revenues for statutory purposes of 114.28 million Euro, net sales for management purposes of 104.84 million Euro, an operating profit of 5.04 million Euro, net losses of 1.85 million Euro, shareholders' equity of 56.52 million Euro and net debt of 62.99 million Euro.

A summary of the key financial indicators for the years 1998-2002 is set out below (stated in millions of Euro):

Year	Revenues for statutory purposes	Net sales for management purposes	Amortisation and depreciation	Operating profit	Net profit (loss)	Free cash flow prior to dividends
1998	139.81	119.61	7.37	9.82	1.57	9.82
1999	111.65	95.98	8.84	9.20	3.23	12.72
2000	113.72	95.98	9.94	8.20	2.95	16.46
2001	122.99	108.41	9.15	7.06	(0.56)	8.83
2002	114.28	104.84	8.60	5.04	(1.85)	7.00

Net sales for management purposes differ from revenues for statutory purposes because the former excludes sales to subcontractors to raise capacity by outsourcing certain types of production (sales of hosiery yarn and production materials). All comments made below will be based on the reclassified financial statements included in this report, as it is felt that this gives the most accurate view of the Company's activities.

1. Market developments

With the launch of the seamless and corsetry lines under CSP's brand names and the absorption of Lepel (effective from 2003), the Company now has two key markets with differing trends in consumption.

Stockings
- The market in Italy is characterised by declining consumption and an exaggerated degree of competition, with price cutting and high advertising expenditure: a mix that considerably depresses the profitability of this market.

Stockings market: consumption trend by volume	
1998	– 4.5%
1999	– 9.0%
2000	– 12.3%
2001	– 5.0%
2002	– 5.0%

(source: ➔ Nielsen Consumer Panel up to 2000
➔ GFK from 2001)

- In France, another strategic market for CSP, consumption by volume fell by 4% for stockings and 12% for tights.
- Consumption in the rest of Europe is also sliding.

But while there is a certain move away from tights, consumers are shifting more and more towards knee-high hose and socks, which are trendier and more comfortable.

Underwear

The Italian underwear market showed considerable growth in 2002 (CSP estimate: + 5%). As far as the underwear market is concerned, seamless products are still too new to be tracked by reliable consumer observatories, but it is undoubtedly a segment that is growing, thanks to innovative characteristics like comfort and the lack of unattractive seams.

2. Market shares

From 2001, CSP decided to use the market surveys performed by GFK, which in our opinion are more complete in the textile sector. That is why the 2001 figures cannot be compared with prior years, while they are comparable with the 2002 figures.

Stockings

In Italy, CSP International raised its market share during 2002, in line with its recovery objectives, from 8.8% to 9.1%, reversing the negative trend of the past three years.

Parent Company: trend in share of consumption in Italy

Year	Market share in quantity	Market shares in value	Price premium
1998	10.1%	12.1%	120
1999	9.2%	11.4%	123
2000	8.3%	10.3%	126
2001	8.8%	11.2%	123
2002	9.1%	11.3%	119

(source: ➔ Nielsen Consumer Panel up to 2000
➔ GFK from 2001)

In a market reporting a 5% drop in volume, the increase (albeit modest) in market share compared to 2001 is an extremely positive fact, because it was reached despite the disposal of two product lines – Star Way and Sanpellegrino Élite.

Various factors contributed to this result: principally, a greater focus on assortment policy, a more correct pricing strategy, reducing the price premium to below 20%, a significant improvement in distribution through modern sales channels, and, last but not least, the return on advertising investments for the Sanpellegrino brand since the Spring of 2002.

Another important result was the recovery of consumers using our brands: Sanpellegrino + 12.8%, Oroblù + 38.8% these are concrete signs that consumers are again looking favourably on CSP products.

Underwear

As already mentioned, market share statistics are not yet available for the underwear sector. However, we are sure that we have improved our share of this market thanks to the launch, both in Italy and abroad, of the first corsetry collections under the Oroblù label (which accounts for 1.4% of total sales) and in seamless underwear, thanks to the growth of Sanpellegrino in the mass distribution channel (+54%) and Oroblù in retail distribution, both in Italy (+44.5%) and abroad (+109%).

3. Research and development

R&D essentially involves the development of new products and research into higher production efficiency and quality.

The following table summarises activities in the field of product innovation in recent years:

YEAR	SANPELLEGRINO	OROBLÙ
2000	COMODO SEAMLESS UNDERWEAR	DOLCE VITA SEAMLESS UNDERWEAR SUN TIME
2001	BODY LINE 20 DAY 60	LIBERA 20 BAS PRESTIGE UP

ANNI	SANPELLEGRINO	OROBLÙ
2001	METROPOLIS COLLECTION SEAMLESS MAN	MI-BAS REPOS 70 SENSUEL 40 INTRIGO 40 NO SLIDE 50 SEAMLESS MAN SEAMLESS ROMANTIQUE COLLECTION ON LINE
2002	COTTON SEAMLESS UNDERWEAR SUPERVELO	CORSETRY COLLECTION COTTON SEAMLESS UNDERWEAR ROMANCE TIGHTS ROMANCE KNEE-HIGH HOSE ANTI-SLIP KNEE-HIGH HOSE CAPRICE

As shown in the above table, 2002 again saw the launch of various new product types. In particular the first seamless underwear line made of cotton, to be added to the existing assortments.

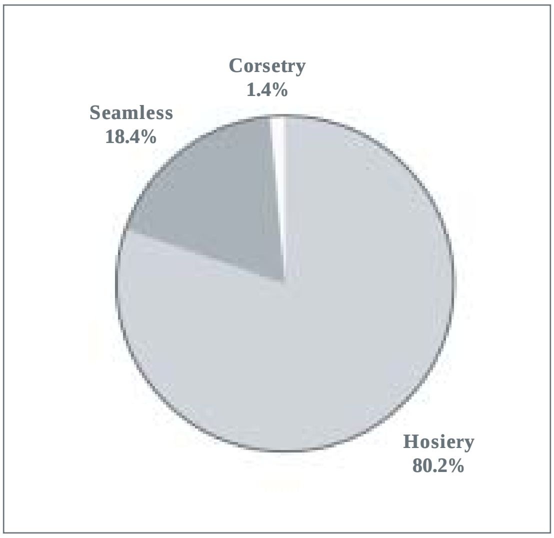
4. Company performance

Net sales for the full year have fallen by 3.3% from 108.41 million Euro to 104.84 million Euro compared with last year.

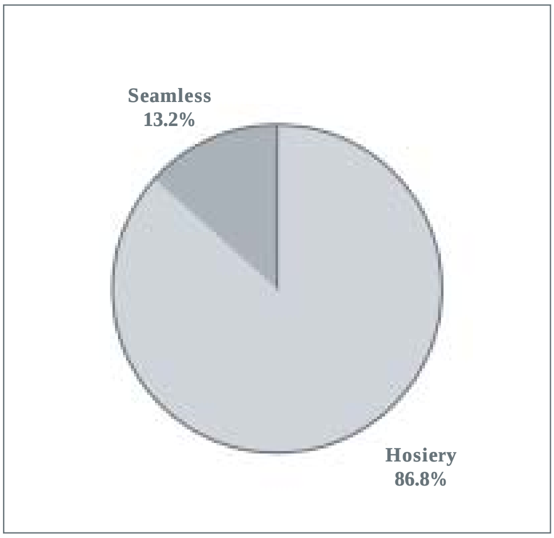
This decline is mainly because of lower sales on the hosiery market due to the general market trend, a drop in export sales to the Russian market and the termination of two product lines that were specifically for the retail channel (Sanpellegrino Elite and Star Way); this volume reductions have only been partially offset by the growth in sales of seamless underwear and corsetry.

The following graphs show the breakdown of sales by product sector, brand and geographical area for 2002 compared with 2001:

PRODUCTS: % of sales at 31.12.2002

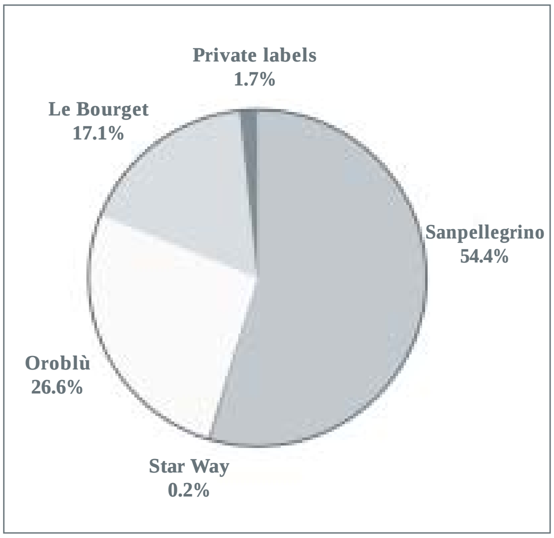


PRODUCTS: % of sales at 31.12.2001

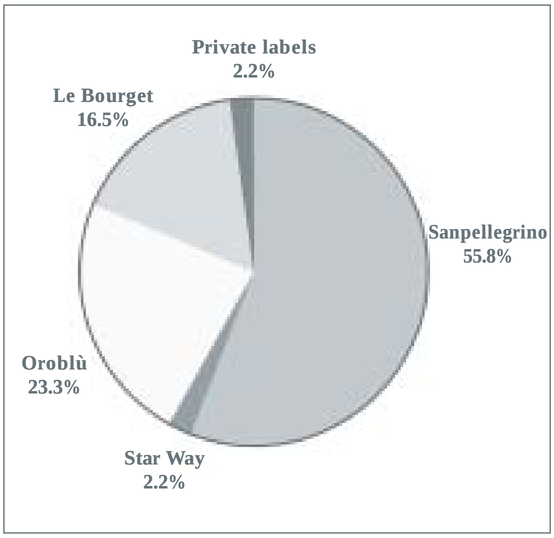


While hosiery sales have decreased by 10.5% in 2002 with respect to the previous year, sales of seamless underwear have forged ahead by 34.2%, from 14.4 million Euro to 19.3 million Euro. Furthermore, 2002 saw sales of a corsetry collection under the Oroblù brand label commence, accounting for 1.4% of net sales.

