QUARTERLY REPORT
AT
31 MARCH 2003

CSP GROUP

CSP INTERNATIONAL INDUSTRIA CALZE S.p.A.
VIA PIUBEGA, 5C - 46040 CERESARA (MN) - ITALY
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CORPORATE BODIES

Board of Directors

Chairman and Managing director	Francesco	BERTONI (*)
Managing Director	Enzo	BERTONI (*)
Managing Director	Maria Grazia	BERTONI (**)
Managing Director	Carlo	BERTONI (**)
Directors	Massimo	ARMANINI
	Renato	ROSSI
	Arturo	TEDOLDI

Board of Statutory Auditors

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

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

DIRECTORS' REPORT ON GROUP OPERATIONS

The conflict in Iraq created a climate of anxiety that affected all of our markets and sales channels during the first quarter of 2003: we already had consumers buying less and less; now we have trade operators becoming increasingly cautious in their buying.

In this context, CSP has suffered mainly in two geographical areas, France and Russia, while elsewhere, Italy above all, sales have held up or even grown, depending on the type of merchandise.
The negative performances in France and Russia, areas that for CSP are heavily concentrated in hosiery (a market in which consumption is in constant decline everywhere), have had a significant effect on the Group's overall results.

Seamless underwear (+21.1%) and corsetry (+6.3%) continue to achieve positive rates of growth thanks to the expansion of the distribution base and the excellent reception given by the public to the new product lines; however, these results have not been enough to offset in terms of sales and profitability the declines in hosiery (-20.5%) caused above all by what happened in France and Russia.
As a result of these various situations, Group sales fell by 11.5% compared with the same period of 2002.

The gross profit was affected by the loss of sales in areas and channels with higher than average margins, resulting in a less profitable sales mix.

Operating profit for the period amounted to 0.74 million euro, which is less than in 2002, partly because of hefty advertising and promotional expenses (+65%) invested mainly in favour of the Sanpellegrino brand. When comparing the operating profit with the same period last year, bear in mind that the 2002 result benefited significantly (also with respect to 2001) from a lack of investment in communication, which historically was always provided for at this time of the year.

Another factor weighing on the pre-tax profit was a 1.27 million euro charge to adjust the value of the own shares held in portfolio as they lost substantially during the first quarter, following the general market trend.

Lastly, it is worth emphasizing the important result achieved in terms of inventory reduction (-6.6% on the end of 2002), even if stocks are slightly higher (+2.2%) than they were at the end of March 2002.

Group performance

Summary statement of income

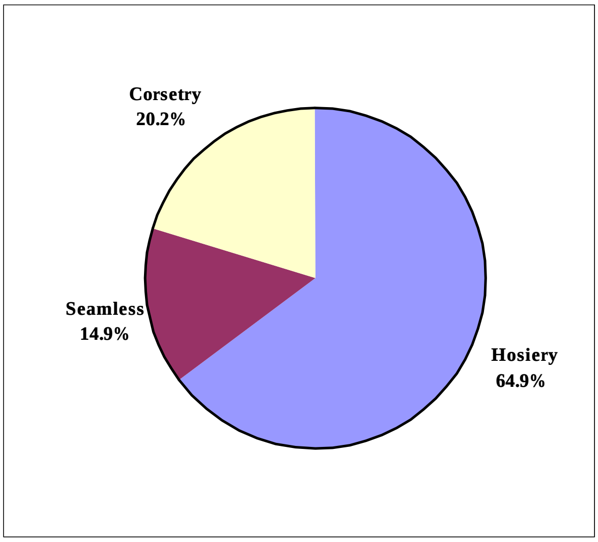
(in millions of Euro)	31 March 2003		31 March 2002		31 December 2002	
	Value	%	Value	%	Value	%
Net sales	40.82	100.0	46.11	100.0	159.52	100.0
Cost of sales	26.17	64.1	27.98	60.7	99.71	62.5
Gross profit	**14.65**	**35.9**	**18.13**	**39.3**	**59.81**	**37.5**
Selling, general and administrative costs	13.91	34.1	12.31	26.7	54.84	34.4
Operating profit	**0.74**	**1.8**	**5.82**	**12.6**	**4.97**	**3.1**
Financial charges, net	1.01	2.5	0.98	2.1	3.96	2.5
Other net income and charges	1.23	3.0	0.63	1.4	2.33	1.4
Profit (loss) before income taxes	**(1.50)**	**(3.7)**	**4.21**	**9.1**	**(1.32)**	**(0.8)**
Income taxes	(*)	(*)	(*)	(*)	(2.81)	(1.8)
Net profit (loss) for the period	**(1.50)**	**(3.7)**	**4.21**	**9.1**	**(4.13)**	**(2.6)**
Net profit (loss) attributable to minority interests	0.02	0.0	(0.12)	(0.2)	(0.09)	(0.0)
Net profit (loss) for the period attributable to the Group	**(1.48)**	**(3.6)**	**4.09**	**8.9**	**(4.22)**	**(2.6)**