BRANDS: % of sales at 31.12.2002

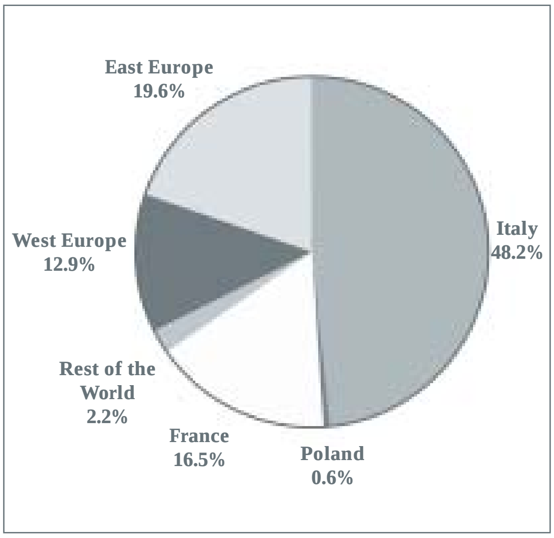


BRANDS: % of sales at 31.12.2001

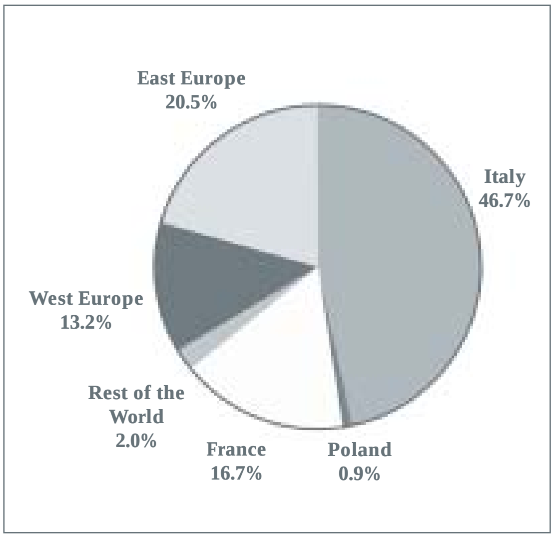


As regards our various labels, there has been slight decline for Sanpellegrino, mainly because of the trend on the Russian market, though as a brand it still accounts for 54% of net sales. On the domestic market, Sanpellegrino turned in significant growth in the mass distribution channel (+ 26.8%), while in the wholesale channel it suffered from difficult market conditions and a slowdown in the parallel market (sales destined to Russia).
Oroblù, thanks to the excellent results achieved in Italy, in the seamless underwear and corsetry segments, achieved significant growth from 23.3% to 26.6%.

AREAS: % of sales at 31.12.2002



AREAS: % of sales at 31.12.2001



Sales by geographical area show an increasing proportion for the domestic market (+ 1.6%) compared with foreign markets (– 1%) and intercompany sales to France and Poland (– 0.6%).
In Russia, sales were penalised by the slowdown in consumption, by growing competition from local producers, as well as by the weakness of the US dollar, which reduced consumers' purchasing power.

4.a) Summary statement of income

(in millions of Euro)	2002		2001	
	Value	%	Value	%
Net sales	104.84	100.0	108.41	100.0
Cost of Sales	72.73	69.4	75.61	69.7
Gross profit	**32.11**	**30.6**	**32.80**	**30.3**
Selling, general and administrative expenses	27.07	25.8	25.74	23.8
Operating profit	**5.04**	**4.8**	**7.06**	**6.5**
Net financial charges	2.97	2.8	3.22	3.0
Other net income and charges	2.50	2.4	3.23	3.0
Profit (loss) before income taxes	**(0.43)**	**(0.4)**	**0.61**	**0.5**
Income taxes	(1.42)	(1.4)	(1.17)	(1.0)
Net profit (loss) for the year	**(1.85)**	**(1.8)**	**(0.56)**	**(0.5)**

Cost of sales – Cost of sales for 2002 amount to 72.73 million Euro, corresponding to 69.4% of sales compared with 69.7% in the previous year.

Gross profit – The gross profit margin is 30.6% compared with 30.3% of the previous year. Note that the higher profit margins associated with the growth in sales of seamless products have been absorbed by expenses incurred for brand rationalisation.

Selling, general and administrative expenses – Selling, general and administrative expenses, totalling 27.07 million Euro, represented 25.8% of net sales for the period, compared with 23.7% last year.
The increase with respect to 2001 is mainly due to higher advertising expenditure, up from 8.35 million Euro to 9.25 million Euro, and to higher charges due to the growth in Italian mass distribution sales.

Advertising and promotional expenditure has developed as follows over the last few years (in millions of Euro):

Year	Advertising expenditure	Percentage of sales
1998	13.01	10.9%
1999	8.82	9.2%
2000	7.79	8.1%
2001	8.35	7.7%
2002	9.25	8.8%

Already in the first part of 2002, the Sanpellegrino brand benefited from press advertising for both product lines (underwear and hosiery).
Most of the advertising expenditure was concentrated in the last quarter of 2002: during this period, the major television stations broadcast two new Sanpellegrino commercials, one for seamless underwear, the other for stockings. Despite the short planning period, the investment gave the brand considerable visibility and the new pay-off is beginning to produce results: “Sanpellegrino: blessed be the women”.

Operating profit – The operating profit amounts to 5.04 million Euro, representing 4.8% of net sales, compared with 6.5% in the previous year. The decrease is due to the drop in volumes and a higher proportion of selling, general and administrative costs.

Net financial charges – Net financial charges amounted to 2.97 million Euro, falling by around 0.25 million Euro compared with the previous year.
The decrease in financial charges is due to lower interest rates, with the average level of the Group’s debt staying broadly in line with the previous year.

Other net income and charges – Other charges, net of other income, refer mainly (2.23 million Euro) to the writedown of own shares in portfolio, to adjust them to market value at the end of the year (1.60 Euro per share), as well as to accelerated depreciation, 0.80 million Euro with respect to 1.28 million Euro in 2001.

Profit (loss) before income taxes – Profit (loss) before income taxes amounts to (0.43) million Euro, compared with 0.61 million Euro in the previous year.

Income taxes – Income taxes amounted to 1.42 million Euro compared with 1.17 million Euro in the previous year. The high tax charge refers to IRAP, 0.98 million Euro, and deferred taxes, 0.44 million Euro.

4.b.) Summary balance sheet

The following table gives a summarised version of the Company's reclassified balance sheet as of 31 December 2002:

(in millions of Euro)	31 December 2002	31 December 2001
Current assets	81.26	85.14
Current liabilities	(30.62)	(34.88)
Net working capital	**50.64**	**50.26**
Equity investments (including own shares)	39.42	41.16
Tangible and intangible fixed assets	35.65	39.94
Capital employed	**125.71**	**131.36**
Other medium/long-term liabilities	(6.20)	(5.95)
Net capital employed	**119.51**	**125.41**
Net financial debt	62.99	65.93
Shareholders' equity	56.52	59.48
Total	**119.51**	**125.41**

Net working capital – Net working capital at 31 December 2002 totals 50.64 million Euro and is in line with the previous year. This is due to stable inventories, as well as a reduction in receivables from customers and associated companies and in payables to suppliers. As regards inventories, hosiery stocks are down, but this is offset by an increase in seamless underwear and corsetry (which have a higher unit value) because of the insertion of new collections.

Capital employed – The capital employed passes from 131.36 to 125.71 million Euro because of the writedown of own shares in portfolio (already mentioned) and of fixed assets (depreciation & amortisation).

Net financial debt – Net financial debt at the end of 2002 fell by 2.94 million Euro to 62.99 million Euro, the initial effect of a deliberate policy to reduce borrowings.

(in millions of Euro)	31 December 2002	31 December 2001
Short-term bank borrowings	39.49	34.36
Current portion of medium/long-term debt	10.20	14.53
Cash on hand and bank accounts	(0.28)	(1.74)
Net short-term debt	**49.40**	**47.15**
Medium/long-term loans, net of the current portions	13.58	18.78
Net financial debt	**62.99**	**65.93**

5. Licensing

Diversification also involves another factor, namely licensing, which the Company began in 1997.
Knitwear licenses were suspended at the beginning of 2002 as they were in conflict with the development of internal diversification; whereas in pyjamas they were suspended because of disappointing results.
Current 2002 licensing agreements are as follows:

BRAND	COLLECTION	LICENSEE
Oroblù	• Men's socks	Niga Socks
Sanpellegrino	• Men's socks • Woman's stockings • Corsetry	Niga Socks & Scanzi Socks Sanpellegrino Polska Lepel

The licensing agreements listed have generated the following royalties in the past years:

1998	272 thousand Euro
1999	424 thousand Euro
2000	620 thousand Euro
2001	720 thousand Euro
2002	639 thousand Euro

6. Production and technological investments

CSP carried out a major programme of capital investments in the three units located at Ceresara, Rivarolo del Re and Tintoria di Ceresara, aimed at upgrading production capacity and automating the manufacturing cycle. Since 2000, the investments have been focused on providing the Company with machines for producing underwear with the new seamless technology.
The sequence of investments is indicated in the following table (in millions of Euro):

Year	Capital investments
1996	11.31
1997	9.04
1998	16.78
1999	4.70
2000	2.50
2001	3.33
2002	2.81
2003	Estimate 3.00

Thanks to these investments, subcontracting has become marginal in the production of tights, whereas for seamless products, more than half of production is still outsourced.

7. In-house personnel

Changes in the workforce and the relative costs are shown in the table below:

Year	Average no. of employees	Labour cost	% of net sales
1998	776	18.64 million Euro	15.6%
1999	751	18,43 million Euro	19.3%
2000	706	18,11 million Euro	18.9%
2001	669	18,59 million Euro	17.1%
2002	635	17,66 million Euro	16.8%

Labour cost has fallen with respect to last year, both in absolute terms and as a percentage of net sales, due to a lower average number of employees and higher recourse to state redundancy benefits.

8. The sales network

Sales personnel are not included in the number of employees, as they are paid on a commission basis.

During the course of 2002 the sales network went through a major reorganisation following termination of the Sanpellegrino Elite and Star Way lines.
In Italy, the sales networks, which are split by brand and by distribution channel, were cut during 2002 from 5 to 3; namely, for traditional channels:
• Sanpellegrino Wholesale Sales Force
• Oroblù Retail and Merchandisers Sales Force
and for non-traditional sales channels:
• Sanpellegrino Mass Distribution Sales Force
In 2002, the Company worked with 50 agents in the traditional channels and 12 distributors in the mass distribution channel.
Outside Italy, the Company works with exclusive distributors in more than 50 countries.

9. Related Party Disclosures
No atypical or unusual transactions as defined by CONSOB were carried out during 2002.

Relationships between Group companies mainly involved commercial transactions related to the companies' production activity and regulated at arm's-length conditions. The following table summarises the main intercompany transactions and balances (in millions of Euro):

Counterparty	Sales in 2002	Purchases in 2002	Receivables at 31.12.2002	Payables at 31.12.2002
Le Bourget Group	20.74	3.74	7.62	0.63
Lepel S.r.l.	0.57	1.41	0.39	0.93
Sanpellegrino Polska	4.31	4.64	0.91	0.69

10. Investments held by Directors, statutory auditors and general managers (art. 33, Decree 58 of 24 February 1998)
As required by CONSOB regulations, we attach the schedule on investments held by the individuals or entities stated in Resolution 11971/99.

On 19 December 2002, the Board of CSP International S.p.A. approved its Code of Conduct for Internal Dealing, in accordance with art. 2.6.3 of the Regulations of the Markets Organised and Run by Borsa Italiana.

11. Own shares
At a General Meeting held on 17 December 2001, the shareholders authorised the purchase of own shares up to 10% of the share capital for a period of 18 months.
During the course of the year, the Company purchased 327,850 own shares and sold 100,000 of them.
On 31 December 2002 the Company held 2,358,850 of its own shares, representing 9.628% of share capital with a total value at par of 1,226,602 Euro. As of 31 December 2002, a writedown of Euro 2.23 million was also made to adjust the value of the shares held in portfolio to market value, namely Euro 1.60 per share.

12. Strategies and outlook for 2003
To date, 2003 looks like being a year of waiting: there are no real signs of a general recovery in the economy, and in light of the political tensions around the world, it is not at all easy to forecast how the year will go. Given the characteristics of our main reference markets and the sales channels that we use, we reckon that we will see a continuation of the same trends that we saw in 2002.
For 2003 management has therefore decided to continue its strategy of diversification and innovation in underwear, while continuing to defend sales volumes in hosiery.
In particular, the Company will:
- concentrate on investments in communication and promotion of the Company's better-known brands: an important investment has already been budgeted for the Sanpellegrino brand in February;
- rationalise existing assortments to reduce their complexity, improving stock levels by lowering them and working capital as a result;
- improve distribution management to bring the Company closer to the market, both in non-traditional and traditional sales channels, accompanied by advertising campaigns for both stockings and underwear;
- raise market share in the underwear segment: we forecast that by 2005 half of CSP's total sales will consist of underwear;

- reorganise certain activities to improve their internal efficiency and effectiveness in the marketplace, reducing fixed costs where possible;
- adopt the same IT system (SAP) for all Group companies that is capable of delivering major improvements in operating efficiency;
- recover sales volumes in Russia.

In fact, aggressive promotional campaigns were already launched in January 2003 targeting the mass distribution and wholesale channels for the Trade and Consumer markets.
January saw the start of a new organisation of the mass distribution sales network, with particular attention during this initial phase on Lombardy. Today, this sales network consists of 12 distributors, 10 agents and 3 national key account managers.
All these activities confirm the Company's determination to invest heavily to strengthen its brands, to speed up its diversification into growing markets, such as underwear, and to focus on high-growth potential channels, in order to be better placed to take the opportunities offered by these markets.

As already mentioned, on 27 January 2003 the merger of Lepel S.r.l. with CSP International Industria Calze S.p.A. became operative, with effect from 1 January 2003, and is now one of its divisions.

Integrating Lepel with CSP will help achieve strategic synergies and greater operating efficiency in IT systems, marketing, sales, management accounting and purchases, with benefits also in terms of costs.

In the first quarter of 2003 the following products were presented to the market under various brand names:

SANPELLEGRINO	OROBLU'	LEPEL
SEAMLESS UNDERWEAR PRINTED FASHION COLLECTIONS	MAN'S SEAMLESS UNDERWEAR IN COTTON BEACH COLLECTION	REVOLUTION

13. Approval of the financial statements and coverage of the loss for the year
Shareholders, as you know, 2002 closed with a net loss of 1,854,231 Euro; we therefore invite you to approve the 2002 financial statements and to pass the following resolution:

Statutory loss for the year:	**Euro (1,854,231)**
Reserve for "Undistributed profit" before covering the loss for the year	Euro 9,196,593
Balance of "Undistributed profit" after covering the loss for the year	Euro 7,342,362

14. Proposed distribution of reserves

Shareholders, bearing in mind that the loss in 2002 was of an extraordinary nature for the reasons mentioned above, we would like to propose distribution of part of the “Undistributed profit” to the extent of 0.05 Euro per share, to each of the 24,500,000 shares, except for the own shares held by the Company at the date that the shares go ex-dividend.

Reserve for “Undistributed profit” after covering the loss for the year	Euro	7,342,362
Total dividends (*)	Euro	(1,225,000)
Balance of “Undistributed profit”	Euro	6,117,362
Number of shares		24,500,000
Dividend per share	Euro	0.05

* calculated on the basis of the total number of shares (excluding own shares)

A comparison with previous years is shown in the table below:

Year	Total dividends	Number of shares	Dividend per share
1995	1,032,914 Euro	22 million	0.05 Euro
1996	2,582,285 Euro	22 million	0.12 Euro
1997	3,871,877 Euro	24.5 million	0.16 Euro
1998	632,660 Euro	24.5 million	0.03 Euro
1999	1,237,018 Euro	24.5 million	0.05 Euro
2000	1,187,386 Euro	24.5 million	0.05 Euro
2001	1,108,071 Euro	24.5 million	0.05 Euro
2002	1,225,000 Euro*	24.5 million	0.05 Euro

* calculated on the basis of the total number of shares (excluding own shares)

The shares will go ex-dividend on 2 June 2003, with the dividend being paid on 5 June 2003.

Our sincere thanks go the statutory auditors and the independent auditors for their work and to all of our staff, who made a vital contribution to the year’s results.

Ceresara, 28 March 2003

The Chairman of the Board of Directors
Enzo Bertoni

Attachments:
1. Reclassified Statement of Income
2. Reclassified Balance Sheet
3. Schedule 3C – table 3

Reclassified Statement of Income
(in thousands of Euro)

Attachment n. 1

	31 December 2002	31 December 2001
Net sales	104,203	107,688
Income from royalties	639	720
NET REVENUES	**104,842**	**108,408**
COST OF SALES		
Purchases	40,977	46,056
Labour cost	11,494	12,618
Services	9,859	9,909
Depreciation and amortisation	6,247	6,293
Other costs	4,659	5,416
(Increase) decrease in inventories	(506)	(4,687)
	72,730	**75,605**
GROSS PROFIT	**32,112**	**32,803**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Labour cost	6,161	5,969
Advertising expenses	9,246	8,354
Commissions	1,988	2,158
Depreciation and amortisation	1,555	1,573
Other expenses	8,121	7,690
	27,071	**25,744**
OPERATING PROFIT	**5,041**	**7,059**
Net financial charges (income)	2,969	3,224
Writedown (revaluation) of investments		
Net other (income) and charges	1,707	1,943
	4,676	**5,167**
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**365**	**1,892**
ACCELERATED DEPRECIATION	**801**	**1,282**
EXTRAORDINARY CHARGES AND (INCOME)	**0**	**0**
PROFIT (LOSS) BEFORE INCOME TAXES	**(436)**	**610**
Income taxes	(1,418)	(1,173)
NET PROFIT (LOSS) FOR THE YEAR	**(1,854)**	**(563)**

Reclassified Balance Sheet - Assets
(in thousands of Euro)

Attachment n. 2

	31 December 2002	31 December 2001
CURRENT ASSETS		
Cash and banks	280	1,737
Trade receivables	32,214	35,485
Trade receivables due from subsidiary and associated companies	9,016	10,997
Other receivables	3,041	2,352
Inventories	36,693	36,187
Accrued income and prepaid expenses	296	114
Own shares	3,774	5,379
TOTAL CURRENT ASSETS	**85,314**	**92,251**
FIXED ASSETS		
Financial fixed assets:		
Financial receivables	188	329
Equity investments	35,459	35,459
Total financial fixed assets	**35,647**	**35,788**
Tangible fixed assets	34,327	38,924
Intangible fixed assets	1,321	1,015
TOTAL FIXED ASSETS	**71,295**	**75,727**
TOTAL ASSETS	**156,609**	**167,978**

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

	31 December 2002	31 December 2001
CURRENT LIABILITIES		
Short-term bank borrowings	39,488	34,357
Current portion of medium/long term debt	10,195	14,528
Trade payables due to third parties	24,738	29,048
Trade payables due to subsidiary/associated companies	2,247	1,862
Taxes payable	1,732	2,191
Other payables	1,368	1,363
Accrued liabilities and deferred income	539	415
TOTAL CURRENT LIABILITIES	**80,307**	**83,764**
MEDIUM/LONG-TERM LIABILITIES		
Medium/long-term debt, net of the current portion	13,582	18,781
Severance indemnities	5,253	4,806
Other provisions	947	1,144
TOTAL MEDIUM/LONG-TERM LIABILITIES	**19,782**	**24,731**
TOTAL LIABILITIES	**100,089**	**108,495**
SHAREHOLDERS' EQUITY		
Share capital	12,740	12,740
Legal reserve	1,359	1,359
Share premium reserve	18,076	18,076
Other reserves	26,199	27,871
Net profit (loss) for the year	(1,854)	(563)
TOTAL SHAREHOLDERS' EQUITY	**56,520**	**59,483**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**156,609**	**167,978**

Attachment n. 3 - Schedule 3C - table 3

SHARES HELD BY DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS OF THE PARENT COMPANY IN 2002

NAME	COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PRIOR YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT YEAR
BERTONI ENZO	CSP INTERN. IND. CALZE SpA	3,587,780	117,667	225,750	3,479,697
MESSEDAGLIA LAURA *	CSP INTERN. IND. CALZE SpA		74,750		74,750
BERTONI FRANCESCO **	CSP INTERN. IND. CALZE SpA	3,436,780	18,737		3,455,517
	LE BOURGET	1			1
BERTONI MARIA GRAZIA	CSP INTERN. IND. CALZE SpA	2,787,470			2,787,470
	LE BOURGET	1			1
BERTONI CARLO	CSP INTERN. IND. CALZE SpA	929,896			929,896
BARDINI VALTER ***	CSP INTERN. IND. CALZE SpA	351,910			351,910
TEDOLDI ARTURO	CSP INTERN. IND. CALZE SpA	106,660	19,950	7,660	118,950
	LE BOURGET	1	10		11

NOTE:

* Messedaglia Laura, the wife of Bertoni Enzo

** Giuseppina Morè, the wife of Bertoni Francesco, is the beneficiary of 2,787,470 CSP shares

*** Valter Bardini is the husband of Maria Grazia Bertoni

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2002 (amounts in Euro)

BALANCE SHEET					31.12.2002	31.12.2001
ASSETS:						
A)	RECEIVABLES FROM SHAREHOLDERS				0	0
B)	FIXED ASSETS					
	I.	Intangible fixed assets:				
		3	industrial patents and intellectual property rights		357,893	686,249
		4	concessions, licences, trade marks and similar rights		0	0
		5	goodwill		147,791	197,121
		6	intangibles in progress and advances		668,061	0
		7	others		147,601	131,463
			Total I.		**1,321,346**	**1,014,833**
	II.	Tangible fixed assets:				
		1	land and buildings		15,782,479	16,056,094
		2	plant and machinery		17,416,849	21,402,018
		3	industrial and commercial equipment		248,872	71,988
		4	other fixed assets		810,454	580,421
		5	construction in progress and advances		68,276	813,620
			Total II.		**34,326,930**	**38,924,141**
	III.	Financial fixed assets:				
		1	Equity investments in:			
			a)	subsidiary companies	35,455,534	35,455,534
			b)	associated companies	0	0
			d)	other companies	3,720	3,720
			Total 1.		**35,459,254**	**35,459,254**
		2	Receivables:			
			a)	subsidiary companies		
				a.a. due within 12 months	0	0
			b)	associated companies		
				b.a. due within 12 months	32,377	65,009
			Total 2.		**32,377**	**65,009**
		3	Other securities		148,607	207,763
			Total III.		**35,640,238**	**35,732,026**
TOTAL FIXED ASSETS (B)					**71,288,514**	**75,671,000**

BALANCE SHEET				31.12.2002	31.12.2001
C)	CURRENT ASSETS				
	I.	Inventories:			
		1	raw, ancillary and consumable materials	4,962.254	6,687,040
		2	semi-finished products, work-in-progress	13,830,795	14,360,208
		4	finished products and goods	17,899,907	15,140,076
		5	advances	0	0
			Total I.	**36,692,956**	**36,187,324**
	II.	Receivables:			
		1	trade accounts:		
			1.a. due within 12 months	32,214,721	35,485,144
		2	subsidiary companies:		
			2.a. due within 12 months	8,915,574	10,762,471
		3	associated companies:		
			3.a. due within 12 months	99,945	234,781
		4	parent companies:		
			4.a. due within 12 months	0	0
		5	others:		
			5.a. due within 12 months	3,040,926	2,359,383
			5.b. due beyond 12 months	6,487	56,127
			Total 5.	**3,047,413**	**2,415,510**
			Total II.	**44,277,653**	**48,897,906**
	III.	Current financial assets:			
		5	own shares	3,774,160	5,378,644
			Totale III.	**3,774,160**	**5,378,644**
	IV.	Liquid funds:			
		1	cash at banks and post offices	255,512	1,705,160
		2	cheques	0	0
		3	cash and equivalents on hand	24,373	24,112
			Total IV.	**279,885**	**1,729,272**
	TOTAL CURRENT ASSETS (C)			**85,024,654**	**92,193,146**
D.	ACCRUED INCOME AND PREPAID EXPENSES			295,976	114,080
TOTAL ASSETS				**156,609,144**	**167,978,226**