(*) income taxes for the period are not calculated as of 31 March.

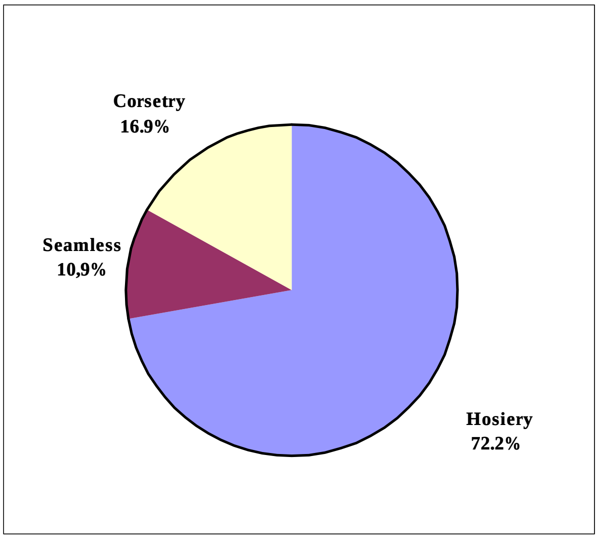
Net sales – Net sales in the first quarter 2003 passed from 46.11 million euro to 40.82 million euro with a decrease of 11.5% mainly due to the decline in sales of stockings on the Russian market and private labels on the French one, only partly compensated by the growth in sales of seamless underwear and corsetry.

The following graphs show the breakdown of sales by product sector, brand and geographical area for the period under review compared with those of the same period of 2002:

MERCHANDISE: sales % at 31.03.2003

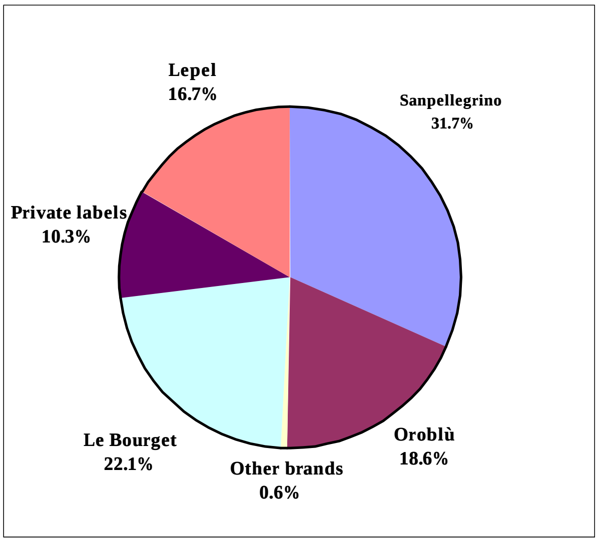


MERCHANDISE: sales at 31.03.2002

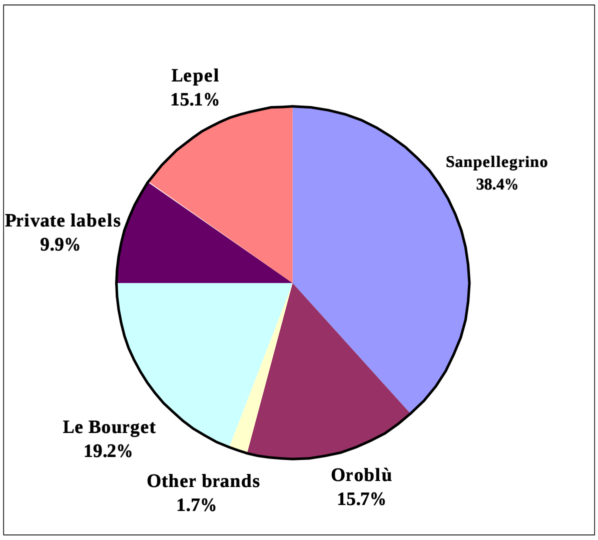


In the first quarter of 2003 sales of hosiery dropped by 20.5% compared with the first quarter of 2002, confirming the by now chronic trend in this type of merchandise, accentuated by the drop in consumption on the Russian market that began in the second half of 2002.
Sales of seamless underwear, on the other hand, have gone extremely well, up from 5.03 million euro to 6.09 million euro (+ 21.1%), while corsetry sales have grown by 6.3%.
During the quarter, seamless underwear and corsetry together represent 35.1% of total turnover, compared with 27.8% in first quarter 2002.

BRANDS: sales % at 31.03.2003

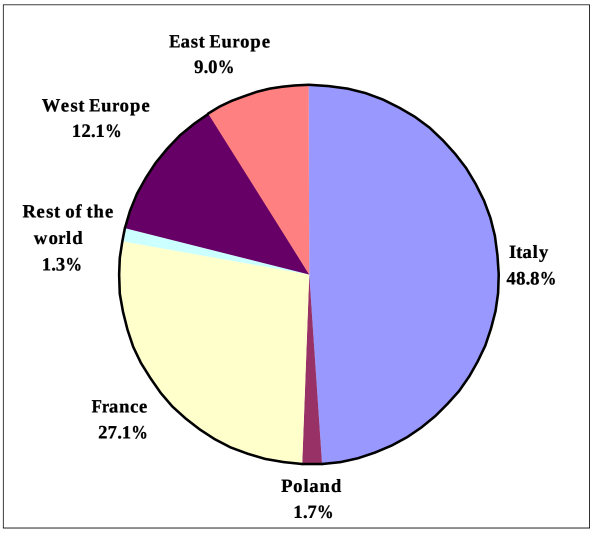


BRANDS: sales % at 31.03.2002

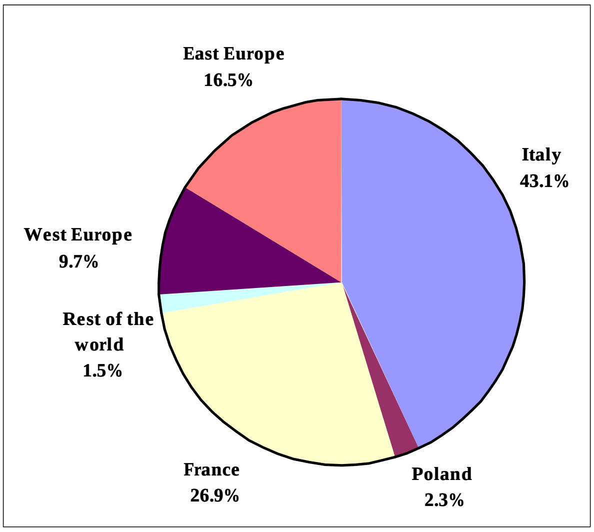


As regards sales by brand, in first quarter 2003 Sanpellegrino was particularly hit by this drop in hosiery consumption in Italy and above all in Russia, which absorbed the significant growth achieved in the Italian mass distribution channel (+ 8.0% in stockings and + 36.8% in seamless underwear). Sales of Le Bourget and Oroblù brand products rose as a proportion of Group turnover thanks to higher revenues generated by seamless underwear and the modal collections.

AREAS: sales % at 31.03.2003



AREAS: sales % at 31.03.2002



As regards sales by geographical area, the Italian market rose as a proportion of a declining whole, as sales in absolute terms stayed more or less in line with first quarter 2002, thanks to growth in the mass distribution channel which offset the fall in the wholesale channel.
The most significant decreases concerned Eastern Europe and France, dropping by 3.93 and 1.35 million euro respectively.

Cost of sales - Cost of sales in the first quarter of 2003 was 26.17 million Euro, 64.1% of net sales, compared with 60.7% in the first quarter of last year.

Gross profit – The gross profit margin for first quarter was 35.9%, compared with 39.3% for the same period the previous year. The lower margins are due to the lower volume of sales leading to a lower absorption of fixed costs, as well as greater use of promotional leverage to compensate for the poor state of the market.

Selling, general and administrative costs – Selling, general and administrative costs, totalling 13.91 million Euro, represent 34.1% of net sales for the quarter compared with 26.7% in the corresponding quarter last year.
The increase with respect to first quarter 2002 is mainly due to higher advertising expenditure, up by 1.74 million euro, due to scheduling changes in the Sanpellegrino advertising campaign.

Operating profit – The operating profit amounts to 0.74 million Euro, compared with 5.82 million Euro in the corresponding quarter last year, representing 1.8% of net sales, compared with 12.6%. This result is due to the combined effect of the decline in sales mentioned above and the increase in advertising expenses, though these are expected to be in line with 2002 by the end of the year.

Financial charges, net – Net financial charges amounted to 1.01 million Euro, and are substantially in line with the same period last year.

Other net income and charges – This caption, totalling 1.23 million euro versus 0.63 million euro in the corresponding quarter of 2002, refers to the writedown of own shares held in portfolio, after their adjustment to market value at period-end (1.0638 Euro per share), while in 2002 it concerned charges relating to closure of the Marseilles branch.

Income taxes – The quarterly financial statements do not include any provision for income taxes, as permitted by CONSOB regulations applicable in the circumstances.

Summary balance sheet

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

(in millions of Euro)	31 March 2003	31 December 2002	31 March 2002
Current assets	115.55	127.78	120.87
Current liabilities	(39.70)	(43.39)	(44.80)
Net working capital	**75.85**	**84.39**	**76.07**
Equity investments (including own shares)	2.84	4.13	6.54
Tangible and intangible fixed assets	60.14	62.67	67.95
Capital employed	**138.83**	**151.19**	**150.56**
Other medium/long-term liabilities	(11.46)	(11.64)	(10.37)
Net capital employed	**127.37**	**139.55**	**140.19**
Net debt	73.29	83.69	74.45
Shareholders' equity attributable to minority interests	1.37	1.53	1.73
Shareholders' equity	52.71	54.33	64.01
Total	**127.37**	**139.55**	**140.19**

Working capital - Net working capital at 31 March 2003 totals 75.85 million Euro compared with 84.39 at 31 December 2002. this decrease is mainly attributable to a reduction in trade receivables, caused by the seasonal nature of the business, and in inventories, as a result of implementing a stock-reduction policy.

Capital employed - capital employed has gone from 151.16 million Euro at 31 December 2002 to 138.83 million Euro, a reduction of 12.36 million Euro. This is due principally to the writedown of own shares in portfolio and the reduction in the value of fixed assets caused by charging depreciation and amortisation, in addition to the decrease in working capital mentioned previously.