			31.12.2002	31.12.2001
LAIBILITIES AND SHAREHOLDERS' EQUITY:				
A)	SHAREHOLDERS' EQUITY:			
	I.	Share capital	12,740,000	12,740,000
	II.	Share premium reserve	18,075,991	18,075,991
	III.	Revaluation reserves	13,023,279	13,023,279
	IV.	Legal reserve	1,358,524	1,358,524
	V.	Reserve for own shares in portfolio	3,774,160	5,378,644
	VI.	Statutory reserves	0	0
	VII.	Other reserves:		
		a. undistributed profit	9,196,593	9,262,964
		b. capital grants reserve	205,717	205,717
		Total VII.	**9,402,310**	**9,468,681**
	VIII.	Retained earnings	0	0
	IX.	Net profit (loss) for the year	(1,854,231)	(562,784)
	TOTAL SHAREHOLDERS' EQUITY (A)		**56,520,033**	**59,482,335**
B)	ALLOWANCE FOR RISKS AND CHARGES:			
	1	pension and similar commitments	0	0
	2	taxation	253,118	282,907
	3	other	693,876	860,970
	TOTAL ALLOWANCE FOR RISKS AND CHARGES (B)		**946,994**	**1,143,877**
C)	SEVERANCE INDEMNITIES		5,252,862	4,805,983
D)	PAYABLES:			
	3	banks:		
		a. due within 12 months	49,683,001	48,885,833
		b. due beyond 12 months	13,581,949	18,781,235
		Total 3.	**63,264,950**	**67,667,068**
	5	advances:		
		a. due within 12 months	0	0
	6	trade accounts:		
		a. due within 12 months	24,737,977	29,047,833
	7	notes payable	0	0
	8	subsidiary companies:		
		a. due within 12 months	2,246,874	1,856,384
	9	associated companies:		
		a. due within 12 months	0	5,874
	10	parent companies:		
		a. due within 12 months	0	0

				31.12.2002	31.12.2001
11	taxes authorities:				
		a.	due within 12 months	1,731,645	1,220,818
		b.	due beyond 12 months	0	969,993
		Total 11.		**1,731,645**	**2,190,811**
	12	social security institutions:			
		a.	due within 12 months	720,590	748,032
	13	other payables:			
		a.	due within 12 months	647,910	615,273
	TOTAL PAYABLES (D)			**93,349,946**	**102,131,275**
E)	ACCRUED LIABILITIES AND DEFERRED INCOME			**539,309**	**414,756**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY				**156,609,144**	**167,978,226**

MEMORANDUM ACCOUNTS		31.12.2002	31.12.2001
- Risks			
	- Mortgages on loans	0	15,493,707
	- Sureties in favor of third parties:	406,786	604,052
	- Sureties in favor of subsidiaries	12,710,000	10,329,138
- Commitments			
	- Commitments for the purchase of goods	602,204	1,274,003
- Other			
	- Third party assets	8,162	33,343
- Total		**13,727,152**	**27,734,243**

STATEMENT OF INCOME				2002	2001
A)	PRODUCTION VALUE:				
	1	Revenues from sale of goods and services		114,277,012	122,991,067
	2	Changes in inventories of work-in-progress, semi-finished and finished products		2,230,418	4,846,522
	4	Additions to fixed assets by internal production		0	0
	5	Other income:			
		a.	other income	1,595,072	1,736,462
		b.	operating grants	0	0
	TOTAL PRODUCTION VALUE (A)			**118,102,502**	**129,574,051**
B)	PRODUCTION COSTS:				
	6	Raw, ancillary and consumable materials and goods		50,438,984	60,797,976
	7	Services		33,752,253	33,386,647
	8	Leases and rentals		66,053	53,060
	9	Labour costs:			
		a.	wages and salaries	12,394,424	13,115,899
		b.	social security contributions	4,089,026	4,276,500
		c.	severance indemnities	1,042,819	1,041,960
		e.	other costs	19,963	29,925
		Total 9.		**17,546,232**	**18,464,284**
	10	Depreciation, amortisation and writedowns:			
		a.	amortisation of intangible fixed assets	738,823	788,863
		b.	depreciation of tangible fixed assets	7,864,689	8,359,021
		c.	other writedowns of fixed assets	0	0
		d.	writedown of receivables included in current assets and of liquid funds	593,667	696,245
		Total 10.		**9,197,179**	**9,844,129**
	11	Changes in inventories of raw, ancillary and consumable materials and goods		1,724,786	159,189
	12	Provisions for risks and charges		82,445	80,018
	13	Other provisions		0	0
	14	Other operating expenses		667,899	674,923
TOTAL PRODUCTION COSTS (B)				**113,475,831**	**123,460,226**
DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS (A - B)				**4,626,671**	**6,113,825**
C)	FINANCIAL INCOME AND (CHARGES):				
	15	Income from investments:			
		a.	in subsidiary companies	0	0

			2002	2001
	16	Other financial income:		
		c. income from securities held as current assets, not representing equity investments	30,610	0
		d. other than above:		
		d. from third parties	88,283	34,119
	Total 16.		**118,893**	**34,119**
	17	Interest and other financial charges:		
		d. from third parties	(2,902,752)	(3,152,479)
	TOTAL FINANCIAL INCOME AND (CHARGES) (C)		**(2,783,859)**	**(3,118,360)**
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS:			
	18	Revaluation:		
		a. equity investments	0	0
	19	Writedowns:		
		c. income from securities held as current assets, not representing equity investments	(2,233,115)	(2,386,003)
		d. financial receivables	(47,643)	0
	Total 19.		**(2,280,758)**	**(2,386,003)**
	TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)		**(2,280,758)**	**(2,386,003)**
E)	NON-RECURRING INCOME AND (CHARGES):			
	20	Non-recurring income:		
		a. gains on disposals	0	0
		b. other non-recurring income	1,667	589
	Total 20.		**1,667**	**589**
	21	Non-recurring charges:		
		c. other non-recurring charges	0	0
	Total 21.		**0**	**0**
TOTAL NON-RECURRING INCOME AND (CHARGES) (E)			**1,667**	**589**
PROFIT (LOSS) BEFORE TAXES (A-B+/-C+/-D+/-E)			**(436,279)**	**610,051**
	22	Income taxes for the year	(1,417,952)	(1,172,835)
	26	**NET PROFIT (LOSS) FOR THE YEAR**	**(1,854,231)**	**(562,784)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2002

The administrative and registered offices of CSP INTERNATIONAL INDUSTRIA CALZE S.p.A. are in Via Piubega, 5c - Ceresara (Mantua). Production is carried out in three plants: two in Ceresara and one in Rivarolo Del Re (Cremona). The Company also owns a building in Ceresara, which is used as a shop for retail sales of its products.

FORM AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Italian Civil Code. They comprise the balance sheet, prepared using the format set out in articles 2424 and 2424bis of the Italian Civil Code, the statement of income, prepared using the format set out in articles 2425 and 2425bis, and these explanatory notes. These notes include the information required by article 2427 and other disclosures relating to financial statements required by the Italian Civil Code and by other prior legislation. In the interests of providing a true and fair view, additional information is also provided, even where this is not required by specific legislation.
For the sake of greater clarity, items in the balance sheet and statement of income formats indicated with Arabic numbers, have been omitted where the value is zero in both accounting periods, as permitted by article 2423ter of the Italian Civil Code.
Furthermore, all the amounts in the explanatory notes are expressed in thousands of Euro.

ACCOUNTING POLICIES

Pursuant to article 2426 of the Italian Civil Code, the more important accounting policies adopted for the preparation of the financial statements as of 31 December 2002 are explained below. Except where expressly indicated, they have been applied consistently with the previous year:
Intangible fixed assets — These are stated at purchase or production cost, including related charges. They are amortised on a straight-line basis over their estimated useful life. In particular, goodwill is amortised over a period of five years. Applications software is recorded among intangible fixed assets and amortised over a period of three years.
Tangible fixed assets — These are stated at purchase or production cost. This cost is adjusted for certain assets in application of specific revaluation laws (as detailed in the attached schedule). Cost includes the related charges, direct costs and the share of indirect costs that is reasonably attributable to the asset.
Tangible fixed assets are depreciated every year on a straight-line basis using rates that reflect the residual technical and economic useful lives of the assets concerned. The rates applied are indicated in the relevant section of the notes. If, independently of the depreciation already charged, there is a permanent loss in value, the asset's value is written down accordingly; if, in the future, the bases for the writedown no longer apply, the original value is reinstated, as adjusted for accumulated depreciation.
Ordinary maintenance costs are wholly expensed to income as incurred. Maintenance costs which improve assets, are capitalised and depreciated using the rates applying to those assets over the residual useful lives.
Equity investments held as fixed assets — Equity investments are stated at cost as described in the relevant part of the notes.
The value at which they are recorded in the financial statements is based on purchase or subscription price or on the value attributed to conferred assets. The cost is written down where there is a permanent loss in value and when there is no prospect of future profits by the company in question, which would absorb the losses. The original value is reinstated, in the future, the bases for the writedown no longer apply.
Inventories — Inventories are stated at the lower of purchase or production cost, using the L.I.F.O method, and their estimated realisable value taking account of market trends. Cost is calculated using the same criteria as that applied to fixed assets. Estimated realisable value is calculated taking account of manufacturing costs to be incurred and direct selling costs. Obsolete and slow-moving items are written down to their utilisable or realisable value.
Receivables — Receivables are stated at their estimated realisable value.
Own shares – Own shares, classified among current assets since they represent a temporary investment of liquidity, are stated at the lower of weighted average purchase cost and their corresponding market value. For the purposes of determining market value, reference is made to the average listed stockmarket price struck in the last month of the accounting period.
Accruals and deferrals — Income and expenses which relate to more than one accounting period are recorded in these captions in order to respect the principle of matching income and expenses to the period to which they refer.

Allowance for risks and charges — These allowances cover known or probable losses, whose timing and amount could not be determined at the year end. Provisions reflect the best estimate based on the information available. The agents' supplementary indemnity provision is included in these allowances. This amount is paid by the company when agents terminate their service.

Severance indemnities — The allowance for severance indemnities is provided to cover the liability maturing in respect of employees. It is accrued in accordance with current legislation, collective labour contracts and in-house agreements.

Payables — Payables are stated at their nominal value.

Capital grants reserve — Capital grants, received in prior years, are recorded under the caption "Other reserves" of shareholders' equity in order to benefit from the favourable tax treatment permitted by prevailing legislation.

Revenue recognition — Revenues from product sales are recognised at the time ownership passes, which is generally upon shipment to the customer.

Advertising, research and development expenses — Advertising and promotional costs not benefiting future accounting periods are expensed to income in period incurred; any costs relating to advertising campaigns spanning several accounting periods are recorded on an accruals basis by booking accruals or deferrals as appropriate.

Research and development costs are fully expensed as operating costs in the period they are incurred.

Income taxes for the year — The provision for income tax is based on estimated taxable income, which is calculated in accordance with current fiscal regulations. Provision is also made for deferred taxes on temporary differences between the value attributed to an asset or liability using statutory criteria and the corresponding value for tax purposes. Deferred tax assets are recorded, where applicable, if there is reasonable certainty that they will reverse in future accounting periods.

Adjustments and provisions recorded solely for fiscal purposes — Adjustments and provisions recorded solely for fiscal purposes comprise accelerated depreciation, which is recorded in line B.10 of the statement of income. As allowed by article 2426.2 of the Italian Civil Code, its contra-entry is to the accumulated depreciation reserve, which is deducted directly from tangible fixed assets recorded on the assets side of the balance sheet.

TRANSLATION OF FOREIGN CURRENCY BALANCES

Receivables and payables originally denominated in foreign currency are translated into Euro using the exchange rates prevailing at the transaction dates. Exchange differences realised upon collection of receivables or the settlement of payables are recorded in the statement of income, after taking account of any provisions already accrued in the exchange fluctuation allowance.

Foreign currency receivables and payables are translated using the average exchange rate for the last month of the period (in accordance with article 72 of the Tax Consolidation Act). Net losses arising from this translation are charged to the period's statement of income with the contra-entry being booked to the exchange fluctuation allowance. Any net gains are not recognised, as permitted by the fiscal law.

OTHER INFORMATION

Preparation of consolidated financial statements — In accordance with Decree 127/1991, the Company has prepared consolidated financial statements, since the applicable circumstances exist.

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 and the last section of article 2423 bis, last paragraph, of the Italian Civil Code.

ANALYSIS OF THE CAPTIONS REPORTED IN THE FINANCIAL STATEMENTS

BALANCE SHEET

COMMENTS ON THE MAIN ASSET CAPTIONS:

B. FIXED ASSETS

B.I- Intangible fixed assets

Movements in intangible fixed assets during the period are set out below:

Gross value	Balance 01.01.02	Additions 2002	Other movem. 2002	Balance 31.12.02
Industrial patents and intellectual property rights	3,453	284	0	3,737
Concessions, licences, trade marks & similar rights	39	0	0	39
Goodwill	246	0	0	246
Intangibles in progress and advances	0	668	0	668
Other	474	94	0	568
Total	**4,212**	**1,046**	**0**	**5,258**

	Accumulated amortisation				Net value
	Balance 01.01.02	Amortisation 2002	Other movem. 2002	Balance 31.12.02	Balance 31.12.02
Industrial patents and intellectual property rights	(2,767)	(612)	0	(3,379)	**358**
Concessions, licences, trade marks & similar rights	(39)	0	0	(39)	**0**
Goodwill	(49)	(49)	0	(98)	**148**
Intangibles in progress and advances	0	0	0	0	**668**
Other	(343)	(78)	0	(421)	**147**
Total	**(3,198)**	**(739)**	**0**	**(3,937)**	**1,321**

The main additions for the period refer to advances paid for implementation by the Company of the new integrated IT system based on the SAP platform; this began during the current year and should be completed during 2003. These additions are classified under intangibles in progress and will be amortised from next year, when the SAP platform will have been completely implemented.
The prior year goodwill refers to the purchase of the retail outlet in the ‘Orio Center’ complex at Orio al Serio (Bergamo).

The amortisation rates applied are as follows:

	Rate
- Software	33.33%
- Brand	20%
- Goodwill	20%
- Deferred charges	20%

B.II- Tangible fixed assets

Movements in tangible fixed assets during the period are set out below:

	Gross value				
	Balance 01.01.02	Additions 2002	Decreases 2002	Other movem. 2002 (1)	Balance 31.12.02
Land & buildings	21,277	76	0	236	21,589
Plant and machinery	49,463	2,352	(707)	491	51,599
Equipment	957	316	(43)	0	1,230
Other assets	5,139	756	(153)	19	5,761
Construction in progress and advances	814	0	0	(746)	68
Total	**77,650**	**3,500**	**(903)**	**0**	**80,427**

	Accumulated depreciation					Net value
	Balance 01.01.02	Depreciation 2002	Utilisations 2002	Other movem. 2002 (1)	Balance 31.12.02	Balance 31.12.02
Land & buildings	(5,221)	(585)	0	0	(5,806)	**15,783**
Plant and machinery	(28,061)	(6,612)	576	(85)	(34,182)	**17,417**
Equipment	(885)	(139)	43	0	(981)	**249**
Other assets	(4,559)	(529)	137	0	(4,951)	**810**
Construction in progress and advances	0	0	0	0	0	**68**
Total	**(38,726)**	**(7,865)**	**756**	**(85)**	**(45,920)**	**34,327**

(1) the column includes reclassifications, revaluations and writedowns.

The most significant additions refer to investments made by the Company for the purchase of machinery and for completion of the new electricity sub-station.

Tangible fixed assets at 31 December 2002 include total revaluations, gross of the related depreciation, carried out in compliance with specific laws, as follows:

Land & buildings	630
Plant and machinery	15,007
Equipment	15
Other assets	22
Construction in progress and advances	0
Total	**15,674**

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
- Land & buildings	3.0%
- Plant and machinery	12.5%
- Industrial equipment	25.0%
- Electronic office machines	20.0%
- Office furniture and fittings	12.0%
- Cars	25.0%
- Vehicles	20.0%

Accumulated depreciation of tangible fixed assets at 31 December 2002 includes accelerated depreciation, as permitted by article 2426.2 of the Italian Civil Code. This depreciation amounts to 5,775 thousand Euro. Accelerated depreciation has increased by Euro 1,062 thousand during the year, which represents the charge for the period, while it has decreased by Euro 261 thousand due to reversals for higher depreciation for the period accrued for statutory purposes but not recorded for tax purposes as the assets have been fully depreciated. In addition, booking accelerated depreciation during the year led to lower losses/higher gains on disposals for 5 thousand Euro.

This accounting treatment, which is permitted by the rules on financial statements, resulted in a decrease in net result for the year and shareholders' equity as of 31 December 2002 of 591 thousand Euro and 3,566 thousand Euro respectively, net of the related tax effect and taking into account the change in tax rates (from 40.25% to 38.25%).
The Company has lent assets free of charge to third parties, namely portable PCs and printers to sales representatives for 228 thousand Euro as at 31 December 2002 (363 thousand Euro as at 31 December 2001), display equipment to customers for 58 thousand Euro and machinery to subcontractors for 207 thousand Euro.

B.III- Financial fixed assets

Attachments n. 1a and n. 1b set out both the movements in financial fixed assets (consisting of equity investments and loans) and the information required by article 2427.5 of the Italian Civil Code for each subsidiary and associated company.
On 7 November 2002, the extraordinary shareholders' meeting of the Company approved the merger through incorporation of Lepel S.r.l. within CSP International Industria Calze S.p.A. in accordance with art. 2504-quinquies of the Civil Code.
This merger was then finalised on 22 January 2003 by deed no. 63390 drawn up by Omero Araldi, notary public, and registered in the Mantua Companies Register on 27 January 2003. The merger took effect for accounting and tax purposes retroactively from 1 January 2003.
The book value of the investment in Lepel S.r.l. exceeds its net equity value. Management is of the opinion that this difference does not constitute a permanent loss in value, given the subsidiary's long history of positive results and its position on the market.
During the year, two mergers took place as part of the reorganisation of the Le Bourget group (France). The first, dated 2 July 2002, saw the merger of operating companies SOGED S.A. and S.A.R.L. BUC with Le Bourget S.A. The second, dated 18 December 2002, involved the absorption of E.D.I. S.A., holding company, by Le Bourget S.A. These operations greatly simplified both administrative procedures and logistics, bringing together all of the French group's activities under one roof at Fresnoy Le Grand Group.
The book value of the investment in Le Bourget exceeds its net equity value. Management is of the opinion that this difference does not constitute a permanent loss in value, given the reorganisation carried out during the year, ending up in these two mergers, which in the medium term should lead to better results.
The Company also holds a 50% interest in Sanpellegrino Polska, owned jointly with a local distributor; this company is destined to manufacture and market socks and stockings on the local market and throughout Eastern Europe.
Given that CSP has important controlling interests in other companies, it has prepared consolidated financial statements at the same date to accompany its statutory financial statements. The consolidated financial statements show results in line with those that would be obtained using the equity method to value equity investments. The consolidated shareholders' equity and net result differ from those shown in the financial statements of CSP International S.p.A. because of the entries typically made on consolidation and the elimination of adjustments and provisions made solely for tax purposes, as well as adjustments to bring subsidiaries' accounts into line with Group accounting principles.

C. CURRENT ASSETS

C.I. Inventories

Inventories are made up as follows:

	31.12.2002	31.12.2001
Grosso value	37,369	36,850
Allowance for obsolescence	(676)	(663)
Net value	36,693	36,187

The cost of raw, ancillary and consumable materials and of finished goods and products has been determined using the L.I.F.O. method of valuation, using the valuation at 31 December 1995 as the first layer.
If inventories valued at L.I.F.O. had been valued at average cost at 31 December 2002, their value would have been about Euro 518 thousand higher (318 thousand Euro at 31 December 2001). Consequently, the net result for the year would have been 124 thousand Euro higher, while shareholders' equity would have been

320 thousand Euro higher, net of related tax effect.
The allowance for obsolescence was determined on a specific basis and takes into account the possibility of utilisation of products on alternative markets or their re-processing.
At the year-end the Company has goods on deposit with third parties for a total of Euro 4,421 thousand, which includes Euro 2,913 thousand (Euro 3,977 thousand at 31 December 2001) of goods sent to subcontractors for processing and Euro 1,508 thousand of finished products with distributors (1,591 thousand Euro at 31 December 2001).

C.II. RECEIVABLES

The breakdown of receivables included in current assets, which do not include balances falling due beyond 5 years, is as follows:

C.II.1. Trade receivables

Trade receivables may be analysed as follows:

	31.12.2002	31.12.2001
Trade receivables – Italy	21,527	23,309
Trade receivables – abroad	6,974	8,476
Bills subject to collection	5,925	7,066
Default interest receivable	48	0
Allowance for default interest	(48)	0
Customers - invoices to be issued	216	170
Credit notes to be issued	(841)	(1,067)
Allowance for doubtful accounts	(1,586)	(2,469)
Total	**32,215**	**35,485**

Total trade receivables have decreased compared with the prior year both in terms of the average number of days' sales and in terms of lower sales, especially in the last quarter. 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 accounts allowance are as follows:

	Allowance at 01.01.02	Utilisations	Provisions	Allowance at 31.12.02
Article 71 of the Tax Consolidation Act	318	(318)	214	214
Additional taxed allowance	2,151	(1,159)	380	1,372
Total	**2,469**	**(1,477)**	**594**	**1,586**

During the year receivables deemed to be completely unrecoverable have been written off to the allowance. Provisions, increasing the allowance, have been made for expected future losses on receivables which are included in the year-end financial statements.

C.II.2. Due from subsidiary companies

This caption refers to trade receivables due from companies belonging to the Le Bourget Group, Euro 7,624 thousand, to Lepel, Euro 386 thousand and from Sanpellegrino Polska, Euro 906 thousand.
Other information on intercompany transactions is provided in the report on operations.