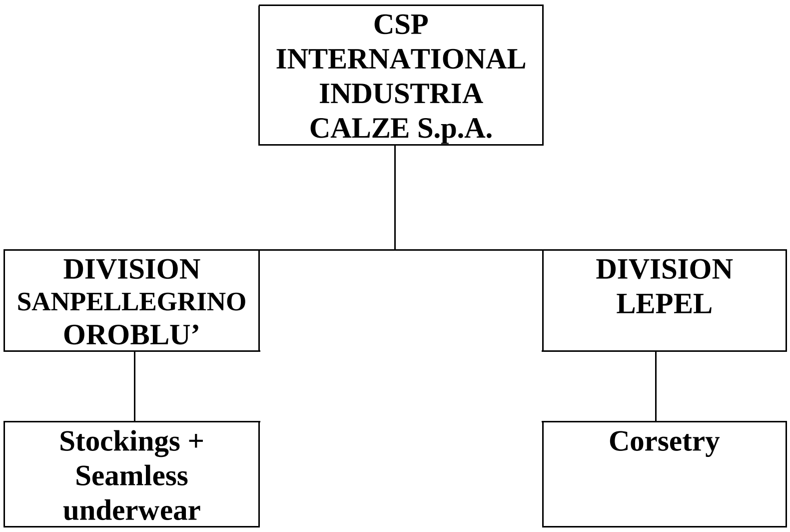
Net debt - As shown in the following table, net debt fell by 10.4 million Euro compared with 31 December 2002 as a logical consequence of the seasonal trend in sales and lower inventories.
The net financial position is made up as follows:

(in millions of Euro)	31 March 2003	31 December 2002	31 March 2002
Short-term bank borrowings	48.37	54.74	43.92
Current portion of medium/long-term debt	14.02	12.81	12.50
Cash and banks	(3.23)	(0.78)	(3.85)
Net short-term debt	**59.16**	**66.77**	**52.57**
Medium/long-term lending, net of the current portion	14.13	16.92	21.88
Net debt	**73.29**	**83.69**	**74.45**

Group performance company by company

a) Parent Company

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 Division. This is the new structure:



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.

Sales revenues of the Parent Company in first quarter 2003 amount to 33.50 million euro and compare with total sales by CSP and Lepel (net of intercompany sales) in the same period of 2002 of 36.00 million euro, a decrease of 6.9%.

The Parent Company's operating profit, compared with the figures for the first quarter of 2002, prepared on a consistent basis, has gone from 5.85 to 0.92 million euro mainly because of lower sales volumes and a higher proportion of advertising expenses, which have increased by 1.45 million euro.

Sanpellegrino / Oroblù Division

This Division has under it all of the Sanpellegrino and Oroblù brand products, whatever the type of merchandise or channel used.

For Sanpellegrino, while there was important growth in the mass distribution channel in Italy (+15.3%), achieved thanks to improved sales for all types of merchandise, there was a significant decline in the wholesale channel caused by the sudden slowdown in hosiery sales to those customers whose businesses depend on exporting to Russia.
The sales trend on the Russian market (-58.5%) remains the principal cause affecting the result for the period: this decline was partly due to the trend in consumption, but also to a considerable extent to the change in the dollar/euro exchange rate over the last 12 months.

Oroblù reports overall growth of 4.8%, thanks to the positive contribution of seamless underwear (+27%).

Overall, on the domestic market, the Division's turnover, net of intercompany sales, is in line with that of first quarter 2002, while exports are down by 32.4% for the reasons just mentioned.

Lepel Division

Sales for the first quarter of 2003 compare with a 2002 in which March saw an anomalous and particularly high concentration of deliveries of the new Belseno collection.
The first quarter of 2003 featured good sales of Belseno in a special promotion package that can be kept by the consumer, positive development in the supply of private label products to an important national supermarket chain, and the excellent reception given to the launch of Revolution, an innovative product (also under the Lepel brand).
Overall, the order backlog at the end of the quarter is up by 19%, while sales are up by 0.9%, so the 2003 growth target at rates similar to 2002 still looks realistic.

b) The Le Bourget Group

Le Bourget, whose sales nowadays are mainly in hosiery, saw a decline in sales, net of intercompany, of 9.6%.
This loss depends entirely on the fact that several private label supply contracts with retail chains in France were not renewed.

The operating profit for first quarter 2003, of 0.44 million euro, is substantially in line with the same period last year despite the reduction in sales, given that the sales mix ensures higher margins, being more concentrated on its own brand.

c) Sanpellegrino Polska

Sanpellegrino Polska has reported 0.95 million Euro in sales revenues, net of intercompany sales. This is 27.0% lower than the figure in the same period of 2002. This result is due to the combined effect of a general decline in demand on the Polish and surrounding markets, together with the devaluation of the Zloty during the period under consideration.

Gross margin went from 23.1% in the first quarter of 2002 to 17.9% of net sales. This was principally caused by a lower absorption of fixed costs, due to the decline in sales volumes and the switch in sales mix to lower margin products.

Prospects

As of today, there are still no new signs of an upturn in the market that might suggest that consumption is about to recover significantly. CSP's priority objective is to defend the positions of its brands on its traditional markets and to expand their share of new ones.
To achieve these objectives on the Italian market, CSP is increasing its distribution coverage for all kinds of merchandise in both the mass distribution and wholesale channels, while at the same time raising its promotional pressure.
In the meantime, important television advertising investments have already been made in April to support the launch of Lepel Revolution, an innovative line of performance corsetry.
With a view to recovering part of the volumes just lost on the Russian market, we are looking for alternative distributors with greater potential to work alongside the existing ones;
On the French market, we are looking to introduce broader assortments sold under the Le Bourget brand through the mass distribution and retail channels. Another contribution to sales is expected to come from the launch in the retail channel of Le Bourget's first corsetry collection currently being presented to customers, which should give the brand a more dynamic image.
Innovation and diversification is continuing on the seamless underwear front: an important role in this is being played by the launch of a new collection of cotton seamless underwear for men.
These actions, together with those planned for the coming months, allow us to foresee a recovery in overall sales to the same level as last year.
Simultaneously, rationalisation of the business involves bringing together the various Sanpellegrino ranges, which will make it easier to reach the objectives of stock reduction, already achieved to a certain extent in the first quarter.

Ceresara, 12 May 2003

Chairman of the Board of Directors

Attachments:
1. Reclassified consolidated statement of income
2. Reclassified consolidated balance sheet

Reclassified Consolidated Statement of Income

(figures in thousands of Euro)

	31 March 2003	31 March 2002	31 December 2002
Net sales	40,682	45,929	158,917
Income from royalties	141	185	602
NET REVENUES	**40,823**	**46,114**	159,519
COST OF SALES			
Purchases	10,011	13,377	55,252
Labour cost	4,875	5,154	19,443
Services	4,041	3,861	14,516
Depreciation and amortisation	1,778	1,908	7,472
Other costs	1,930	2,059	7,299
(Increase) decrease in inventories	3,541	1,628	(4,277)
	26,176	**27,987**	**99,705**
GROSS PROFIT	**14,647**	**18,127**	**59,814**
SELLING, GENERAL AND ADMINISTRATIVE COSTS			
Labour cost	3,797	3,885	14,316
Advertising expenses	4,428	2,684	18,551
Commissions (**)	1,035	991	3,022
Depreciation and amortisation	1,062	1,160	4,642
Other expenses (**)	3,587	3,589	14,316
	13,909	**12,309**	**54,847**
OPERATING PROFIT	**738**	**5,818**	**4,967**
Financial charges (income), net	1,010	982	3,958
Writedown (writeup) of investments	0	0	0
Other (income) and charges	1,231	12	1,864
	2,241	**994**	**5,822**
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	**(1,503)**	**4,824**	**(855)**
Extraordinary charges and (income)	3	618	466
PROFIT (LOSS) BEFORE INCOME TAXES	**(1,506)**	**4,206**	**(1,321)**
Income taxes (*)	(*)	(*)	(2,810)
NET PROFIT (LOSS) FOR THE PERIOD	**(1,506)**	**4,206**	**(4,131)**
Minority interests	23	(120)	(88)
NET PROFIT (LOSS) FOR THE GROUP	**(1,483)**	**4,086**	**(4,219)**

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

(**) The figures at 31 March 2002 have been reclassified for an amount of 180 thousand euro to make them comparable with those at 31 March 2003.