C.II.3. Due from associated companies

These refer to trade receivables due from Rozal S.a.r.l..
The amount of 135 thousand Euro receivable from CSP Hosiery (UK) was written off as this company was put into liquidation during 2002 after being dormant for a number of years.

C.II.5. Other receivables

The balance includes various receivables comprised as follows:

	31.12.2002	31.12.2001
VAT credits	833	8
Advances on income taxes	776	672
Advances to suppliers	207	70
Employees' travel advances	1	4
Deferred tax assets	1,014	1,480
Other current receivables	189	98
Foreign VAT credits	21	27
Total other current receivables	**3,041**	**2,359**
Guarantee deposits	6	56
Total other non-current receivables	**6**	**56**
Total other receivables	**3,047**	**2,415**

"Advances on income taxes" are the sum of the residual tax credit for corporate income tax - IRPEG - (amounting to 673 thousand Euro), and the regional tax on business activities - IRAP - (103 thousand Euro at 31 December 2002) net of the utilisation for 2002 IRAP (978 thousand Euro).
The 'deferred tax assets' refer to the positive balance of deferred taxation arising on temporary differences between the accounting values of assets and liabilities and their corresponding value for tax purposes (mainly taxed allowance for doubtful accounts and inventories) calculated at current tax rates (38.25%).
The guarantee deposits are due within 5 years.

C.III.5. Own shares

As at 31 December 2002 the Company holds 2,358,850 own shares, for a nominal value of 1,226.60 thousand Euro, corresponding to 9.6% of the share capital.
During the period under review, 327,850 own shares were purchased and 100,000 were sold, resulting in a net capital gain of Euro 31 thousand.
As of 31 December 2002, a writedown of Euro 2,233 thousand was also made to adjust the value of the shares held in the portfolio to their market value, namely Euro 1.60 per share. The investment of liquidity in own shares was authorised by the ordinary shareholders' meeting held on 17 December 2001, involving a limit of 10% of the share capital. This authorization extends over for 18 months and enables the Company to buy and sell shares at prices ranging between 0.52 Euro and 10.33 Euro. Own shares are offset by an undistributable equity reserve for the same amount. Following the general decline in financial markets during the first half of 2003, valuing own shares in portfolio at their market value at the date that this report was prepared would have resulted in a further writedown of around 1,150 thousand Euro.

C.IV. Liquid funds

These represent cash on hand and bank current accounts open at 31 December 2002.

D. ACCRUED INCOME AND PREPAID EXPENSES

This item is comprised as follows:

	31.12.2002	31.12.2001
Prepaid TV commercials	265	0
Accrued interest from customers	1	0
Prepaid expenses	30	114
Total	**269**	**114**

COMMENTS ON THE MAIN LIABILITY CAPTIONS

A. SHAREHOLDERS' EQUITY

Movements in shareholders' equity during the year are detailed in Attachment 2.

A.I. Share capital

The share capital at 31 December 2002, which is fully subscribed and paid-in, comprises 24,500,000 ordinary shares with a par value of 0.52 Euro each.

A.II. Share premium reserve

The share premium reserve refers to the increase in share capital carried out in 1997 when the Company went public on the Italian Stock Exchange.

A.III. Revaluation reserves

These reserves are broken down as follows:

	31.12.2002	31.12.2001
Revaluation Law L. 596/75	32	32
Revaluation Law L. 72/83	192	192
Revaluation Law L. 413/91	393	393
Revaluation Law L. 342/00	12,406	12,406
Totale	**13,023**	**13,023**

The revaluation reserve ex Law 342 of 21.11.2000 refers to the revaluation of plant and machinery carried out by the Company in 2000. The revaluation resulted in the booking of a revaluation reserve of 12,406 thousand Euro (net of substitute tax of 2,910 thousand Euro) as part of shareholders' equity.
No provision has been made for taxation on this revaluation reserve, which is not subject to equalization tax, since the Company does not intend to distribute dividends or carry out any other transactions which would result in its taxation.

A.IV. Legal reserve

At 31 December 2002 this reserve is the same as a year earlier.

A.VII. Other reserves

These decreased by 536 thousand Euro as a result of the coverage of last year's losses, and by 1,108 thousand Euro due to the dividend distribution resolved by the Shareholders' meeting of 29 April 2002, while they have increased by 1,605 thousand Euro in respect of the adjustment to the reserve for own shares in portfolio.

Amount of taxes for calculating the tax credit on profits distributed by the company (Decree Law No. 467 of 18.12.1997):

As required by Decree Law No. 467/97, the following are the taxes effectively paid by the Company (article 105.1a of the Tax Consolidation Act 917/86), as well as unpaid taxes (nominal taxes, article 105.1b of the Tax Consolidation Act 917/86) for the purposes of calculating the ordinary tax credit and the limited tax credit:

Amount pursuant to article 105.1a of the Tax Consolidation Act 917/86	Amount pursuant to article 105.1b of the Tax Consolidation Act 917/86
7,857,303 Euro	5,186,153 Euro

As required by article 3.4 of Decree Law No. 467/97, the Company will increase the taxes under article 105.1a of the Tax Consolidation Act 917/86 (taxes effectively paid) by a residual amount of Euro 1,812,120, to be spread evenly in the tax returns of the next four years.

B. ALLOWANCES FOR RISKS AND CHARGES

Changes in this item are set out below:

	01.01.2002	Provisions	Utilisations	31.12.2002
Taxation	**283**	25	(55)	**253**
Others:				
-Exchange fluctuation allowance	0	8	0	8
-Allowance for future contingencies	268	0	(165)	103
-Agents' suppl. indem. provision	593	86	(96)	583
Total other	**861**	94	(261)	**694**
Total	**1,144**	**119**	**(316)**	**947**

The provision for taxes relates to deferred tax liabilities in respect of gains on the disposal of assets which benefit from a deferred tax regime.
The allowance for future contingencies was used during the course of the year for 165 thousand Euro to cover charges deriving from the liquidation of CSP Hosiery (UK).
The agents' supplementary indemnity has been accrued in accordance with the current collective labour contract.

C. SEVERANCE INDEMNITIES

Movements during the year have been as follows:

	01.01.2002	Utilisation	Provision	31.12.2002
Severance indemnities	**4,806**	**(520)**	**967**	**5,253**

Utilisations include Euro 420 thousand paid to leavers and advances of Euro 100 thousand granted to employees. The provision differs from the amount accounted for to the statement of income under labour cost as it does not include amounts accrued during the year for payments to supplementary pension funds.

D. PAYABLES

D.3. Short-term bank borrowings

Indebtedness to banks has decreased by 4,402 thousand Euro, passing from 67,667 thousand Euro to 63,265 thousand Euro.
This caption includes Euro 49,683 thousand of advances subject to collection, export advances and the current portion of medium / long-term loans and Euro 13,582 thousand of medium / long-term loans and other borrowings.

The breakdown of amounts due to banks by repayment deadline is the following:

	31.12.2002	31.12.2001
Current payables	39,488	34,357
Loans:		
- due within 1 year	10,195	14,529
- due from 1 to 5 years	13,582	18,781
- due beyond 5 years	0	0
Total	**63,265**	**67,667**

Three new unsecured loans, totalling Euro 5,000 thousand were raised during 2002. They all bear market rates and fall due within 5 years.
During 2002, an IRS hedging mortgage loans was renegotiated to take advantage of particularly favourable interest rates: the underlying nominal value is of 15,494 thousand Euro.
The overall trend of changes in financial flows is analysed in the cash flow statement, attached to these explanatory notes.

D.6. Trade payables

This item has decreased by 4,310 thousand Euro, mainly as a result of variations in the timing of purchases. Trade payables are all due within 12 months.

D.11. Taxes authorities

Taxes payable are made up as follows:

	31.12.2002	31.12.2001
Tax liability	1,055	526
Withholding taxes on payments to consultants/agents	128	102
Withholding on wages and salaries	549	593
Total within 12 months	**1,732**	**1,221**
Tax liability beyond 12 months	0	970
Total	**1,732**	**2,191**

For the purposes of direct taxation, the tax years from 1997 onwards are still open; with regard to VAT, tax years still open include 1998 onwards. As regards the 2003 Budget Law, the Company will take advantage of the provision that makes it possible to maintain the prescription period for assessments to the fourth year after the date on which the tax return was filed, avoiding the two-year extension foreseen in art. 10 of the law.
Taxes payable within 12 months are made up of the third tranche of the substitute tax on the revaluation as per Law 342/2000.

D.12. Social security institutions

These include the following items:

	31.12.2002	31.12.2001
Employees social security/industrial accident insurance (INPS/INAIL)	666	683
Agents' social security (Enasarco)	12	22
Agents' social security (F.I.R.R.)	43	43
Total	**721**	**748**

D.13. Other payables

These comprise:

	31.12.2002	31.12.2001
Payable to employees	632	601
Other payables	16	14
Total	**648**	**615**

Payables to employees include holiday pay of Euro 411 thousand at 31 December 2002.
The other payables are all due within 12 months.

E. ACCRUED LIABILITIES AND DEFERRED INCOME

This item is comprised as follows:

	31.12.2002	31.12.2001
Accrued loan interest payable	318	178
Accrued staff bonuses	221	237
Total	**539**	**415**

This caption refers to accrued bank interest payable and to the portion of staff bonuses accruing from 1 July 2002 to 30 June 2003.

MEMORANDUM ACCOUNTS

Mortgages on loans — The loans have all been repaid, so the balance is zero.

Sureties given — This mainly relates to sureties given to banks in favour of the French subsidiary for loans and credit lines granted to that company.

Commitments for the purchase of goods — At 31 December 2002, there are commitments based on signed contracts for the purchase of fixed assets amounting to Euro 602 thousand. These commitments refer to plant enhancements and the purchase of new machines, as well as to software purchases.

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

STATEMENT OF INCOME

COMMENTS ON THE MAIN STATEMENT OF INCOME CAPTIONS

For a more detailed analysis of the Company's activities, the statement of income, the events which have influenced the performance of operations during the year and significant subsequent events, reference should be made to the comments included in the report on operations which supplement those contained in these explanatory notes.

A. PRODUCTION VALUE

A.1. Revenues from sales of goods and services

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

	2002	2001
- Italy:		
-stockings	36,921	43,110
-seamless underwear	12,160	9,314
-corsetry	868	0
-raw materials / other	2,744	5,935
- Western Europe		
-stockings	27,775	30,354
-seamless underwear	2,685	2,096
-corsetry	341	0
-raw materials / other	3,503	3,917
- Eastern Europe		
-stockings	16,739	20,193
-seamless underwear	4,149	2,867
-corsetry	159	0
-raw materials / other	3,842	2,988
- Non-European countries:		
-stockings	2,015	2,129
-seamless underwear	277	82
-corsetry	63	0
-raw materials / other	36	6
Total	**114,277**	**122,991**

Net sales of stockings went from 95,786 thousand Euro to 83,450, a decrease of 12,336 thousand Euro on the previous year, due to the continuing decline in demand for women's stockings all over the world. They include sales to subsidiaries for 16,999 thousand Euro with respect to 18,243 thousand Euro of the previous year.

Sales of seamless underwear pass from 14,359 thousand Euro to 19,271 thousand Euro, with an increase of 4,912 thousand Euro compared with last year, confirming the importance that these new products have for the Company and for the market. These sales helped boost revenues for the year, partially offsetting the ongoing decline in sales of stockings.

As for the breakdown of sales by geographical area, the key point worth emphasising is the deterioration of sales in Eastern Europe during the second half of the year, especially in Russia, which is the second largest market in volume terms after Italy. Sales in Russia are paid in advance by customers.

Sales of yarn, amounting to Euro 2,744 thousand, consist of sales of raw materials to sub-contractors, who bill back with the processing mark up.

Revenues are shown net of returns, discounts and allowances.

A.2. Changes in inventories of work-in-progress, semi-finished and finished products:

	Opening inventories	Closing inventories	Change + / -
Finished products	15,140	17,900	2,760
Work-in-progress	14,360	13,830	(530)
Total	**29,500**	**31,730**	**2,230**

A.5.a. Other income

	2002	2001
Freight and processing charges billed to customers	213	204
Advertising contributions	276	446
Expenses reinvoiced to customers	54	56
Royalty income	639	720
Gains on disposal of assets	84	82
Out-of-period income	283	222
Other	46	6
Total	**1,595**	**1,736**

The most significant items are royalty income on outstanding contracts with licensees of Company brands. Advertising contributions are amounts recognised by suppliers for Company campaigns combining their brand with ours.

B. PRODUCTION COSTS

B.6. Purchases in raw, ancillary and consumable materials and goods

The balance of Euro 50,439 thousand consists of Euro 43,154 thousand for purchases of raw materials for manufacturing (Euro 52,337 thousand in 2001) and Euro 7,285 thousand for packaging and consumable materials (Euro 8,461 thousand in 2001). The overall decrease of Euro 10,359 thousand compared with 2001 is partly explained by the lower volume of sales, but above all by the inventory reduction policy applied during the course of the year and expected to continue in 2003.

B.7. Services

This item is comprised as follows:

	2002	2001
- Outside contractors	9,831	9,898
- Advertising	10,202	9,374
- Agents and merchandising	4,649	4,460
- Transport	1,717	1,813
- Power and heating	3,089	3,700
- Directors' emoluments	594	568
- Statutory Auditors' emoluments	42	41
- Maintenance	1,437	1,371
- Insurance	293	255
- General and commercial advice	448	440
- Travel	213	220
- Postage	148	154
- Other transport costs	176	175
- Legal	107	68
- Commercial information and communications costs	192	192
- Bank charges	159	172
- Other	455	486
Total	**33,752**	**33,387**

This caption has remained substantially unchanged with respect to last year.
The most significant changes reported during the year concern:

- advertising (up by 828 thousand Euro), due to important campaigns to boost the brands, both for tights and for seamless underwear;
- costs for agents and merchandising (+ 189 thousand Euro) in connection with the growth in sales through the mass distribution and retail channels in Italy, which involve higher costs for the sales force.

- power and heating with a reduction of 611 thousand Euro, as part of the cost savings achieved thanks to the new electricity sub-station and lower plant utilisation because of higher recourse to state redundancy benefits compared with last year.

Attachment 4 gives further details on the emoluments of the Directors and statutory auditors.

B.9. Labour costs

This caption includes all the costs incurred on an on-going basis which directly concern employees in 2002. The detail of this caption is set out on the face of the statement of income. The decrease with respect to the previous year (918 thousand Euro) is due to the reduction in the number of employees and to the higher recourse to state redundancy benefits.

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

	01.01.2002	New recruits	Leavers	31.12.2002	2002 average
- Managers	12	1	(2)	11	12
- Supervisors	28	2	(1)	29	29
- Office staff	112	20	(19)	113	113
- Workers	505	7	(55)	457	481
Total	**657**	**30**	**(77)**	**610**	**635**

The new recruits and leavers categories also include internal promotions.

B.10. Depreciation, amortisation and writedowns

These comprise:

a. Amortisation of intangible fixed assets

	2002	2001
- Software	612	662
- Goodwill	49	49
- Deferred charges	54	64
- Other	24	14
Total	**739**	**789**

b. Depreciation of tangible fixed assets

	Ordinary	Accelerated	Total 2002	Total 2001
- Buildings	579	6	585	716
- Light constructions	1	0	1	1
- Plant/machinery	5,833	779	6,612	7,143
- Equipment	85	54	139	130
- Furniture, electrical equipment	36	17	53	54
- Electronic office machines	115	113	228	140
- Cars	91	72	163	103
- Vehicles	21	21	42	34
- Assets with a unit value of less than 516 Euro	42	0	42	38
Total	**6,803**	**1,062**	**7,865**	**8,359**

Tangible fixed assets purchased in 2002 have been depreciated at 50% of the normal rate.

Accelerated depreciation has also been recorded. Its effect has already been discussed in the note on tangible fixed assets.

d. Writedown of receivables included in current assets and of liquid funds

The caption “Writedown of receivables included in current assets and of liquid funds” consists of the provision required to adjust the value of receivables to their estimated realisable value. Losses during the year have been expensed to income with a corresponding utilisation of the allowance for doutful accounts.

B.11. Changes in inventories of raw, ancillary and consumable materials and goods

	Opening inventories	Closing Inventories	Change +/-
Raw materials	4,527	3,063	(1,464)
Packaging and consumable materials	2,160	1,899	(261)
Total	**6,687**	**4,962**	**(1,725)**

B.12. Provisions for risks and charges

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

B.14. Other operating expenses

This item is comprised as follows:

	2002	2001
- Entertaining	116	139
- Membership fees	70	64
- Stationery & other materials	133	157
- Non deductible VAT on gifts	39	37
- Taxes and duties	156	150
- Losses on the sale of assets	85	35
- General expenses	16	51
- Other charges	53	42
Total	**668**	**675**

C. FINANCIAL INCOME AND CHARGES

C.16.d.d. Other financial income from third parties

This caption comprises:

	2002	2001
- Interest on current accounts	5	7
- Interest from customers	17	18
- Exchange gains	14	7
- Other interest income	52	2
Total	**88**	**34**

The caption 'other interest income' includes (48 thousand Euro) default interest on trade receivables due at 31 December 2002 (D.Lgs. no. 231 of 9 October 2002). The writedown for the same amount has been booked to 'writedown of financial receivables'.

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

This caption comprises:

	2002	2001
- Interest on current accounts	581	659
- Interest on borrowings	1,082	1,168
- Interest on loans	1,064	1,309
- Other interest and charges	168	12
- Provision to the exchange fluctuation allowance	8	0
- Exchange losses	0	4
Total	**2,903**	**3,152**

The decrease in financial charges is mainly due to a more favourable trend in interest rates with respect to the previous year.

D. ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS:

D.19.c. Writedowns of securities held as 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.

D.19.d. Writedowns of financial receivables

This caption relates to the writedown of default interest receivable on trade accounts mentioned previously.

E.22. Income taxes for the year

Income taxes for the year have been calculated using current tax rates and after making the necessary adjustments to increase or decrease the statutory profit. The tax charge amounts to Euro 1,418 thousand. Current taxes include IRAP for 978 thousand Euro, while deferred taxes amount to 440 thousand Euro. They refer mainly to the reversal of deferred tax assets provided in previous years on costs benefiting from the deferral of tax and deducted in the current year for tax purposes (mainly losses on receivables).
The tax loss for 2002, which can be carried forward for the next 5 years, amounts to 1,120 thousand Euro; for prudence sake, the related tax benefit will be accounted for when used.

Ceresara, 28 March 2003

The Chairman of the Board of Directors
Enzo Bertoni

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. - 1a, Schedule of movements in financial fixed assets for the year ended 31 December 2002
   - 1b, List of equity investments in accordance with article 2427.5 of the Italian Civil Code
2. Statement of changes in shareholders' equity for the year ended 31 December 2002
3. Statement of cash flow for the years ended 31 December 2002 and 2001
4. Schedule of remuneration paid to the Directors, Statutory Auditors and General Managers for the year ended 31 December 2002
5. List of significant investments held as of 31 December 2002

Attachment n. 1a

SCHEDULE OF MOVEMENTS IN FINANCIAL FIXED ASSETS FOR THE YEAR ENDED 31 DECEMBER 2002 (IN THOUSANDS OF EURO)

	OPENING BALANCE				MOVEMENTS DURING THE YEAR					CLOSING BALANCE	
FIXED ASSETS	HISTORICAL COST	REVALUATION	WRITEDOWN	BALANCE 31.12.2001	INCREASE	RECLASSIFICATION	DECREASE	REVALUATION	WRITEDOWN	BALANCE 31.12.2002	OF WHICH REVALUED
EQUITY INVESTMENTS											
SUBSIDIARY COMPANIES											
LEPEL SRL - CARPI (MO) Via Nuova Ponente, 25/b	21,031			21,031						21,031	0
E.D.I. - LYON (F) Boulevard Vivier Merle, 1	6,701			6,701		(6,701)				0	
LE BOURGET S.A FRESNOY LE GRAND (F)	9,567		(3,007)	6,560		6,701				13,261	0
SANPELLEGRINO POLSKA Sp.Z.o.o. Ul.Lodzka, 27-KONSTANTYNOW (LODZ) (PL)	1,163			1,163						1,163	0
TOTAL SUBSIDIARY COMPANIES	**38,462**	**0**	**(3,007)**	**35,455**	**0**	**0**	**0**	**0**	**0**	**35,455**	**0**
ASSOCIATED COMPANIES											
ROZAL SARL - PARIS (F) Rue Turbigo, 30	9		(9)	**0**							**0**
CSP HOSIERY (UK) LTD - LONDON (UK) Action Park, 28	3		(3)	**0**							**0**
TOTAL ASSOCIATED COMPANIES	**12**	**0**	**(12)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTHER COMPANIES											
CASSA RUR.ED ART. CASTELGOFFREDO (MN) Via Giotto, 2	**0**			**0**							**0**
FONDO PENSIONE PREVIMODA - MILANO Viale Sarca, 223	2			2						2	0
CONAI - ROMA Viale dell'Astronomia, 30	2			2						2	0
TOTAL OTHER EQUITY INVESTMENTS	**4**	**0**	**0**	**4**	**0**	**0**	**0**	**0**	**0**	**4**	**0**
TOTAL EQUITY INVESTMENTS	**38,478**	**0**	**(3,019)**	**35,459**	**0**	**0**	**0**	**0**	**0**	**35,459**	**0**
RECEIVABLES											
SUBSIDIARY COMPANIES											
BENETTON LEGS LOAN				1						1	0
TOTAL RECEIVABLES FROM SUB COS	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**1**	**0**
ASSOCIATED COMPANIES											
ROZAL SARL LOAN				31						31	0
CSP HOSIERY Ltd. (UK) LOAN				33			(33)			0	0
TOTAL RECEIVABLES FROM ASSOC COS	**0**	**0**	**0**	**64**	**0**	**0**	**(33)**	**0**	**0**	**31**	**0**
TOTAL RECEIVABLES	**0**	**0**	**0**	**65**	**0**	**0**	**(33)**	**0**	**0**	**32**	**0**

Attachment n. 1b

LIST OF EQUITY INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES AT 31 DECEMBER 2002 (ART. 2427.5 of the Civil Code)

(in thousands of Euro)