Reclassified Consolidated Balance Sheet - Assets

(figures in thousands of Euro)

	31 March 2003	31 March 2002	31 December 2002
CURRENT ASSETS			
Cash and banks	3,232	3,853	777
Trade receivables	56,466	62,790	63,727
Trade receivables due from subsidiary and associated companies	100	235	100
Other receivables	4,249	4,153	5,296
Inventories	54,233	53,088	58,038
Accrued income and prepaid expenses	501	609	615
Own shares	2,509	5,907	3,774
TOTAL CURRENT ASSETS	**121,290**	**130,635**	**132,327**
FIXED ASSETS			
Financial fixed assets:			
Financial receivables	321	526	332
Equity investments	11	109	11
Total financial fixed assets	**332**	**635**	**343**
Tangible fixed assets	43,834	48,920	45,740
Intangible fixed assets	16,303	19,027	16,942
TOTAL FIXED ASSETS	**60,469**	**68,582**	**63,025**
TOTAL ASSETS	**181,759**	**199,217**	**195,352**

Reclassified Consolidated Balance Sheet - Liabilities and shareholders' equity

(figures in thousands of Euro)

	31 March 2003	31 March 2002	31 December 2002
CURRENT LIABILITIES			
Short-term bank borrowings	48,375	43,923	54,741
Current portion of medium/long term debt	14,020	12,497	12,805
Trade payables due to third parties	31,010	34,802	35,614
Trade payables due to subsidiary/associated companies	0	6	0
Taxes payable	2,122	2,372	2,161
Other payables	6,042	6,904	4,960
Accrued liabilities and deferred income	519	720	654
TOTAL CURRENT LIABILITIES	**102,088**	**101,224**	**110,935**
MEDIUM/LONG-TERM LIABILITIES			
Medium/long-term debt, net of the current portion	14,129	21,883	16,918
Severance indemnities	6,928	6,342	6,796
Other provisions	4,532	4,033	4,845
TOTAL MEDIUM/LONG-TERM LIABILITIES	**25,589**	**32,258**	**28,559**
TOTAL LIABILITIES	**127,677**	**133,482**	**139,494**
MINORITY INTERESTS IN CAPITAL AND RESERVES	1,369	1,727	**1,528**
SHAREHOLDERS' EQUITY			
Share capital	12,740	12,740	12,740
Legal reserve	1,359	1,365	1,365
Share premium reserve	18,076	18,076	18,076
Other reserves	22,021	27,741	26,368
Net profit (loss) for the period (*)	(1,483)	4,086	(4,219)
TOTAL SHAREHOLDERS' EQUITY	**52,713**	**64,008**	**54,330**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**181,759**	**199,217**	**195,352**

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

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

Content and bases of the financial statements

These notes refer to the results of the first quarter of 2003. They have been prepared in accordance with current legislation, with comparative figures for the corresponding period of 2002.

The accounting and consolidation policies used in preparing these financial statements have been applied consistently with the previous year's consolidated financial sheets as of 31 December 2002, except for the following difference:

INCOME TAXES: no provisions have been made against the income taxes of the individual consolidated companies or against deferred tax assets and liabilities pertaining to the period under review, as permitted by CONSOB regulations for the preparation of interim financial statements, which we deemed applicable to this document as well.

These amounts will be determined upon preparation of the financial statements as at 31 December 2003.
This method guarantees consistency in the figures with the consolidated annual report for the previous year, taking into account the above difference in accounting treatment.

Scope of consolidation

The scope of consolidation as of 31 March 2003, unchanged with respect to the financial statements as of 31 December 2002, is made up as follows:

Name	Address	Controlling interest %
CSP International Industria Calze SpA (1)	Via Piubega, 5/c, 46040 Ceresara (Mantua - Italy)	Parent Company
Le Bourget S.A.	Rue J.P. Saltiel- 02230- Fresnoy Le Grand, France	99.97%
Le Bourget Benelux (2)	Rue Reigersvliet 1040 Brussels (Belgium)	70.56%
BO.MO. Srl (2)	Via San Martino 8/12 Fraz. Borgo Poncarale 25020 Poncarale (BS), Italy	60%
Sanpellegrino-Polska Sp.z.o.o.	Ul. Lodska, 27 95-050 Konstantynow (Lodz) (PL)	50%

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(1) On 27 January 2003, the Parent Company absorbed Lepel S.r.l., already consolidated line-by-line at 31 December 2002

(2) Owned by Le Bourget S.A.