NAME	SHARE CAPITAL IN LOCAL CURRENCY	SHAREHOLDERS' EQUITY	PROFIT OR LOSS	STAKE-HOLDING %	BOOK VALUE	VALUE EX ART. 2426 N. 4 C.C. (NET EQUITY)	DIFFERENCE BETWEEN BOOK VALUE AND SHAREHOLDERS' EQUITY
EQUITY INVESTMENTS							
SUBSIDIARY COMPANIES							
LE BOURGET S.A FRESNOY LE GRAND (F)	Euro 1,545,170	*** 2,128	(1,462)	99,97	13,262	10,067	(3,195)
SANPELLEGRINO POLSKA Sp.Z.o.o. Ul.Lodzka, 27-KONSTANTYNOW (LODZ) (PL)	Zloty 9,006,400	** 2,994	261	50	1.163	1,328	165
LEPEL SRL - CARPI (MO) Via Nuova Ponente, 25/b	Euro 3,848,000	*** 14,665	439	100	21.031	18,133	(2,898)
ASSOCIATED COMPANIES							
ROZAL SARL - PARIS (F) Rue Turbigo, 30	F.F 300,000	* (100)	(179)	20	-	(20)	(20)

NOTES:

* as per financial statements at 30 June 2000 (last available accounts)

** as per financial statements at 31 December 2002, translated at exchange rates of the end of 2001

*** as per the statutory financial statements at 31 December 2002

Attachment n. 2 (in thousands of Euro)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2002

Description	Share Capital	Share premium	Riserve for own shares	Revaluation reserves	Legal reserve	Other reserves	Net profit (loss) for the year	Total shareholders' equity
Balances at 01.01.2002	**12,740**	**18,076**	**5,379**	**13,023**	**1,359**	**9,468**	**(563)**	**59,482**
Coverage of 2001 loss								
- Allocation to 'Profit carried forward'						(563)	563	-
- Dividends						(1,108)		(1,108)
Decrease in reserve for own shares			(1,605)			(1,605)		-
Net profit (loss) for the year							(1,854)	(1,854)
Balances at 31 December 2002	**12,740**	**18,076**	**3,774**	**13,023**	**1,359**	**9,402**	**(1,854)**	**56,520**

Attachment n. 3 (in thousand of Euro)

STATEMENT OF CASH FLOW
for the years ended 31 December 2002 and 31 December 2001

		31 December 2002	31 December 2001
A.	**OPENING NET FINANCIAL POSITION**	**(47,157)**	**(32,424)**
B.	**CASH FLOWS FROM (FOR) OPERATING ACTIVITIES**		
	Net profit (loss)	(1,854)	(563)
	Depreciation, amortisation and writedowns	8,604	9,148
	Net change in severance indemnities for employees and agents	437	296
	Net change in allowances for risks and charges	(187)	(49)
	Cash flows from operating activities before changes in working capital	**7,000**	**8,832**
	(Increase) decrease in trade receivables and amoun due from subsidiary and associated companies	5,251	2,024
	(Increase) decrease in inventories	(506)	(4,687)
	(Increase) decrease in trade and other payables	(4,255)	(2,199)
	(Increase) decrease in own shares	1,605	(2,010)
	Changes in other working capital items	(813)	614
	Total changes in working capital	**1,282**	**(6,258)**
	Cash flows from (for) operating activities	**8,282**	**2,574**
C.	**CASH FLOWS FROM (FOR) INVESTMENT ACTIVITIES**		
	(Purchase) disposal of fixed assets:		
	Intangible	(1,045)	(798)
	Tangible	(3,268)	(3,703)
	Financial	92	(12,585)
		(4,221)	**(17,086)**
D.	**CASH FLOWS FROM (FOR) FINANCING ACTIVITIES**		
	New borrowings net of the current portion of loans transferred to current payables Dividends paid	(5,199)	966
	Notes payable	(1,108)	(1,187)
		(6,307)	**(221)**
E.	**TOTAL CASH FLOWS FOR THE YEAR (B+C+D)**	**(2,246)**	**(14,733)**
F.	**CLOSING NET FINANCIAL POSITION (A+E)**	**(49,403)**	**(47,157)**

Attachment n. 4

Attachment 3C - table 1

SCHEDULE OF REMUNERATION PAID TO THE DIRECTORS, STATUTORY AUDITORS AND GENERAL MANAGERS FOR THE YEAR ENDED 31 DECEMBER 2002 (in thousands of Euro)

PERSON	DESCRIPTION OF OFFICE		REMUNERATION				
NAME	OFFICE HELD	TERM OF OFFICE	COMPENSATION		FRINGE BENEFITS	BONUSES AND OTHER INCENTIVES	OTHER REMUNERATION
			IN PARENT COMPANY	IN SUBSIDIARIES			
BERTONI ENZO	Chairman of the Board	27.04.00 for 3 years	253		use of cell phone		
BERTONI FRANCESCO	Managing Director *	27.04.00 for 3 years	312		use of cell phone		
BERTONI MARIA GRAZIA	Managing Director	27.04.00 for 3 years			use of cell phone		71**
BERTONI CARLO	Director	27.04.00 for 3 years			use of cell phone		66**
BOSSI GIANFRANCO	Director	27.04.00 for 3 years	13				
ARMANINI MASSIMO	Director	27.04.00 for 3 yearsi	13				
TEDOLDI ARTURO	Director *	15.06.01 for 3 years			use of cell phone	15	131**
STRACCIARI VANNA	Chairman of Statutory Auditors	27.04.00 for 3 years	18	9			
MONTESANO MARCO	Statutory Auditor	27.04.00 for 3 years	12	6			
SAVOIA LUCA	Statutory Auditor	27.04.00 for 3 years	12				
RETTA MASSIMILIANO	General Manager *				use of cell phonee	36	186**

*   member of the executive committee
** salary

Attachment n. 5

List of significant investments held as of 31 December 2002
(art. 125 of CONSOB Resolution No. 11971 dated 14 May 1999; CONSOB clarification dated 14 July 2000)

Company	Number of shares or quotas held	% of share capital	Currency	Nominal value	Type of control	Nature of relationship	Ownership
Le Bourget S.A. 02230 Fresnoy Le Grand Francia	1,544,766	99.97	Euro	1	By right	Direct	Owned
Lepel SrL Via Nuova Ponente, 25/B 41012 Carpi MO	3,848,000	100	Euro	1	By right	Direct	Owned
San Pellegrino-Polska Sp.z.o.o. ZPCHr. ul. Lodska, 95050 Konstantynow - Lodz Polonia	90,064	50	Zloty	50	By appointment and revocation of the Directors	Direct	Owned
Rozal SARL 30 Rue de Turbigo 75003 Paris Francia	600	20	Euro	91.46	By right	Direct	Owned

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

REPORT OF THE BOARD OF STATUTORY AUDITORS

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING AS PER ART. 153 OF D.LGS 58/98 AND ART. 2429.3 OF THE CIVIL CODE

To the shareholders' meeting of the company C.S.P. International Industria Calze S.p.A.

During the year ended 31/12/2002 we carried out the supervisory activities required by law, in accordance with the principles of conduct for Boards of Statutory Auditors recommended by the Italian Accounting Profession.
In compliance with CONSOB's instructions issued on 6 April 2001, we would like to inform you of the following:
We checked compliance with the law and the deed of incorporation.
We obtained quarterly information from the directors on the business activities and on the more important economic and financial operations carried out by the company and its subsidiaries, and we can reasonably assure you that they are in compliance with the law and the articles of association and that they do not appear to be excessively imprudent or risky, nor in potential conflict with the resolutions passed by the Shareholders' Meeting, nor are they such as to compromise the integrity of the Company's equity.
We became familiar with the company's business and monitored, to the extent required, that the company's organisational structure was adequate and that the company observed the rules of proper administration. We also checked that instructions to subsidiaries as per art 114.2 of Dlgs 58/98 were adequate. This we did by means of direct observation and information obtained from heads of departments and meetings with the Independent Auditors, for a reciprocal exchange of important data and information. We do not have any comments to make in this area.
We examined and monitored the adequacy of the internal control and accounting systems, as well as the latter's reliability to give a true and fair view of operations, through information from the heads of the respective functions, examination of company's documents and the results of the work carried out by the Independent Auditors, also monitoring the work performed by those responsible for internal control. We do not have any comments to make in this area.
We held various meetings with the Independent Auditors, pursuant to article 150.2, Dlgs 58/98. No significant matters arose that might be worthy of mention in this report.
No atypical or unusual transactions were carried out in 2002.
The Independent Auditors carried out their audit activity according to generally accepted auditing standards in Italy. Their report did not contain any qualifications, though they drew attention to the depreciation charged solely for fiscal purposes. No additional engagements or opinions have been requested of the Independent Auditors or parties related to them.
We received no complaints based on art. 2408 of the Civil Code nor are we aware of any complaints received by others;
We acknowledge the fact that the Company has adopted the Code of Conduct prepared by the Committee for Corporate Governance of Listed Companies.
During the course of the year, we issued our opinion on the plan to merge Lepel S.r.l. with C.S.P. International Industria Calze S.p.A.
The activity described above as been carried out during 10 meetings of the Board of Statutory Auditors (as well as individual visits) and taking part in the 7 meetings during the year of the Board of Directors as per article 149.2 of Dlgs 58/98.
We therefore recommend that the shareholders approve the financial statements as of 31/12/2002 as presented by the Board of Directors, as well as their proposal to distribute part of the undistributed profit, considering the reasons that led to the loss for the year as explained by the Directors.

Ceresara 08 April 2003

The Board of Statutory Auditors

Vanna Stracciari	Chairman
Marco Montesano	Auditor
Luca Savoia	Auditor

REPORT OF THE INDEPENDENT AUDITORS

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Deloitte & Touche

REPORT OF THE INDEPENDENT AUDITORS PURSUANT TO ART. 156 OF LEGISLATIVE DECREE N° 58 OF FEBRUARY 24, 1998

To the Shareholders of **CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.**:

1. We have audited the financial statements of **CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.** as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in Italy as recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the adequacy and the fairness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

   The financial statements of certain subsidiaries have been examined by other auditing firms, whose reports have been furnished to us. Our opinion expressed in this report, insofar as it relates to the amounts of equity investments which represent respectively 40.7% and 9.2% of total equity investments and total assets, is based also upon the audits of the other auditing firms.

   For our opinion on the prior year's financial statements, which are presented for comparative purposes as required by law, reference should be made to our auditors' report, issued under our previous denomination "Arthur Andersen S.p.A.", dated March 29, 2002.

3. In our opinion, the financial statements of **CSP INTERNATIONAL INDUSTRIA CALZE S.P.A.** as of and for the year ended December 31, 2002, comply with the Italian statutory provisions related to financial statements; therefore they give a true and fair view of the financial position and results of operations of the Company.

4. For a better understanding of the financial statements, we wish to draw your attention on the fact that, as described in more detail in the notes to the financial statements, in the current and in prior years the Company accounted for accelerated depreciation exclusively in application of tax regulations. Such accounting treatment, allowed by the existing law, determined an understatement of the Shareholders' equity as of December 31, 2002, and of the result of operations for the period then ended of Euro 3,566 thousand and Euro 591 thousand respectively, net of the related tax effect.

DELOITTE & TOUCHE ITALIA S.p.A.

Signed by
Giancarlo De Marchi
Partner

Verona, Italy,
March 31, 2003

This report has been translated into English from the original issued in Italian solely for the convenience of international readers.